IN THE INCOME TAX APPELLATE TRIBUNAL
LUCKNOW 'A' BENCH, LUCKNOW

BEFORE SH. KUL BHARAT, VICE PRESIDENT
AND
SH. NIKHIL CHOUDHARY, ACCOUNTANT MEMBER

ITA No.692/LKW/2025
A.Y. 2012-13

Dinesh Chand Jain, 7/189, Swaroop Nagar, Kanpur-280002, U.P.	vs.	Dy. CIT, Central Circle-1, Kanpur
PAN: ADBPJ2732Q		
(Appellant)		(Respondent)

Assessee by:	Sh. P.K. Kapoor, C.A.
Revenue by:	Sh. R.R.N. Shukla, Add CIT DR
Date of hearing:	04.12.2025
Date of pronouncement:	17.02.2026

O R D E R

PER NIKHIL CHOUDHARY, A.M.:

This is an appeal filed by the assessee against the orders of the ld. AO under section 143(3) r.w.s. 154 of the Income Tax Act, 1961 on 28.04.2016. The grounds of appeal are as under:-

> *"1.1 BECAUSE the Id. "CIT(A)" has erred in law and on facts in upholding the action of the Assessing Officer in withdrawing the refund of interest amounting to Rs. 8,20,163/-, paid to the assessee u/s 244A of the Income-tax Act, 1961 on excess amount of self-assessment tax paid u/s 140A of the Act.*
>
> *1.2 BECAUSE the view taken by Id. "CIT(A)" while upholding the action of the Assessing Officer is based on misinterpretation of the provisions of clause (b) of sub-section (1) of section 244A of the Act, as applicable at the relevant point of time.*
>
> *2. BECAUSE, in any case and without prejudice to the grounds hereinfore, while upholding the action of the Assessing Officer in withdrawing the interest paid to the assessee u/s 244A of the Act, the ld. "CIT(A)" failed to appreciate that the issue of payment of interest on excess amount paid u/s 140A was debatable in nature and it could not have been decided by invoking the provisions of section 154 of the Act as the same did not constitute a mistake apparent from the record.*

3. BECAUSE the case law relied by Id. "CIT(A)" is not applicable to the facts of the present case.

4. BECAUSE the order appealed against is contrary to facts, law and principles of natural justice.

5. BECAUSE each ground taken in appeal is mutually exclusive and without prejudice to each other.

6. The "appellant" craves leave, to add, delete or modify any of the grounds before hearing of appeal."

2. The facts of the case are that assessment in this case was completed under section 143(3) of the Income Tax Act on 31.03.2015 at a total income of Rs. 6,96,12,690/-. Later on, from a perusal of the record, the ld. AO noticed that interest under section 244A, amounting to Rs. 8,20,163/-, had been allowed on payments made under section 140A of the Income Tax Act, 1961. Since, in his opinion, the mistake was apparent from record, a notice under section 154 of the Act was issued on 6.04.2016 seeking to rectify the said mistake. In response to the said notice, the assessee, vide reply dated 16.04.2016 stated that various Courts had time and again considered and held that self-assessment tax paid, partakes the character of refund of any amount as appearing in section 244A of the Income Tax Act, 1961. The computation of interest on self-assessment tax has to be in terms of section 244A(1)(b) i.e. from the date of payment of such amount upto the date on which the refund was granted. Therefore, the assessee was rightly entitled to interest on self-assessment tax and the same had been correctly allowed. However, the ld. AO was not in agreement with the assessee. He quoted from the provisions of section 244A(1)(a) and rectified the assessment by way of disallowance of interest paid of Rs. 8,20,163/- under section 244A.

3. Aggrieved with the said rectification order, the assessee went in appeal to the ld. CIT(A). Before the ld. CIT(A), it was submitted that the case of the assessee was squarely covered by the judgment of the Hon'ble Supreme Court, wherein the Court had adjudicated on the provisions of section 244A of the Act in the case of K. Lakshmanya & Co. vs. CIT (2017) 87 taxman.com 190 (SC) wherein the Hon'ble Supreme Court had held that section 244A was even wider than section 244 of the

Income Tax Act and was not restricted to refund being issued to the assessee in pursuance of an order referred to in section 240. Under that section 244A, it was enough that the refund becomes due under the Income Tax Act, in which case the assessee would, subject to the provisions of this section, be entitled to receive simple interest. It held that such cases would fall under the residuary clause (b) of section 244A. It therefore, held that tax paid on regular assessment was also eligible for interest under section 244A. Furthermore, it had relied upon the decision of Union of India vs. Tata Chemicals (2014) 6 SCC 335 and referred to the judgment of the Hon'ble Madras High Court in the case of CIT vs. Cholamandalam Investment and Finance Co. Ltd. (2007) 294 ITR 438. Besides this, it referred to the decision of the Hon'ble Madras High Court in the case of CIT vs. Needle Industries P. Ltd. 233 ITR 370 and its own judgment in the case of Sandvik Asia Ltd vs Commissioner Of Income Tax-I, Pune & Ors (2006) 2 SCC 508. It also quoted from the decisions rendered by the Hon'ble Supreme Court in CIT vs. HEG Limited (2010) 189 taxman 335 (SC) and Universal Cables Limited vs. CIT (2020) 113 taxman.com 353. Accordingly, the assessee submitted that tax paid on self-assessment would fall under section 244A(1)(b) which was the residuary clause covering refunds of amounts not falling under section 244A(1) and therefore, interest is payable on refund on excess paid by way of self-assessment tax. It was also pointed out that the same had been held by the Hon'ble Bombay High Court in the matter Stock Holding Corporation of India Ltd., vs. N.C. Tewari, CIT, Mumbai City-III (2015) 53 taxman.com 106 (Bombay). Additionally, it also prayed that the AO was wrong to disallow interest under section 244A of the Act on the refund of self-assessment tax wherein the issue was a debatable one and that the ld. AO could not have invoked provisions under section 154 because only mistakes apparent from the record could be rectified under that section.

4. The ld. CIT(A) considered the submissions of the assessee but did not find them to be acceptable. He held that the CBDT Circulars and judicial decisions such as that of the Hon'ble Supreme Court in CIT vs. Gujarat Fluoro Chemicals (2013)

358 ITR 291 (SC) clarify that interest was not allowable on tax paid under section 140A, unless it results in an excess after regular assessment. Thus, the excess interest allowed earlier under section 244A on self-assessment tax paid under section 140A was contrary to the law and its withdrawal through rectification under section 154 was a correction of an apparent mistake on record. He accordingly, dismissed the appeal of the assessee.

5. The assessee is aggrieved at this dismissal of his appeal and has accordingly come before us. Sh. P.K. Kapoor, C.A. (hereinafter referred to as the ld. AR) appearing on behalf of the assessee submitted that the ld. CIT(A) was incorrect in his assertion that the matter could be covered under section 154, by relying upon the Hon'ble Supreme Court decision in the case of CIT vs. Gujarat Fluoro Chemicals (supra). He pointed out that the judgment of the Hon'ble Supreme Court was on the subject of paying interest upon interest and in this context, the Hon'ble Supreme Court had held it was only interest provided for under the statute, which may be claimed by an assessee from the Revenue and no other interest on such statutory interest. It was not about the provisions of section 244A(1)(b) which covered refunds of amounts not falling under section 244A(1)(a). The ld. AR further pointed out that subsequent to the decision of the Hon'ble Supreme Court, the Hon'ble Bombay High Court in the case of Stock Holding Corporation of India vs. N.C. Tewari vs. CIT (supra) had held that amounts paid as tax on self-assessment tax were a tax and therefore, interest could be granted on refund of such amounts. Furthermore, it held that the Hon'ble Supreme Court in Tata Chemicals Limited (supra) had held that the requirement to pay interest arose whenever an amount is refunded to an assessee as it is a kind of compensation for use and retention of money collected by the Revenue. There was no such thing as voluntary payment of tax, as contended by the Revenue, because it was paid to discharge an obligation under the Act. The Hon'ble High Court relied upon the earlier judgments of the Hon'ble Karnataka High Court in CIT vs. Vijaya Bank (2011) 338 ITR 489 and the Hon'ble Delhi High Court in CIT vs. Sutlej Industries

Limited (2010) 325 ITR 331. The ld. AR argued that in view of all these decisions in favour of the assessee, and no decision of the Hon'ble Supreme Court against the assessee, the assessee was entitled to be paid interest on self-assessment tax paid under section 140A and the AO would not have the power to rectify the earlier orders by recourse to section 154.

6. On the other hand, Sh. R.R.N. Shukla, Addl CIT DR (hereinafter referred to as the DR) pointed out that the ld. CIT(A) had placed reliance upon the decision of the Hon'ble Supreme Court in the case of CIT vs. Gujarat Fluoro Chemicals (supra) and the various CBDT Circulars on the subject. The liability to pay interest only arose if it was spelt out in the Act and section 244A(1)(b) could not be interpreted to hold that it covered self-assessment tax. Accordingly, it was prayed that the ld. AO was justified in rectifying the mistake committed earlier by invoking the provisions of section 154 and therefore, it was submitted that the orders of the lower authorities may be upheld.

7. We have duly considered the facts and circumstances of the case. At the outset, it is important to point out that this appeal is against an order passed by the ld. AO under section 154 of the Income Tax Act. Therefore, while considering the plea of the assessee, the fundamental question that has to be kept in mind, is what were the powers of the AO in dealing with such matters. Therefore, before proceeding further, it would be pertinent to consider the AO's powers under section 154. Section 154 of the Income Tax Act reads as under:-

"**154. Rectification of mistake.**

"-[(1) With a view to rectifying any mistake apparent from the record an income-tax authority referred to in section 116 may, -

(a) amend any order passed by it under the provisions of this Act;]

(b)[amend any intimation or deemed intimation under sub-section (1) of section 143.] [Substituted by Act 27 of 1999, Section 65, for Clause (b) (w.e.f. 1.6.1999).]

(d)[amend any intimation under sub-section (1) of section 206CB.] [Inserted by Finance Act, 2015 (No. 20 of 2015), dated 14.5.2015.]

[(1-A) Where any matter has been considered and decided in any proceeding by way of appeal or revision relating to an order referred to in sub-section (1), the authority passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.]

(2) Subject to the other provisions of this section, the authority concerned-
(a)may make an amendment under sub-section (1) of its own motion, and
(b)shall make such amendment for rectifying any such mistake which has been brought to its notice by the assessee, and where the authority concerned is the [* * *] [Certain words omitted by Act 21 of 1998, Section 65 (w.e.f. 1.10.1998).] [Commissioner (Appeals)] [Inserted by Act 29 of 1977, Section 29 (w.e.f. 10.7.1978).], by the [Assessing Officer] [Substituted by Act 4 of 1988, Section 2, for " Income-tax Officer" (w.e.f. 1.4.1988).] also.

[* * *]

(3)An amendment, which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made under this section unless the authority concerned has given notice to the assessee of its intention so to do and has allowed the assessee a reasonable opportunity of being heard.

(4)Where an amendment is made under this section, an order shall be passed in writing by the income-tax authority concerned.

(5)Subject to the provisions of section 241, where any such amendment has the effect of reducing the assessment, the [Assessing Officer] [Substituted by Act 4 of 1988, Section 2, for " Income-tax Officer" (w.e.f. 1.4.1988).] shall make any refund which may be due to such assessee.

(6)Where any such amendment has the effect of enhancing the assessment or reducing a refund already made, the [Assessing Officer] [Substituted by Act 4 of 1988, Section 2, for " Income-tax Officer" (w.e.f. 1.4.1988).] shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be issued under section 156 and the provisions of this Act shall apply accordingly.

(7)Save as otherwise provided in section 155 or sub-section (4) of section 186, no amendment under this section shall be made after the expiry of four years [from the end of the financial year in which the order sought to be amended was passed] [Substituted by Act 67 of 1984, Section 29, for " from the date of the order sought to be amended" (w.e.f. 1.10.1984).].

(8)[Without prejudice to the provisions of sub-section (7), where an application for amendment under this section is made by the assessee on or after the 1st day of June, 2001 to an income-tax authority referred to in sub-section (1), the authority shall pass an order, within a period of six months from the end of the month in which the application is received by it,-

(a)making the amendment; or
(b)refusing to allow the claim.]"

8. So the condition precedent to passing any order under section 154 is that there should be a mistake apparent from the record. Mistake apparent from the record has been judiciously defined by the Hon'ble Supreme Court in T.S. Balaram vs. M/s Volkart Brothers 82 ITR 50 (SC) to mean a mistake obvious and patent and not something that could be established by a long drawn process of reasoning on points on which there may be, conceivably two opinions. The question that is therefore, to be addressed is whether there was a mistake apparent from the record in granting of interest to the assessee on the amount refunded inclusive of excess payment of self-assessment tax under section 140A. Thereafter, if it is so discovered that the so-called mistake is not obvious and patent, but something which might be established by a long drawn process on which there may be conceivably two opinions then the AO does not enjoy the power to rectify under section 154. We may now proceed to consider the issue raised by the assessee. The first issue that has been raised by the assessee is that the AO has erred in law in withdrawing the excess interest allowed under section 244A on account of self-assessment tax vide his orders dated 28.04.2016 under section 154 of the Income Tax Act. Secondly, it has been submitted that the ld. CIT(A) had also omitted to consider the various judgments in favour of the assessee and on the basis of an inapplicable judgment, had held that the assessee was not entitled to interest earn on self-assessment tax. Thus, the CIT(A) was also incorrect in not quashing the order under section 154.

9. We have duly applied our mind to the issues at hand and we note that the decision of the Hon'ble Supreme Court in the case of CIT vs. Gujarat Fluoro Chemicals (supra) was with regard to the rejection of the claim of the assessee for interest on interest in the light of the earlier decision of the Court in the case of Sandvik Asia Ltd vs Commissioner Of Income Tax (supra). In this context, the Hon'ble Supreme Court had held that it is only that interest that was provided for under the statute which may be claimed by an assessee from the Revenue and no other interest on such statutory interest. The Hon'ble Supreme Court did not

discuss the issue of payment of interest on self-assessment tax in the said order and therefore, the CIT(Appeal's) reliance upon the said order as a ground to dismiss the plea of the assessee is incorrect. We note that the Hon'ble Bombay High Court in the case of Stock Holding Corporation of India Ltd., vs. N.C. Tewari, CIT, Mumbai City-III (2015) 53 taxman.com 106 (Bombay), the Hon'ble Madras High Court in the case of CIT vs. Cholamandalam Investment & Finance Co. Ltd (2007) 294 ITR 438 (Mad) and the Hon'ble Delhi High Court in the case of CIT vs. Sutlej Industries Limited (2010) 325 ITR 331 have held that interest was payable to the assessee on refunds including self-assessment tax under the provisions of section 244A(1)(b) of the Act. Thus, in view of the fact that there existed at least three Hon'ble High Court judgments, contrary to the position of law being adopted by the AO in his order under section 154, it is clear that there were two possible views that were conceivable on the issue on the date of passing of such order and therefore, the subject could not be addressed by way of rectification order under section 154 as it could not be said to be a mistake apparent from the record. Accordingly, the order under section 154 is quashed as not maintainable and the appeal of the assessee is held to be allowed.

10. In the result, the appeal of the assessee is allowed.

Order pronounced on 17.02.2026 in the Open Court.

Sd/-	**Sd/-**
[KUL BHARAT]	**[NIKHIL CHOUDHARY]**
VICE PRESIDENT	**ACCOUNTANT MEMBER**

DATED: 17/02/2026
Sh

Copy forwarded to:

1. Appellant –
2. Respondent –
3. CIT DR , ITAT,
4. CIT,
5. The CIT(A)

By order
Sr. P.S.