

IN THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD "C" BENCH

**Before: DR. BRR Kumar, Vice President  
And Shri T. R. Senthil Kumar, Judicial Member**

**ITA No: 926/Ahd/2025  
Assessment Year: 2017-18**

<b>Rasna Private Limited</b> 905, Atlanta Tower, Nr. Sears Tower, Gulbai Tekra, Azad Society, Ahmedabad, Gujarat- 380015 <b>PAN: AAACW4408M</b> <b>(Appellant)</b>	Vs	<b>ACIT</b> Circle -3(1)(2), Ahmedabad <b>Now</b> Circle 3(1)(1), Ahmedabad <b>(Respondent)</b>
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**Assessee Represented: Shri P F Jain, AR**  
**Revenue Represented: Shri Amit Pratap Singh, Sr.D.R.**

Date of hearing : 10-03-2026  
Date of pronouncement : 16-03-2026

**आदेश/ORDER**

**PER: T.R. SENTHIL KUMAR, JUDICIAL MEMBER**

This appeal is filed by the Assessee as against the appellate order dated 31-03-2025 passed by the Addl/Joint Commissioner of Income Tax, [Appeals]-4, Delhi, (in short referred to as "Addl. CIT(A)"), arising out of the assessment order passed under section 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') relating to the Assessment Year 2017-18.

2. Brief facts of the case are that the assessee is a company engaged in manufacturing and trading of soft drink concentrates and

mixes. The assessee filed its return of income for Asst. Year 2017-18 on 28.10.2017 declaring total income of Rs.3,12,22,940/-. The case was selected for scrutiny assessment and made following disallowances:

- (a) Disallowance u/s.14A read with Rule 8D of Rs.33,81,941/-
- (b) Late payment of PF and ESIC of Rs.16,90,052/-.

3. Aggrieved against the additions, the assessee filed appeal before the Addl. CIT(A) who has confirmed the addition made by the AO, thereby dismissed the assessee's appeal.

4. Aggrieved against the same, the assessee is in appeal before us raising following grounds:

- “1. The learned CIT(A) has erred in law and on fact in upholding Disallowance u/s. 14A of Rs.33,81,941 without properly appreciating the facts and explanation of the appellant in as much as that disallowance u/s. 14A of Rs. 6,81,036 was made as per Tax Audit Report.
2. He has erred in law and on facts in not considering the Decision of Hon'ble ITAT with regard to disallowance u/s. 14A in the case of assessee itself.
3. He has erred in law and on facts in not appreciating that no proper satisfaction has been recorded by the A.O. for not accepting the disallowance made by the appellant in as much as that the nature of exempt income does not require incurring of expenditure.
4. On the facts of the assessee no such disallowance u/s. 14A of Rs.33,81,941 ought to have been made.
5. The upholding of disallowance of Rs. 16,90,052 u/s. 36(1) (va) of the Act on account of delayed payment of employees contribution to PF/ESI is submitted to be erroneous read with the decisions of Tribunal in ITA No. 252/MUM/2023 Bench "E

"Mumbai and ITA No. 1203/KOL/2024 Bench "B", Calcutta interpreting section 38 of Employees Provident Fund scheme 1952 with regard to due date of payment of contribution after considering decision of Supreme Court in the case of Check Mat Services Pvt. Ltd.

6. The CIT(A) has erred in law and on facts in holding the appeal as dismissed in as much as that disallowance of depreciation of Rs. 2,04,268 as per Para-5.1 has been allowed resulting appeal of the assessee having been allowed partly.
7. Appellant craves leave to add, to alter and or modify any ground of appeal."

5. We have heard rival submissions and perused the materials available on record.

6. Regarding Ground Nos. 1 to 4 namely disallowance u/s.14A of the Act. The brief facts of the case are that during the year the assessee company earned dividend of Rs.23,32,859/- (on shares of Rs.12,12,290/- and on Mutual Funds Rs.11,20,569/-) and interest on tax from Bonds of Rs.3,12,12,046/-. The assessee's investment in various taxable and tax free bonds and securities amounting to Rs.14179.26 Lakhs as on the year ended on 31.03.2017. The investment in the previous year were Rs.13441.62/- Lakhs. The AO made disallowance of 1% on annual average investment in tax free bonds of Rs.40,36,890/= and after suo-moto disallowance made the assessee of Rs.6,81,036/= demanded balance amount of Rs,33,81,941 as disallowance u/s.14A read with Rule 8D.

6.1. We have heard the rival submissions and perused the material on record. It is observed that the assessee has already made a disallowance of Rs.6,81,036/= while computing the income. Further,

in the assessee's own case for earlier years, the coordinate bench of this Tribunal had held that a lump sum disallowance of Rs.7 lakhs would meet the ends of justice considering the nature of investments held by the assessee in bonds and securities. The Revenue has not brought any material on record to demonstrate that the facts of the present year are different from those considered by the Tribunal in earlier years.

6.2. Further the co-ordinate Bench of this Tribunal in assessee's own case for the Asst. year 2016-17 in ITA No.671/Ahd/2024 vide its decision dated 08-11-2024 held as under:-

*"11. Be that so, besides, the issue being covered in favour of the assessee by the decision of the ITAT in Asst.Year 2010-11, during the course of hearing before us, it was pointed out that that the ITAT had followed its decision in Asst.Year 2010-11 for the subsequent assessment years also, i.e. Asst.Year 2013-14, 2014-15 and 2015-16 in its order passed in ITA No.528 and 2870/Ahd/2017 and ITA No.1788/Ahd/2018 dated 17.8.2021. Copy of the order was placed before us.*

*Noting the above facts, we do not find any merit in the addition confirmed by the ld.CIT(A) pertaining to the disallowance of expenses under section 14A of the Act amounting to Rs.54,16,974/-.*

*12. Having said so, we find that in Asst.Year 2010-11, the ITAT held that considering the nature of investment made by the assessee in bonds and securities, the disallowance made on administrative expenses by invoking Rule 8D was not proper. The disallowance made in the said year on the said account amounted to Rs.20,57,946/-, being 0.5% of the average investment computed as per Rule 8D of the Rules. Accordingly, the ITAT restricted the disallowance of administrative expenses to the extent of Rs.7 lakhs. In the subsequent years, the ITAT followed the decision in the case of the assessee for Asst.Year 2010-11, and accordingly restricted the disallowance of administrative expenses on a proportionate basis, noting the quantum of disallowance computed as per the Rule 8D as under:*

Asstt. Year	Disallowance of administrative exps.as per the Rule 8D	Suo moto disallowance	Disallowance restricted by the ITAT
2013-14	46,54,415/-	4,75,768/-	14 lacs
2014-15	56,04,892/-	12,55,562/-	15 lacs
2015-16	32,14,661/-	2,77,536/-	12 lacs

*In the impugned order, the disallowance of expenses made by the AO is to the tune of Rs.36,66,143/-. The assessee has suo moto made disallowance of Rs.9,22,642/- and following the ratio down by the ITAT for working out the disallowance of administrative expenses under section 14A of the Act, we direct the disallowance of Rs\_ 12 lacs to be made under section 14A of the Act. The assessee be granted benefit of suo moto disallowance already made by it and only the balance be disallowed while computing the income of the assessee.*

*13. In the result, the appeal of the assessee is partly allowed in above terms.”*

6.3. Considering the binding precedent in the assessee's own case and the fact that the assessee has already disallowed Rs.6,81,036, we direct to disallow Rs.13 lakhs under section 14A rwr 8D after taking into account of the suo-motto disallowance made by the assessee. In the result the Ground Nos. 1 to 4 raised by the assessee are partly allowed.

7. Regarding Ground No. 5, namely, late payment of PF & ESI contribution. Though, the assessee failed to make the payment within the due date as per the PF & ESI Act, however, paid the employees' contributions well before filing the return of income. Therefore, no disallowance to be made u/s.36(1)(va) of the Act.

7.1. We have considered the rival submissions. The issue regarding allowability of employees' contribution to PF/ESI deposited after the due date prescribed under the respective Acts is now settled by the

Hon'ble Supreme Court in the case of Checkmate Services Pvt. Ltd. vs CIT (448 ITR 518) wherein it has been held that employees' contribution deposited beyond the due date under the respective Act is not allowable as deduction, even if paid before filing the return of income. Since in the present case the assessee has admittedly deposited the employees' contribution beyond the due date prescribed under the respective Acts, the disallowance made by the Assessing Officer is in accordance with law. Accordingly, Ground No. 5 raised by the assessee is dismissed.

8. Ground No.6, the findings of Ld CIT[A] there is typo mistake. The same is rectified and the disallowance of depreciation of Rs.2,04,268/ is allowed.

9. In the result, **the appeal filed by the assessee is partly allowed.**

Order pronounced in the open court on 16-03-2026

**Sd/-**  
**(DR. BRR KUMAR)**  
**VICE PRESIDENT**

**Ahmedabad :**

**Dated 16/03/2026**

*True Copy*

आदेश की प्रतिलिपि अग्रेषित / Copy of Order Forwarded to:-

1. Assessee
2. Revenue
3. Concerned CIT
4. CIT (A)
5. DR, ITAT, Ahmedabad
6. Guard file.

**Sd/-**  
**(T.R. SENTHIL KUMAR)**  
**JUDICIAL MEMBER**

By order/आदेश से,

उप/सहायक पंजीकार  
आयकर अपीलीय अधिकरण, अहमदाबाद