IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, AHMEDABAD

BEFORE DR. BRR KUMAR, VICE PRESIDENT &
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER

I.T.A. No.1043/Ahd/2025
(Assessment Year: 2022-23)

Vimal Sureshbhai Mishra, 5, Saundarya Park Society, Nr. Methodist Church, Maninagar, Ahmedabad-380008	Vs.	Central Processing Unit, Bangaluru **Present Jurisdiction** Income Tax Officer, Ward-5(3)(2), Ahmedabad
[PAN No.AMXPM0301M]		
(Appellant)	..	**(Respondent)**

Appellant by :	None
Respondent by:	Shri Prateek Sharma, Sr. DR

Date of Hearing	07.08.2025
Date of Pronouncement	25.08.2025

O R D E R

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals), (in short "Ld. CIT(A)"), National Faceless Appeal Centre (in short "NFAC"), Delhi vide order dated 27.03.2025 passed for A.Y. 2022-23.

2. The assessee has raised the following grounds of appeal:

"1) Whether the Ld. CIT(A) was right in upholding the order dated 29.10.2024 passed u/s. 143(1) of the Income Tax Act, 1961?

2) Whether the Ld. CIT(A) is right in law and on facts in calculating the interest under section 234B of the Income Tax Act, 1961 to the tune of Rs. 1,36,834/- till the date of intimation u/s 143(1) of the Income Tax Act, 1961?"

3. The brief facts of the case are that the assessee filed a return of income under section 139(8A) of the Income-tax Act, 1961 (Act) on 03.04.2023 declaring a total income of ₹20,47,420/- and duly paid applicable taxes on the return of income filed by him. The return was processed under section 143(1) of the Act vide intimation order dated 29.10.2024 wherein interest under sections 234A and 234B was charged, resulting in a tax demand of ₹1,04,840/-. The assessee objected to the interest computation under section 234B of the Act on the ground that CPC erroneously calculated interest at ₹1,36,834/- without properly applying section 234B of the Act, and ignoring the fact that self-assessment tax had already been paid by the assessee under section 140A of the Act before the date of intimation order under section 143(1) of the Act on 29.10.2024. The assessee filed a rectification application under section 154 of the Act 09.11.2024 to correct the mistake apparent from the record, but the same was rejected vide order dated 14.02.2025.

4. In appeal before the Commissioner (Appeals), the appellant submitted that interest under section 234B of the Act should have been computed only from 1st April of the assessment year up to the date of payment of self-assessment tax and not beyond that period. It was submitted that the self-assessment tax had been paid by the assessee on 03.04.2023 and interest under section 234B of the Act, if any, should be limited to that period upto the date of payment of self-assessment tax by the assessee. The assessee referred to the statutory provisions under section 234B(1) and 234B(2) and explained that interest for shortfall in advance tax is to be computed in two parts-up to the date of payment of self-assessment tax and from that date up to the date of assessment, only if any further shortfall remains. In the present

case, as no change had occurred in the assessed tax at the time of processing of return of income under section 143(1) of the Act, no such further period would apply, and hence, interest till the date of intimation was uncalled for.

5. The CIT(A), after considering the assessment records, statement of facts, grounds of appeal, the intimation u/s 143(1) of the Act, and the rectification order passed by the Department held that as per the section 234B of the Act, interest for shortfall in advance tax liability is mandatory and is required to be levied automatically where advance tax paid is less than 90% of the assessed tax. The CIT(Appeals) held that the CPC had rightly computed the interest under section 234B of the Act as per the provisions of the Act and that the plea of the assessee to limit interest computation only till the date of self-assessment tax payment was beyond the scope of rectification under section 154 of the Act. Accordingly, the CIT(A) held that there was no mistake apparent from the record, and thus, CPC was correct in rejecting the rectification application filed by the assessee.

6. The assessee is in appeal before us against the aforesaid order passed by CIT(Appeals). We have considered the submissions of both parties, the material on record and the applicable statutory provisions under section 234B of the Act. The short controversy before us pertains to whether the Centralized Processing Centre (CPC), Bengaluru, was justified in computing interest under section 234B till the date of processing of return under section 143(1) of the Act, when the assessee had already discharged the self-assessment tax liability under section 140A on 03.04.2023. It is not in dispute that the assessee filed an updated return of income under section 139(8A) on 03.04.2023, declaring a total income of ₹20,47,420/- and duly paid the

corresponding tax liability on the same date. The return was subsequently processed under section 143(1) on 29.10.2024, and a demand was raised on account of interest under sections 234A and 234B of the Act. The assessee is aggrieved with the computation of interest under section 234B of the Act amounting to ₹1,36,834/-, which was calculated by CPC till the date of intimation order u/s 143(1) of the Act, ignoring the fact that the assessee has made payment of self-assessment tax prior to that date on 03.04.2023. Upon perusal of the relevant provisions, we find merit in the contention of the assessee that interest under section 234B is required to be computed in two distinct periods. The first period extends from 1st April of the assessment year to the date of payment of self-assessment tax, and the second, from the date of such payment till the date of assessment **only to the extent if any further shortfall in tax remains unpaid**. In the instant case, **since no variation in assessed tax was made at the time of processing under section 143(1) of the Act**, and the tax declared in the return of income was accepted by the Department and therefore, the second limb of computation does not apply. Hence, there was no justification in law to charge interest under section 234B of the Act beyond the date of payment of self- assessment tax, i.e., 03.04.2023. Our view finds support from the coordinate bench decision of the ITAT Mumbai in the case of **Oasis Landmarks LLP vs DCIT, ITA No. 580/MUM/2024 dated 21.11.2024**, wherein identical facts were involved, and ITAT held that charging interest under section 234B of the Act beyond the date of self-assessment tax payment is a mistake apparent from the record, which is rectifiable under section 154 of the Act. The facts of the case were that the assessee had originally filed an updated return of income under section 139(8A) on 03.04.2023 declaring total income of

₹20,47,420/- and duly discharging the corresponding tax liability. The return was processed by CPC under section 143(1) on 29.10.2024, wherein interest under sections 234A and 234B was charged, leading to a net demand of ₹1,04,840/-. The grievance of the assessee primarily pertained to the computation of interest under section 234B at ₹1,36,834/-, which, according to the assessee, was computed till the date of processing under section 143(1) rather than being restricted up to the date of self-assessment tax payment under section 140A of the Act. The assessee filed a rectification application under section 154 on 09.11.2024, pointing out that the interest should only have been levied till 03.04.2023 i.e. the date on which self-assessment tax was paid in accordance with section 140A of the Act. However, the rectification request filed by the assessee was rejected by CPC on 14.02.2025. The matter was carried in appeal before the CIT(A), who, after referring to the statutory scheme under section 234B(1) and 234B(2), upheld the action of the CPC by observing that the levy of interest was automatic and mandatory where advance tax paid fell short of 90% of the assessed tax. The CIT(A) held that once self-assessment tax was paid, interest was still chargeable in two phases-till the date of such payment and thereafter, if there was any remaining shortfall, till the date of assessment. Since in this case, the assessed tax remained unchanged and was in line with the return filed, the CIT(A) nonetheless held that the CPC acted in accordance with law and the plea to restrict interest to the date of self-assessment tax payment was beyond the scope of section 154. The Tribunal, after considering the submissions made by both parties and perusing the material on record, observed that the limited issue before it was whether the computation of interest under section 234B by CPC, extending beyond the date of self-assessment tax payment, could be rectified under section 154 of the Act. The Tribunal held that the legislative intent under section 234B(2) clearly provides for computation of interest in two parts-up to the date of tax payment under section 140A and thereafter only if the assessed tax exceeds the sum of advance tax and self-assessment tax paid. **In the present case, there was no change in the assessed tax in the intimation under section 143(1) as compared to the return filed. Thus, there remained no justification to levy interest beyond the date of tax payment.** The Tribunal held that this was a clear mistake apparent from the record, and CPC had erred in computing interest under section 234B till the date of processing, instead of stopping it till the date of tax payment. Accordingly, the Tribunal held that the rectification application filed by the assessee under section 154 of the Act ought to have been allowed, as the incorrect charging of interest was a patent and apparent error within the meaning of section 154 of the Act. The Tribunal, therefore, set aside the orders of the lower authorities and directed CPC to recompute interest under section 234B of the Act only up to the date of payment of self-assessment tax, i.e., 03.04.2023. The appeal of the assessee was allowed.

7. Again in the case of **Dhirendra Narbheram Sheth vs. Income-tax Officer Ward-2(3)(5), Rajkot [2023] 147 taxmann.com 150 (Rajkot - Trib.) / [2023] 199 ITD 507 (Rajkot - Trib.) [03-02-2023]**, the ITAT held that Interest under sections 234A and 234B, being compensatory in nature, can only be levied up to such date of self-assessment and not beyond that period or till date of completion of assessment.

8. Therefore, in light of the facts of the present case and the judicial precedents, we are of the considered opinion that the CPC has incorrectly

charged interest under section 234B till the date of processing of return of income u/s 143(1) of the Act, which is beyond what the Statute permits. The action of the Department in rejecting the rectification application, and the confirmation of the same by the CIT(A), is therefore in our view unsustainable in law.

9. Accordingly, we set aside the order of the CIT(A) and direct the CPC to recompute interest under section 234B only up to the date of payment of self-assessment tax, i.e., 03.04.2023.

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

This Order pronounced in Open Court on	**25/08/2025**

Sd/-
(DR. BRR KUMAR)
VICE PRESIDENT

Sd/-
(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

Ahmedabad; Dated 25/08/2025

TANMAY, Sr. PS ***TRUE COPY***

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad