

**IN THE INCOME TAX APPELLATE TRIBUNAL,
DELHI BENCH: 'E' NEW DELHI**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No. 7395/Del/2025
Assessment Year: 2017-18

Surlon India Private Limited 4, Pocket 1, Jasola, South Delhi New Delhi- 110025	Vs.	Deputy Commissioner of Income Tax Central Circle-16(1) C R Building ITO IP Estate New Delhi- 110002
PAN: AAACQ0889J		
(Appellant)		(Respondent)

Assessee by	Shri. Rakesh Garg, CA Shri Ankit Garg, CA
Department by	Ms. Ankush Kalra, Sr. DR

Date of hearing	20.05.2026
Date of pronouncement	20.05.2026

ORDER

PER SATBEER SINGH GODARA, JM

This assessee’s appeal for assessment year 2017-18, arises against the Commissioner of Income Tax (Appeals) [in short, the “CIT(A)”], Mumbai’s order dated 11.10.2025 passed in DIN and order no. ITBA/APL/S/250/2025-26/1081665624(1), involving proceedings under section 154 of the Income-tax Act, 1961; hereinafter referred to as ‘the Act’.

Heard both the parties. Case file perused.

2. We now advert to the first and foremost issue of validity of section 154 rectification proceedings herein itself between the parties. We wish to make it clear that the learned Assessing Officer had admittedly framed section 143(3) assessment in the assessee's case on 12.12.2019. He thereafter set into motion section 154 rectification proceedings in its case for the purpose of invoking section 36(1)(ii) disallowance of bonus to the directors u/s 36(1)(ii) of the Act after taking up some threads from its Form 3CD tax audit report. It is in this factual backdrop that he passed rectification order dated 30.03.2024 to the very effect which has been upheld in the lower appellate discussion leaving the assessee aggrieved.

3. Both the parties vehemently reiterate their respective stands against and in support of correctness of the impugned section 154 rectification. We wish to emphasize herein that hon'ble apex court's landmark decision in T.S. Balram , Income Tax Officer vs M/s. Volkart Brothers, Bombay (1971) 82 ITR 50(SC) has settled the issue long back that such a rectification u/s 154 of the Act ought to be set into motion for the purpose of correcting apparent

mistakes only than those requiring detailed inquiries. We draw strong support therefrom to accept the assessee's first and foremost legal ground challenging validity of the impugned rectification itself which stands quashed in very terms.

All other remaining pleadings between the parties on merits stand rendered academic.

4. This assessee's appeal is allowed.

Order pronounced in the open court on 20th May, 2026.

Sd/-
(NAVEEN CHANDRA)
ACCOUNTANT MEMBER

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 25.05.2026

Pooja Mittal/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi