

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.:1658/Chny/2025

निर्धारण वर्ष / **Assessment Year: 2013-14**

ACIT, Central Circle -2(1), Chennai.	vs.	Meenakshi Ammal Trust, 641/61, Ramasamy Road, K. K. Nagar, Chennai – 600 078.
(अपीलार्थी/Appellant)		[PAN:AAATM-4676-Q] (प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri. Shiva Srinivas, C.I.T.

प्रत्यर्थी की ओर से/Respondent by

: Shri. R. Venkata Raman, C.A.

सुनवाई की तारीख/Date of Hearing

: 12.11.2025

घोषणा की तारीख/Date of Pronouncement

: 04.02.2026

आदेश / O R D E R

PER S. R. RAGHUNATHA, AM:

The present appeal of the Revenue is directed against the order dated 14.03.2025 passed by the Learned Commissioner of Income Tax (Appeals)-19, Chennai [hereinafter referred to as "the Ld.CIT(A)"] arising out of the assessment order dated 08.03.2021 framed u/s.143(3) r.w.s 153A r.w.s 254 of the Income-tax Act, 1961 [hereinafter referred to as "the Act"] pertaining to the Assessment Year 2013-14.

2. At the outset, we note that the appeal filed by the Revenue is delayed by five days. The Revenue has filed a petition along with an affidavit explaining the reasons for the said delay. Upon careful consideration of the submissions and

perusal of the material placed on record, we are satisfied that the Revenue was prevented by sufficient and reasonable cause from filing the appeal within the prescribed period of limitation. Accordingly, the delay of five days in filing the appeal is hereby condoned and the appeal is admitted for adjudication on merits.

3. The Revenue has raised the following grounds of appeal:

1. *The order of the learned Commissioner of Income Tax (Appeals) is erroneous on facts of the case and in law.*
2. *The Ld.CIT(A) erred in deleting the addition of Rs.6,74,26,047/- on account of recovery of salary advance, festival advance and material advance when the AO, recorded a finding that upon examination of ledgers and sworn statements recorded u/s 131 of IT Act that there was no evidence of such advances made and hence refunds of advances received were from anonymous sources & the principal of M/s Muthukumaran Institute of Technology, Sh Suresh, had also deposed on oath u/s 131 of IT Act that no salary advances had been given to any staff of the college.*
3. *The Ld.CIT(A) failed to appreciate that no salary slips, recovery records, or ledger confirmations were furnished by the assessee to justify the telescoping without donor-wise reconciliation when there is no proof that this Rs.6.74 crore was part of the Rs.16.28 crore disclosure made by the assessee.*
4. *The Ld.CIT(A) failed to appreciate that the AO had relied upon the sworn statements of Shri Suresh, Principal of M/s.Muthukumaran Institute of Technology & he Loose sheets seized vide ANN/VJ/RNR/LOOSE SHEETS/F & S/1-4 containing details of impugned payments for the additions in the assessments.*
5. *The Ld.CIT(A) failed to appreciate the legal presumption laid down in Section 132(4A) & section 292C which affirm the evidentiary value of any material seized during the course of search for the purposes of search assessments.*
6. *The Ld.CIT(A) failed to appreciate the decision of the Hon'ble Hyderabad ITAT in the case of ITO v. G.Sridevi (2014), wherein it held that even if the return is filed under 153A/148. Interest u/s 234A applies from the due date under section 139(1), unless return is filed within permitted time under notice and no tax is due.*
7. *For these grounds and any other ground including amendment of grounds that may be raised during the course of the appeal proceedings, the order of learned CIT(Appeals) may be set aside and that of the Assessing Officer be restored.*

4. The brief facts of the case as emanate from the records are that the assessee is a charitable trust registered u/s.12A/12AA of the Act and is engaged in running various educational institutions imparting Medical, Engineering and School education in and around Chennai.

5. For the impugned assessment year, the assessee did not file its return of income u/s.139(1) of the Act. A search and seizure operation u/s.132 of the Act was carried out in the case of the assessee group on 30.07.2013. Pursuant thereto, notice u/s.153A of the Act dated 26.11.2013 was issued, in response to which the assessee filed its return of income on 07.08.2014 declaring NIL income.

6. Subsequently, notice u/s.143(2) of the Act dated 02.09.2014 and further notices u/s.142(1) of the Act were issued. The assessee furnished details as called for. The assessment was completed u/s.143(3) r.w.s 153A of the Act vide order dated 31.03.2016, determining total income at Rs.28,34,01,206/-, after making the following additions:

- i. Voluntary donations treated as anonymous donations for lack of identity – Rs.5,31,58,159/-
- ii. Accommodated receipts treated as anonymous donations (admitted vide letter dated 11.01.2016) – Rs.6,54,35,500/-
- iii. Accommodated receipts treated as anonymous donations (admitted vide letter dated 07.03.2016) – Rs.9,73,81,500/-
- iv. Accommodated salary advance / festival advance / material advance treated as anonymous – Rs.6,74,26,047/-

7. Aggrieved, the assessee preferred an appeal before the learned Commissioner of Income Tax (Appeals)-18, Chennai. Before the Ld.CIT(A), the assessee contested only (i) voluntary donations received through demand drafts amounting to Rs.2,06,59,299/- out of total donations of Rs.5,31,58,159/- and (ii) accommodated salary and material advances aggregating to Rs.6,74,26,047/-. The balance additions, namely cash donations of

Rs.3,24,98,860/- and accommodated receipts of Rs.6,54,35,500/- and Rs.9,73,81,500/-, were not disputed, having been admitted during assessment proceedings.

8. The Ld.CIT(A), vide order dated 06.03.2019, dismissed the appeal and confirmed the impugned additions.

9. The assessee carried the matter in further appeal before this Tribunal. The Tribunal, vide order dated 21.01.2020, set aside the orders of the lower authorities and restored the entire issues to the file of the AO with directions to re-examine the matters relating to voluntary donations, anonymous donations and salary advances and to establish nexus between donors and donations after providing reasonable opportunity to the assessee.

10. Pursuant to the directions of the Tribunal, the AO initiated set-aside proceedings. During such proceedings, the assessee was required to furnish complete evidences in support of its claims; however, no substantive compliance was made.

11. The AO noted that the assessee had already admitted accommodated receipts of Rs.6,54,35,500/- and Rs.9,73,81,500/- during original assessment proceedings. With regard to voluntary donations of Rs.5,31,58,159/-, it was observed that the assessee had earlier stated that Rs.3.24 crores were received in cash and Rs.2.07 crores through demand drafts and had accepted taxability of cash donations u/s.115BBC of the Act. As no fresh evidence was produced in the set-aside proceedings, the AO reiterated the addition of the entire amount as anonymous donations.

12. Similarly, in respect of salary advance, festival advance and material advance aggregating to Rs.6,74,26,047/-, the AO observed that no supporting details or receipts were furnished either during original or set-aside proceedings

and, therefore, confirmed the addition treating the same as anonymous donations.

13. Accordingly, the AO completed the set-aside assessment u/s.143(3) r.w.s 153A and 254 of the Act vide order dated 08.03.2021, determining total income at Rs.28,34,01,206/-.

14. Being aggrieved by the aforesaid assessment order, the assessee preferred an appeal before the Ld.CIT(A), who, vide impugned appellate order dated 14.03.2025, partly allowed the appeal.

15. The Ld.CIT(A) has deleted the addition of Rs.6,74,26,047/- made on account of alleged accommodated salary advance, festival advance and material advance, after considering the facts of the case and submissions of the assessee, observing inter alia as under:

“6.3.5 As evident in the original assessment order and the set aside assessment order it can be seen that the AO addressed the issue of accommodated salary and festival advances totalling Rs. 6,74,26,047/- by treating these as anonymous donations. Despite issuing a show-cause notice, the assessee failed to submit the necessary receipts, and as a result, the AO treated Rs. 5,23,09,947/- as salary advance and Rs. 1,51,16,100/- as material advance as anonymous donations. The AO, therefore, upheld the addition of Rs. 6,74,26,047/- for these advances in the setaside assessment proceedings.

6.3.6 The claim of the appellant trust is that the appellant trust voluntarily disclosed Rs. 6,54,35,500/- and Rs. 9,73,81,500/- as accommodated receipts to be treated as anonymous donations, totalling Rs. 16,28,17,000/-. Out of this amount, Rs.6,54,35,500/- and Rs. 1,24,50,000/- (included in Rs. 9,73,81,500/-), aggregating to Rs. 7,78,85,500/-, were not attributed to any specific heads. The appellant admitted these amounts as part of the overall accommodated receipts. Therefore, the appellant contends that the addition of Rs. 6,74,26,047/- towards accommodated salary advance, festival advance, and material advance should be adjusted (or “telescoped”) against the disclosed amount of Rs. 7,78,85,500/- (which is part of the total disclosed receipts of Rs. 16,28,17,000/-. Consequently, the appellant submits that the separate addition of Rs. 6,74,26,047/- is unwarranted, as the amount is already covered under the admitted accommodated receipts.

6.3.7 The undersigned has carefully examined the issue under consideration. Now the primary issue before the undersigned is whether the action of the AO in adding the amount of Rs. 6,74,26,047/- towards

accommodated salary advance, festival advance, and material advance as anonymous donations is correct or not.

6.3.8 *The AO, during the course of the original and set-aside assessment proceedings, treated the amounts received by the appellant trust as anonymous donations due to the absence of proper documentation to substantiate their true nature. Specifically, the AO added the amount of Rs.6,74,26,047/- under the head of salary advance, festival advance, and material advance as anonymous donations. The AO's decision to treat these amounts as anonymous donations was based on the failure of the appellant trust to furnish receipts or further information regarding the identity of the donors or the purpose of these receipts, despite multiple show-cause notices.*

6.3.9 *During the course of the original assessment proceedings, the appellant trust voluntarily disclosed amounts of Rs. 6,54,35,500/- and Rs. 9,73,81,500/- as accommodated receipts, which were treated as anonymous donations. The total of these two amounts adds up to Rs. 16,28,17,000/-. Importantly, the appellant has indicated that a portion of this amount, specifically Rs. 7,78,85,500/- (comprising Rs.6,54,35,500/- and Rs. 1,24,50,000/- from the Rs. 9,73,81,500/- disclosed), was not attributed to any specific head or category of receipt. The appellant trust thus voluntarily disclosed these amounts as accommodated receipts, which were to be treated as anonymous donations.*

6.3.10 *The contention of the appellant that the sum of Rs. 6,74,26,047/-, which is under dispute in this appeal, is effectively already accounted for within the larger disclosure of Rs. 16,28,17,000/- disclosed by the appellant. The appellant has claimed that the amounts categorized under salary advance, festival advance, and material advance amounting Rs. 6,74,26,047/-, should be "telescoped" against the disclosed sum of Rs. 16,28,17,000/-. This contention of the appellant is based on the premise that these amounts were already included in the larger set of accommodated receipts disclosed before the AO and that a separate addition for these amounts as anonymous donations would result in a double-counting of the same sums.*

6.3.11 *The AO, during both the original and set-aside proceedings, was of the view that the appellant had not substantiated the nature of the receipts adequately. The AO, therefore, maintained the position that these amounts should be treated as anonymous donations in the absence of proof to the contrary. On reviewing the submissions of the appellant and the material on record, it is clear that the appellant trust has already disclosed the amounts in question as accommodated receipts. Therefore, the appellant's claim for telescoping the amount against the larger disclosed sum of Rs. 16,28,17,000/-, is plausible. The fact that the amounts of Rs. 6,54,35,500/- and Rs. 9,73,81,500/- were disclosed as accommodated receipts indicates that the intention was not to treat these receipts as unsubstantiated anonymous donations but as part of an overall transparent disclosure by the appellant trust.*

6.3.12 *The provisions of Section 115BBC of the Act prescribes the treatment of anonymous donations and their taxation. The key issue here is whether these amounts qualify as anonymous donations under the provisions of the*

Act. In this case, the appellant has taken steps to disclose the amounts as accommodated receipts, and the lack of further details does not necessarily render them anonymous donations. The absence of receipts does not automatically mean that these donations are anonymous if they are already accounted for in the larger disclosures made by the trust.

6.3.13 *In view of the above discussions, the undersigned is of the considered view that the addition of Rs. 6,74,26,047/- is already covered under the disclosure of Rs.16,28,17,000/- as part of the overall disclosed accommodated receipts. Therefore, treating this amount as a separate addition would result in taxing the same amount twice, which is against the basic principles of taxation and therefore is unwarranted and unjustified. Hence, the addition of Rs. 6,74,26,047/- made by the AO towards accommodated salary advance, festival advance, and material advance as anonymous donations requires to be deleted. In this back drop the ground raised by the appellant upon this issue is treated as **allowed** and the AO is directed to **delete** the addition of Rs. 6,74,26,047/- made for the AY 2013-14."*

16. Further, the Ld.CIT(A), has allowed relief to the assessee on the issue of chargeability of interest u/s.234A of the Act, observing as under:

6.4.2 *The undersigned has carefully examined the issue under consideration. In this ground the appellant has raised a issue regarding the interest charged u/s 234A of the Act. The undersigned is of the view that the charging of interest is in consequence of the assessed income determined by the AO. On examination of the facts it can be seen that the AO has charged interest u/s 234A of the Act for delayed filing of return of income in response to the notice u/s 153A of the Act at Rs.1,57,62,775/- for a period of 18 months. However, the appellant contends that the interest should have been calculated only for 8 months, based on the facts outlined below:*

- *The notice u/s 153A of the Act was issued on 26.11.2013, and served on 05.12.2013.*
- *The notice specified a 30-day period for filing the return of income, which gave a due date of 04.01.2014.*
- *The return was actually filed on 07.08.2014, resulting in a delay of 8 months.*

6.4.3 *The appellant claims that the interest for the delay should be calculated only for the 8 months of delay and not the 18 months as charged by the AO. Based on the calculation provided, the interest that should have been charged is Rs. 70,05,678/- (calculated on Rs. 8,75,70,974 at 1% for 8 months). However, the AO charged interest on the same amount for 18 months. The undersigned is of the view that interest should have been charged only for the 8-month delay. In this back drop, the ground raised upon this issue is treated as **allowed** and the AO is directed to **recalculate interest u/s 234A** of the Act as per the provisions of the Act."*

17. Aggrieved by the above relief granted by the Ld.CIT(A), the Revenue has preferred the present appeal before us.

18. The Ld.DR, appearing on behalf of the Revenue, relied upon the grounds of appeal and submitted that the Ld.CIT(A) erred in deleting the addition of Rs.6,74,26,047/- made by the AO by granting the benefit of telescoping against the larger disclosure made by the assessee during the course of assessment proceedings. The Ld.DR further placed reliance on the assessment order and contended that the impugned order of the Ld.CIT(A) deserves to be set aside and that the order of the AO be restored by allowing the grounds of appeal raised by the Revenue.

19. The Ld.AR, appearing on behalf of the assessee, submitted that the assessee had given salary advance, festival advance and material advance during the earlier assessment year, i.e., A.Y.2012-13, and not during the impugned assessment year, which is evident from the audited financials as on 31.03.2012. It was contended that these advances were given out of cash receipts pertaining to A.Y.2012-13 and were duly recorded in the books of account for that year. No advances whatsoever were stated to have been given during the impugned assessment year out of current year receipts.

20. The Ld.AR further submitted that during the impugned assessment year there was merely recovery of the opening advances to the extent of Rs.6,74,26,047/-, which the AO erroneously treated as anonymous donations towards alleged accommodated advances and added to the income of the assessee.

21. Invoking Rule 27 of the ITAT Rules, 1963, and by way of oral submissions, the Ld. AR contended that the recovery of advances amounting to Rs.6,74,26,047/- represents realization of opening balances and, therefore, cannot be brought to tax in the impugned assessment year. It was emphasized that once the books of account for A.Y. 2012-13 stood accepted by the AO, any

refunds against such opening balances cannot be subjected to tax in the subsequent year. According to Ld. AR, the corresponding credit towards cash receipts on account of advances had already arisen in A.Y. 2012-13 and not in the year under consideration.

22. It was thus submitted that the AO had no factual or legal basis to make the impugned addition in the present assessment year and, accordingly, the addition of Rs.6,74,26,047/- deserves to be deleted in toto.

23. With regard to the addition of Rs.2,06,59,299/- made by the AO and confirmed by the Ld.CIT(A) in respect of voluntary donations received through Demand Drafts, the Ld. AR, again placing reliance on Rule 27 of the ITAT Rules, 1962, submitted that the said Demand Drafts were duly deposited in the bank account of the assessee and properly recognized as income in the Income and Expenditure Account.

24. It was further contended that the purchase of a Demand Draft necessarily requires the purchaser to furnish name and address in the DD application form maintained by the issuing bank. Therefore, it cannot be presumed that the donors were anonymous or non-existent.

25. The Ld. AR submitted that during the course of search proceedings, the Investigation Wing had seized files containing donation confirmation slips, and hence the details of donors were already available on record with the Department. Despite this, the AO failed to carry out any independent inquiry with the concerned banks to ascertain the identity of the donors. In the absence of such verification, the Ld. AR submitted that the AO was not justified in treating the donations received through Demand Drafts as anonymous. On these grounds, the Ld.AR prayed for deletion of the addition of Rs.2,06,59,299/-.

26. The Ld.AR alternatively pleaded that since the entire addition of Rs.6,74,26,047/- towards alleged accommodated advances itself is

unsustainable being merely refund of opening balances, the addition of Rs.2,06,59,299/- should, in any case, be telescoped against the larger disclosure of Rs.16,28,17,000/- made by the assessee during the course of assessment proceedings.

27. Regarding the relief granted by the Ld.CIT(A) in respect of chargeability of interest u/s.234A and contested by the Revenue, the Ld. AR submitted that the Ld.CIT(A) had relied upon various decisions of the Hon'ble Tribunal and adopted a view which cannot be termed perverse, particularly in the absence of any contrary decision either of this Tribunal or of the Hon'ble Jurisdictional High Court. It was therefore prayed that the order of the Ld.CIT(A) be upheld.

28. We have heard the rival submissions, carefully examined the material placed on record and perused the orders passed by the authorities below. At the outset, it is an admitted and undisputed position that during the course of original assessment proceedings, the assessee had voluntarily admitted aggregate of accommodated receipts of Rs.16,28,17,000/-, comprising Rs.6,54,35,500/- and Rs.9,73,81,500/-, which were duly offered to tax as anonymous donations. The said disclosure was accepted by the AO and brought to tax accordingly.

29. It further emerges from the assessment records, as duly noted by the Ld.CIT(A), and not controverted by the Revenue, that out of the aforesaid disclosure, a sum of Rs.7,78,85,500/- (being Rs.6,54,35,500/- and Rs.1,24,50,000/- out of Rs.9,73,81,500/-) remained unallocated and was not attributed to any specific head or category of receipt.

30. The impugned addition of Rs.6,74,26,047/- made by the AO represents alleged accommodated salary advance, festival advance and material advance. Before the Ld.CIT(A), the assessee consistently contended that these amounts were intrinsically part of the composite accommodated receipts already disclosed and subjected to tax, and therefore, any further addition on this

account would result in duplication, warranting telescoping against the earlier disclosure.

31. The Ld.CIT(A), after undertaking a detailed examination of the assessment records and submissions of the assessee, has returned a categorical finding of fact that the impugned advances form part of the larger disclosure of Rs.16,28,17,000/-; a substantial portion of the disclosed amount admittedly remained unallocated towards specific heads and sustaining a separate addition of Rs.6,74,26,047/- would amount to double taxation of the very same income. In view of the above, we find ourselves in agreement with the well-reasoned conclusions drawn by the Ld.CIT(A).

32. It is a settled proposition of law that the same income cannot be brought to tax twice merely by assigning different nomenclature or heads of income. Once the assessee has voluntarily offered a consolidated amount as accommodated receipts and the Revenue has accepted the same, it is impermissible to subsequently carve out a component thereof and subject it to tax again in the guise of separate additions, unless it is demonstrably shown that such amount represents income over and above the disclosed sum.

33. In the present case, the Revenue has failed to bring on record any cogent material or fresh incriminating evidence to establish that the sum of Rs.6,74,26,047/- constitutes income distinct from or in excess of the already assessed amount of Rs.16,28,17,000/-. Mere reclassification of a part of the disclosed receipts as salary advance, festival advance or material advance, without any independent evidentiary support, does not justify a separate addition.

34. Further, the principle of telescoping is well recognised in income-tax jurisprudence, particularly in cases involving search or accommodation entries, to obviate multiple additions in respect of the same stream of undisclosed

income. Where income has already been assessed on a consolidated basis, individual components thereof cannot be subjected to tax once again.

35. We also note that even the AO has treated these items as anonymous donations. Once substantial anonymous donations have already been voluntarily disclosed and assessed, the impugned amount, being part of the same flow of accommodated receipts, cannot be independently brought to tax. In view of the above factual matrix and legal position, we are of the considered opinion that the Ld.CIT(A) was fully justified in deleting the addition of Rs.6,74,26,047/- on account of alleged accommodated salary advance, festival advance and material advance. We do not find any infirmity, perversity or legal error in the impugned appellate order warranting our interference. Accordingly, the grounds raised by the Revenue on this issue stand dismissed and the order of the Ld. CIT(A) is upheld.

36. We observe that the Ld.CIT(A) has returned a categorical finding that, out of the total disclosure of Rs.16,28,17,000/-, a sum of Rs.7,78,85,500/- could not be attributed to any specific head of income. In view thereof, the Ld.CIT(A) granted the benefit of telescoping of Rs.6,74,26,047/- against the said unidentified amount of Rs.7,78,85,500/-. As noted in the foregoing paragraphs, we have already affirmed and upheld this finding of the Ld.CIT(A), finding no infirmity therein.

37. It is further evident that, after allowing telescoping of Rs.6,74,26,047/- against Rs.7,78,85,500/-, the balance unexplained amount works out to Rs.1,04,59,453/- (Rs.7,78,85,500/- minus Rs.6,74,26,047/-). In our considered opinion, this residual amount of Rs.1,04,59,453/- is also liable to be telescoped against the addition of Rs.2,06,59,299/- made by the AO by treating voluntary donations received through Demand Drafts as anonymous donations. The principle of telescoping being well recognised in law, the same income cannot be subjected to tax more than once under different heads.

38. Taking into account the submissions advanced by the Ld.AR and exercising our powers under Rule 27 of the ITAT Rules, we hold that the aforesaid amount of Rs.1,04,59,453/- deserves to be adjusted against the addition of Rs.2,06,59,299/- made on account of alleged anonymous donations. Accordingly, we direct the AO to delete the addition to the extent of Rs.1,04,59,453/- out of the total addition of Rs.2,06,59,299/- made towards voluntary donations treated as anonymous. To that extent, the ground raised by the assessee succeeds.

39. With regards to the grievance of the Revenue pertaining to the direction of the Ld.CIT(A) restricting the levy of interest u/s.234A of the Act to a period of eight months as against eighteen months charged by the AO. On appreciation of facts, it is undisputed that the notice u/s.153A of the Act was issued on 26.11.2013 and duly served upon the assessee on 05.12.2013, granting a statutory period of thirty days for furnishing the return of income, thereby fixing the due date as 04.01.2014. The assessee ultimately filed the return on 07.08.2014. Thus, the actual delay in filing the return works out to approximately eight months. The AO, however, proceeded to levy interest u/s.234A of the Act for a period of eighteen months amounting to Rs.1,57,62,775/-, without demonstrating any legal or factual basis for adopting such extended period.

40. The Ld.CIT(A), after examining the chronology of events and the statutory framework, rightly held that interest u/s.234A of the Act is compensatory in nature and can be levied only for the period of actual default, i.e., from the prescribed due date till the date of filing of return. Since the delay attributable to the assessee was only eight months, the Ld.CIT(A) correctly directed the AO to recompute interest for the said period alone, which works out to Rs.70,05,678/- on the assessed income, and not for eighteen months as erroneously adopted by the AO.

41. For our above view, we find support from the following decisions of the Co-ordinate Benches of the Tribunal:

42. The Co-ordinate Jodhpur Bench of the Tribunal in Lalit Johri v. ACIT [2023] 151 taxmann.com 371 (Jodhpur – Trib) has held that the limitation for default in filing of return of income u/s.153A of the Act would start from expiry of time allowed by the AO in notice issued u/s.153A of the Act by observing as under:

“2.5 We have heard both the parties and perused the materials available on record. In this case, it is noted that the search was conducted on 8-05-2014 in the case of the assessee during the assessment year 2014-15. The due date of filing of filing the return of income u/s 139(1) of the Act did not expire. The moment search was conducted, the provisions of section 153A of the Act comes into action. Section 153A of the Act is reproduced as under:-

“Section 153A (1) Notwithstanding anything contained in section 139, section 147, section 148, section 1549, section 151 and section 153 in the case of a person where a search is initiated under section 132 or books of account, other documents or any assets are requisitioned under section 132A after the 31st day of May, 2003, the Assessing Officer shall -

- (a) Issue notice to such person requiring him to furnish within such period as may be specified in the notice, the return of income in respect of each assessment year falling within six assessment years [and for the relevant assessment year or years] referred to in clause (b) in the prescribed for and verified n the prescribed manner and setting forth such other particulars as may be prescribed and provision of this Act shall so far as may be, apply accordingly as if such return were a return required to be furnished under section 139*
- (b) Assess or reassess the total income of six assessment years immediately preceding the assessment year relevant to the previous year in which such search is conducted or requisition is made [and for the relevant assessment year or years.”*

From going through the above provisions, we observe that sub-section (1) of section 153A starts with the word “Notwithstanding anything contained in section 139..... and thus since search has been conducted and section 153A of the Act comes into operation, the provisions of other sections referred in 153A (1) i.e section 139 and others as mentioned above loses its operation. Notice u/s 153A of the Act was issued on 13-02-2015 requiring the assessee to file ROI for the A.Y. 2009-10 to 2015-15 within 30 days of receipt of the notice The assessee filed the return of income u/s 153A for the A.Y. 2014-15 on 12-03-2015 i.e. with the time allowed by notice u/s 153A of the Act. It may be worthwhile to mention that the limitation for default in filing of the return u/s 153A would start from the expiry of the time allowed by the AO in the notice u/s 153A and the assessee filed the return within the time allowed by notice u/s 153A of the Act and, therefore, there is no delay in filing the return of income by the assessee as provided u/s 153A of the Act. No interest is leviable u/s 234A of the Act. We, therefore, set aside the findings of the Id. CIT(A) findings of the Id. CIT(A) allow the grounds raised by the assessee.”

43. We find that the search in the assessee's case was conducted on 30.07.2013, while the due date for filing the return u/s.139(1) of the Act was 30.09.2013. Therefore, similar to the aforementioned case, the due date for filing the return u/s.139(1) of the Act had not expired as of the date of the search. Consequently, the provisions of Section 153A become applicable, and the period of default u/s.234A of the Act should be calculated from the expiry of the time specified in the notice issued u/s.153A of the Act. Accordingly, in the present case, the default period is only 8 months, not 18 months as determined by the AO.

44. Further, the Bangalore Bench of the Tribunal in Ahmed Shareef v. DCIT [2021] 128 taxmann.com 202 (Bangalore – Trib), has held as under:-

“8.3. We have heard both the parties and perused the material on record and also case laws cited by the learned Authorised Representative. In our opinion, the interest u/s. 234A of the Act is chargeable from the date of expiry of Notice period given to the assessee u/s. 153A of the Act. It is because the return filed u/s.153A would be deemed to be a Return of Income u/s. 139 of the Act as per the express language of the provisions of Section 153A(1)(a) of the Act and therefore the Return of Income filed u/s. 153A of the Act also is to be processed u/s. 143(1) of the Act and the income determined thereof. These are all consequences of search conducted u/s. 132 of the Act and issuance of Notice u/s. 153A of the Act. Once a recomputation in the assessment order u/s. 153A of the Act is done, the interest chargeable u/s. 234A would have to be reckoned from the date of determination of income u/s. 143(1) r.w.s. 153A of the Act to the date of recomputation of income u/s.153A r.w.s.143(3) of the Act. This position is in accordance with the provisions s stated in Section 234A(3) of the Act. Therefore interest u/s. 234A is chargeable from the date of expiry of the Notice period given u/s. 153A of the Act to the date of completing the assessment u/s. 153A r.w.s. 143(3) of the Act. Accordingly, we direct the Assessing Officer to recomputed the interest u/s. 234A of the Act.”

45. Respectfully placing reliance on the decisions supra and considering the facts of the case, we find no infirmity in the findings of the Ld.CIT(A). Revenue has failed to bring on record any material or statutory provision to justify charging interest beyond the period of actual delay. The order of the Ld.CIT(A) is well-reasoned, in consonance with the provisions of the Act, and does not call

for any interference. Accordingly, we uphold the order of the Ld.CIT(A) on this issue and dismiss the ground raised by the Revenue.

46. In the result, the appeal filed by the Revenue stands dismissed, and the grounds raised by the assessee by way of Rule 27 of the ITAT Rules are partly allowed.

Order pronounced in the court on 04th February, 2026 at Chennai.

Sd/-
(जॉर्ज जॉर्ज के)
(GEORGE GEORGE K)
उपाध्यक्ष /**VICE PRESIDENT**

Sd/-
(एस. आर. रघुनाथा)
(S. R. RAGHUNATHA)
लेखा सदस्य/**ACCOUNTANT MEMBER**

चेन्नई/Chennai,

दिनांक/Dated, the 04th February, 2026

SP

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF