

**IN THE INCOME TAX APPELLATE TRIBUNAL
"A" BENCH: BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT
AND SHRI KESHAV DUBEY, JUDICIAL MEMBER**

**ITA Nos.2402 and 2403/Bang/2025
Assessment Year: 2019-20**

M/s. CAE Simulation Technologies Pvt. Ltd., Survey No.26,27 Defense Complex, IVC Road, Bandaramanahalli Village, Uganavadi B.O Devaganahalli, Bangalore – 562 110. PAN: AACCC 6086 F	Vs.	Centralized Processing Centre, Income Tax Department, Bangalore.
APPELLANT		RESPONDENT

Appellant by	:	Shri. Abdul Kadir Jawadiwala, Advocate
Respondent by	:	Shri. N. Balusamy, JCIT(DR)(ITAT), Bangalore.

Date of hearing	:	17.02.2026
Date of Pronouncement	:	10.03.2026

ORDER

Per Prashant Maharishi, Vice President:

1. ITA No. 2402/Bangalore/2025 for assessment year 2019 – 20 is filed by CAE simulations technologies private limited (The Assessee/Appellant) against appellate order passed by The Commissioner Of Income Tax (A) – 1, Vadodara (the learned CIT – A) dated 5 November 2024 wherein the assessee filed an appeal against the intimation issued under section 143 (1) of THE INCOME TAX ACT [THE ACT] dated 12 May 2020 by THE CENTRAL PROCESSING CENTRE, BANGALORE [the Id AO] making an adjustment to the total income of the assessee under section 43B of the

Act of ₹ 5,704,306 and further the disallowance of sum received from employees as contribution to the provident fund etc. under section 36 (1) (va) of the act of ₹ 3,238,115/- , was partly allowed deleting the addition of ₹ 5,704,306 and confirming the adjustment of employees' provident fund of Rs. 32,38,115/- .

2. Therefore, the assessee is in appeal before us, and the solitary ground of appeal is with respect to the erroneous adjustment under section 143 (1) (a) in respect of employee's contribution to the provident fund disallowed under section 36 (1) (va) of the Act.
3. Contention of the assessee is that, as on the date of passing of the intimation, the decision of the honourable Supreme Court in 143 taxmann.com 178 which was pronounced after the date of passing the impugned intimation and therefore as on the date of passing of the intimation the honourable Karnataka High Court and several other high courts covered the issue in favour of the assessee and therefore being a debatable issue at that point of time, the adjustment could not have been done.
4. The brief facts of the case of the assessee show that assessee is a company filed its return of income on 29 November 2019 declaring total income of ₹ 107,638,200. The central processing Centre issued intimation on 12 May 2020 first wherein it made an adjustment of ₹ 3,238,115 under section 36 (1) (va) of the act amongst one more addition which is not an issue before us.
5. Aggrieved by the intimation, the assessee preferred an appeal before the learned CIT – A who passed an order confirming the disallowance of the above sum. The assessee gave a detailed chart before the learned CIT – A about the total payment of ₹ 3,238,115 claiming that on some of the day the due date was falling on a public holiday and the payment was made immediately thereafter and therefore the disallowance should not have

been made. The learned CIT – A held that the checkmate services private limited versus Commissioner of income tax [sc] delivered on 12 October 2022 by the honourable Supreme Court covers the issue against the assessee and further after that the honourable Gujarat High Court in case (2023) 150 taxmann.com 384 (Gujarat) also confirmed the disallowance under section 36 (1) (va) made in intimation issued under section 143 (1) of the act, was upheld. He further referred to the several judicial precedents and also negated the contention of the assessee that insertion of the words "increase in income" in section 143 (1) (a) (iv) with effect from 1/4/ 2021 will have no impact on such disallowances. Accordingly, he confirmed the addition made by the central processing Centre and dismissed the appeal.

6. We have heard the rival contention and perused the relevant records. We find that the assessee is a company who filed its return of income under section 139 (1) of the act on 29 November 2019 declaring total income of ₹ 107,638,200. This return of income was processed under section 143 (1) of The Income Tax Act by the central processing Centre on 12 May 2020. According to the intimation the profits and gains from business and profession shown by the assessee of ₹ 101,541,566 was computed at ₹ 114,083,987. One of the adjustments was with respect to the sum received from employees as contribution to any provident fund or superannuation fund to the extent not credited to the employees account on or before the due date prescribed under the respective statute as provided under section 36 (1) (va) of the act amounting to ₹ 3,238,115/-.
7. We find that the intimation was passed on 12 May 2020 as on that date there were decisions of the honourable Karnataka High Court in favour of the assessee in case of [1] Commissioner of Income-tax vs. Sabari Enterprises [2008] 298 ITR 141 (Karnataka)/[2007] 213 CTR 269 (Karnataka)[03-07-2007] [2] Spectrum Consultants India (P.) Ltd. vs. Commissioner of Income-tax, Bangalore - III [2013] 34 taxmann.com 20

(Karnataka)/[2013] 215 Taxman 597 (Karnataka)/[2014] 266 CTR 94 (Karnataka)[17-04-2013] which was approved in Commissioner of Income-tax vs. Alom Extrusions Ltd. [2009] 185 Taxman 416 (SC)/[2009] 319 ITR 306 (SC)/[2009] 227 CTR 417 (SC)[25-11-2009] [3] Commissioner of Income-tax vs. ANZ Information Technology (P.) Ltd. [2010] 189 Taxman 391 (Karnataka)/[2009] 318 ITR 123 (Karnataka)[15-09-2009] and [4] Essae Teraoka (P.) Ltd. vs. Deputy Commissioner of Income-tax, Circle -11(3) [2014] 43 taxmann.com 33 (Karnataka)/[2014] 222 Taxman 170 (Karnataka) (MAG)/[2014] 366 ITR 408 (Karnataka)/[2014] 266 CTR 246 (Karnataka)[04-02-2014] . If those decisions are applied the above sum would not have been disallowed under the jurisdiction of Honourable Karnataka High court. However, it is an undisputed fact that the central processing Centre has made that adjustment under the provisions of section 143 (1) (a) (iv) of the act despite jurisdictional High Court in favour of the assessee at the time of making the adjustment.

8. Further the decision of the honourable Supreme Court in case of Checkmate Services (P.) Ltd. vs. Commissioner of Income-tax-1 [2022] 143 taxmann.com 178 (SC)/ [2023] 290 Taxman 19 (SC)/ [2022] 448 ITR 518 (SC) [12-10-2022] which was not available to CPC at the time of passing the intimation.
9. Thus, at the time of passing the intimation, the decision of the honourable jurisdictional High Court was in favour of the assessee wherein it has been held that employees contribution even if it is not deposited before the due date prescribed under the respective statute but on or before the due date of filing of the return of income, same is allowable.
10. Several other honourable high courts were also in favour of the assessee at that time.

11. Thus, it is apparent that the issue was debatable at that time and such debatable issue could not have been decided against the assessee under the provisions of section 143 (1) (a) of the act.
12. Reliance by the learned CIT – A on the decision of the honourable Gujarat High Court would have been appropriate had the honourable Gujarat High Court would have been the jurisdictional High Court. It is an accepted fact that at that particular time the honourable Gujarat High Court was against the assessee but the Honourable jurisdictional High Court, i.e. Karnataka High Court was in favour of the assessee.
13. In view of the above facts, we do not find it necessary to discuss further the issue and allow the claim of the assessee holding that no disallowance could have been made by the CPC prior to 12 October 2022 (the date on which the honourable Supreme Court delivered the verdict in case of checkmate services) invoking the provisions of section 36 (1) (va) of the act as on that date issue was covered in favour of the assessee by a jurisdictional high court decision. .
14. In view of the above, ground No. 1 and 2 of the appeal are allowed.
15. Ground No. 3 with respect to the levy of interest under section 234B and ground No. 4 against the levy of interest under section 234C of the act are consequential in nature and therefore dismissed.
16. In the result, the appeal filed by the assessee is partly allowed.
17. ITA No. 2403/Bangalore/2025 filed by the assessee for the same assessment year i.e. assessment year 2019 – 20 against the appellate order passed by THE COMMISSIONER OF INCOME TAX (A) (1) Vadodara [the learned CIT – A) d under section 154 of the Income Tax Act 1961 dated 29 August 2025 dismissing the appeal of the assessee against the rectification application moved before him on 19 August 2025 on the issue that the disallowance confirmed by him under section 36 (1) (va) of the act is not proper was rejected.

18. We find that in view of our decision in ITA No. 2402/Bangalore/2025 allowing the appeal of the assessee on this ground, the above appeal filed by the assessee becomes infructuous and hence dismissed.
19. Accordingly, ITA No. 2402/Bangalore/2025 filed by the assessee is partly allowed and ITA No. 2403/Bangalore/2025 is dismissed as infructuous.

Pronounced in the open court on the date mentioned on the caption page.

Sd/-
(KESHAV DUBEY)
Judicial Member

Sd/-
(PRASHANT MAHARISHI)
Vice President

Bangalore,
Dated: 10.03.2026.
/NS/*

Copy to:

- | | | | |
|----|------------|----|-------------------------|
| 1. | Appellants | 2. | Respondent |
| 3. | DRP | 4. | CIT |
| 5. | CIT(A) | 6. | DR, ITAT,
Bangalore. |
| 7. | Guard file | | |

By order

Assistant Registrar,
ITAT, Bangalore.