

IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, KOLKATA

**BEFORE SHRI RAJESH KUMAR, AM
AND
SHRI PRADIP KUMAR CHOUBEY, JM**

**ITA Nos. 2591 & 2592/KOL/2025
(Assessment Years: 2021-22 & 2022-23)**

**Bangiya Gramin Vikash Bank
(presently known as West
Bengal Gramin Bank)
48, Naya Sarak, BMC House,
P.O. Chuanpur, Berhampore,
Murshidabad,
West Bengal-742101**

(Appellant)

Vs.

**ITO, Ward 42(1)
39, R.N. Tagore Road,
Aaykar Bhawan ,
Berhampore, Murshidabad,
West Bengal-742101**

(Respondent)

PAN No. AAALB0462D

Assessee by : Shri Soumitra Choudhury &
Shri Pranabesh Sarkar, ARs
Revenue by : Ms. Archana Gupta, DR

Date of hearing: 14.01.2026
Date of pronouncement: 26.02.2026

ORDER

Per Rajesh Kumar, AM:

These are appeals preferred by the assessee against the orders of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") dated 15.10.2025 & 07.08.2025 for the AYs 2021-22 & 2022-23.

A.Y. 2022-23**ITA No. 2592/KOL/2025**

2. At the outset, we note that the appeal of the assessee is barred by limitation by 10 days. At the time of hearing the counsel of the assessee explained the reasons for delay in filing the appeal. The Ld. D.R did not raise any objection in condoning the delay. After hearing the rival contentions and perusing the materials available on record, we find that the delay is for bonafide and genuine reasons and hence, we condone the delay and adjudicate the appeal in the ensuing paras.
3. The only issue raised by the assessee in the various grounds of appeal is against the order of Id. CIT (A) not allowing the employees provident fund payment made u/s 36(1)(va) of the Income-tax Act, 1961 (the Act) within a grace period of 5 days to the EPF Trust maintained by the assessee and restored the issue to the file of the Id. AO.
4. The facts in brief are that the assessee filed the return of income on 18.10.2022, declaring income at ₹nil. The case of the assessee was selected for scrutiny for various reasons. During the course of assessment proceedings, the Id. AO observed that the provident fund amounting to ₹4,05,33,558/-, was paid on 19.10.2021, whereas the due date was 15.10.2021. The Id. AO noted that the same was not suo motto disallowed by the assessee while filing the return of income and in terms of section 36(1)(va) of the Act disallowed the same and added to the income of the assessee in the assessment framed u/s 143(3) read with section 144B of the Income-tax Act, 1961 dated 24.03.2024.
5. In the appellate proceedings, the Id. CIT (A) restored the issue to the file of the Id. AO for verification and deciding the issue accordingly. The Id. CIT (A) directed the Id. AO to allow the appeal if the PF was paid within grace period of 5 days.

6. After hearing the rival contentions and perusing the materials available on record, we find that in this case the assessee is maintaining the Employees Provident Fund trust and the contribution to the said trust u/s 36(1)(va) of the Act was paid on 19.10.2021, whereas the due date was 15.10.2021. We note that the Id. AO picked up the amount from tax audit report wherein it has been reported at Para no.20(b), which deals with the details of contribution received from the employee for various funds u/s 36(1)(va) of the Act. We note that at serial no.6, the provident Fund of ₹4,05,33,558/- was paid on 19.10.2021, whereas the due date was 15.10.2021. We also note from the calendar for 2021 for October which is placed at page no.9 of the Paper Book that the 15,16,17 were public holders and cheques were issued on 18th and cleared on 19th October. Therefore, we find merit in the contention of the assessee that in view of the decision of the Coordinate Bench of Mumbai in case of Strides Pharma Science Ltd. Vs. Dy. CIT in ITA No. 7400/MUM/2017 dated 15.10.2024, reported in (2024) 159 taxmann.com 33 (Mumbai-Trib), wherein the co-ordinate Bench has held as under:-

"9. We have heard the submissions made by rival sides. The assessee has placed on record communication dated 08/01/2016 from Employees Provident Fund Organization regarding removing of grace period of five days. The relevant extract of the letter is reproduced herein below:

" Sub: Payment of contribution by the employers by 15th of the following month
Removing of grace period of 5 days.

Sir/Madam,

As per paragraph 38(1) of the EPF Scheme, 1952, paragraph 3 of EPS, 1995 and paragraph 8(1) of EDLI Scheme, 1976, the employers are required to pay the contributions and administrative charges within fifteen days of close of every month. The employer, as per para 5.1.3 of Manual of Accounting Procedure (Part-I General), is also allowed a grace period of 5 days to remit the contribution.

2. The grace period of five days have been allowed for the employers to remit the contributions as the system of calculation of wages of the employees and their corresponding dues under the three schemes (Employees' Provident Fund Scheme 1952,

Employees' Pension Scheme 1995 & Employees' Deposit Linked Insurance Scheme 1976) were done manually and its remittances in the bank required additional time in the earlier manual setup.

3. *In the present era, employers compute the wages and EPF liabilities electronically (in most of the cases on real time basis) and file Electronic Challan-cum-Return (ECR). The remittances are also being deposited through Internet Banking. This has reduced the process and time taken in calculation of PF dues and its remittances in the bank. Accordingly, it has been decided that concession of grace period of 5 days available to the employers for depositing the contribution & other dues is withdrawn herewith. This decision shall apply from February, 2016 (contributions for month of January, 2016 and payable in the month of February, 2016)."*

"A perusal of the aforesaid communication reveals that the grace period of five days was allowed to the Employers to remit the contribution as the system of calculation of wages to the employees and their corresponding claims were done manually and remittance to the bank required additional time in the earlier manual set up. After introduction of electronic challan-cum-return the concession of five days grace period was withdrawn. The said communication does not in particular referred to employers contribution or employees contribution. The grace period was allowed during the era when wages and corresponding dues under EPF schemes were calculated manually. The assessee has also furnished relevant extract of Manual of Accounting procedure. Para 5.1.3 of the manual reads as under:

"5.1.3 All the covered establishments are required to pay the dues within 15 days of the close of every month. If the amount is not deposited within the stipulated time (including the 5 days grace period), Penal Damages, not exceeding the amount of arrears can be imposed under section 14-B of the Act."

A bare reading of above shows that it refers to dues. It does not in particular specify Employees' share or Employers' share. Therefore, we are of the considered view that the said 5 days grace period applies both to employers contribution as well as employee's contribution. We deem it appropriate to restore this issues to the file of Assessing Officer to re-examine assessee's claim. In case employees' share of contribution in the impugned assessment year is deposited within the stipulated time including five days grace period, no disallowance of such payment should be made. The Assessing Officer before verifying the date of deposits, shall grant opportunity to the assessee to furnish necessary details. Thus, ground No.3 of appeal is allowed for statistical purpose."

7. In the said decision we note that 5 days grace period was allowed for the payment of employer's contribution as well as employees contribution. We note that since, the assessee has deposited the money within the five days grace period, therefore, the action of the Id. CIT (A) in restoring the issue to the file of the Id. AO is not correct

and cannot be sustained. Consequently, we set aside the order of Id. CIT (A) on this issue and direct the Id. AO to delete the addition.

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8. The only issue raised by the assessee is against the order of Id. CIT (A) confirming the penalty of ₹3,61,000/- as imposed by the Id. AO u/s 271FA for belated filing of SFT returns.
9. The facts in brief are that the assessee did not file the statement of financial transactions as mandated u/s 285BA(1) for A.Y. 2020-21, within the due date i.e. 30.06.2021. Consequently, the DDIT (I&C) issued notice on 07.12.2021, requesting the assessee to file the said SFT by 06.01.2022. The assessee stated vide mail dated 09.12.2021, that due to technical issues the SFT could not be filed and assured that the same would be filed once the technical issues are resolved. Thereafter, the penalty proceedings were initiated u/s 271FA read with section 254 of the Act on 10.03.2022, asking the assessee as to why the penalty should not be imposed. Finally, the penalty was imposed of ₹3,61,000/- depending on the period of delay which was calculated by the Id. AO at page no.3 of the assessment order.
10. In the appellate proceedings, the Id. CIT (A) confirmed the same.
11. After hearing the rival contentions and perusing the materials available on record, we find that the assessee was in the process of reorganization with another bank united bank of India and merged with Punjab National bank, therefore, to due to technical glitches faced by the bank on account of migration to upgrade version of core banking solution from Finacle 7 to Finacle 10 of core banking solution. Therefore, assessee was not able to generate the requisite data in

different parameters required for uploading Form 61/61A and hence, delay for filing SFT 60/61A. The assessee placed before us the similar drafts, wherein the penalty was dropped as under:-

Set Code	SFT Description	Criteria	Remarks	Pg. No.
001	Purchase of bank drafts or pay orders in cash	Eligible	Penalty dropped by order dated 17.01.2023	PB-16
002	Purchase of pre-paid instruments in cash	Not eligible to bank	N.A.	
003	Cash deposit or withdrawals in current account	Eligible	Penalty dropped by order dated 17.01.2023	PB-18 & 19 (Din difference)
004	Cash deposit in account other than current account	Eligible	Penalty dropped by order dated 17.01.2023	PB-17
005	Time deposit	Eligible	Now in Present appeal	

12. We note that the penalty proceedings were dropped in the similar type of lapse on the part of the assessee which has happened due to re-organization process and migration to higher version of Finacle. In our opinion this is a reasonable cause due to which the assessee could not file the SFT return. Consequently, we set aside the order of Id. CIT (A) and direct the Id. AO to delete the penalty.

13. In the result, both the appeals of the assessee are allowed.

Order pronounced in the open court on 26.02.2026.

Sd/-
(PRADIP KUMAR CHOUBEY)
(JUDICIAL MEMBER)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Kolkata, Dated: 26.02.2026

Sudip Sarkar, Sr.PS



Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Sr. Private Secretary/ Asst. Registrar
Income Tax Appellate Tribunal, Kolkata