Maa Harsiddhi Infra Developers Private Limited v. The Assistant Commissioner of Income Tax, Circle-1(1), Bilaspur (C.G.)

TAXC No. 152 of 2025

2026:CGHC:17458-DB | TAXC No. 152 of 2025 (Chg HC, decided 16.04.2026) | 2026-04-16

Prima facie disallowance of Rs. 32,77,451 under section 143(1)(a) on 27.02.2020 for delayed deposit of employees' PF/ESI contributions under section 36(1)(va) set aside because prior to Checkmate Services (12.10.2022) the issue was highly debatable and outside the summary adjustment scope of section 143(1)(a).

Income-tax Act, 1961: sections 2(24)(x), 36(1)(va), 43B, 139(1), 143(1)(a), 143(3) and 260A

High Court of Chhattisgarh | 2-judge bench (Division Bench) | Sanjay K. Agrawal, J. | Sachin Singh Rajput, J.

Assessment years: 2019-20

Revenue liberty is expressly preserved

Paragraph 18 sets aside the summary disallowance and appellate orders but permits Revenue to proceed in accordance with law. It does not adjudicate the conditions or limitation for a future proceeding.

01 FACTS OF THE CASE

For AY 2019-20, Maa Harsiddhi Infra Developers Pvt. Ltd. filed its return declaring income of Rs. 2,57,41,230. By intimation dated 27.02.2020 under section 143(1)(a), CPC Bengaluru disallowed Rs. 32,77,451 under section 36(1)(va) read with section 2(24)(x) in respect of employees' share of EPF/ESI contributions deposited after the welfare-statute due dates but before the section 139(1) return-filing due date (which the tax auditor had merely listed in Column 20(b) of Form 3CB without treating as a disallowance). Following the Supreme Court's decision on 12.10.2022 in Checkmate Services Pvt. Ltd. v. CIT-1, (2023) 6 SCC 451, the CIT(A) dismissed the assessee's appeal on 28.11.2022 and the ITAT Raipur Bench dismissed ITA No. 306/RPR/2024 on 19.12.2024.

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02 DISCUSSION BY THE HON'BLE COURT

The Court applied Kvaverner John Brown, Rajesh Jhaveri and Vodafone Idea to distinguish apparent adjustments from adjudication of a highly debatable issue. On 27 February 2020, divergent High Court views on employees' contributions remained unresolved by Checkmate Services. The audit report disclosed delayed deposits, not a disallowance. The Court also noted Revenue's withdrawal of appeals in Parv Buildcon and Satpal Singh Sandhu and distinguished BPS Infrastructure as a limitation dismissal. It accepted the general retrospective effect of declared law but held that this did not answer the separate issue concerning use of section 143(1)(a) in this case.

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03 JUDICIAL DECISION

Answering the substantial question of law in favour of the assessee, the Chhattisgarh High Court set aside the section 143(1)(a) disallowance dated 27.02.2020, the CIT(A) order dated 28.11.2022, and the ITAT order dated 19.12.2024, while reserving liberty to the Revenue to proceed in accordance with law.

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04 OUTCOME / IN WHOSE FAVOUR

Assessee succeeded against the Rs.32,77,451 summary disallowance and the affirming appellate orders. Revenue may proceed in accordance with law; parties bear their own costs.

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05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

The decisive date belongs to the intimation — The relevant event was the 27 February 2020 summary adjustment, not the later dates when CIT(A) and ITAT decided the appeals. Checkmate Services had intervened by then, but the High Court examined whether the original processing route could decide the legal controversy as it stood at that time. A comparable challenge should preserve that chronology and the audit disclosure on which the adjustment rested.

Substantive law and processing power remain distinct — The judgment reproduces Checkmate's distinction between employer and employee contributions and does not grant a general deduction for late employee deposits. Its relief concerns the summary power; the Court specifically notes that the auditor reported delayed payments without showing a disallowance. That factual feature matters when comparing another audit report or adjustment.

Relief does not close every lawful route — The Court removes the identified disallowance and appellate orders while preserving Revenue's liberty. It does not itself authorize an otherwise time-barred proceeding or settle all conditions for future assessment. Conversely, the taxpayer's success is real against the summary adjustment; it is not merely a request for reconsideration by CPC.

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SOURCE & VERIFICATION

Original judgment PDF (20260415_CGHC010269802025.pdf)

Reviewed from the complete 15-page official High Court judgment PDF (20260415_CGHC010269802025.pdf, SHA-256: 091739902f47a2aa43f0cda1d863c5137642d486ddd9c8d52b3ec5e425459356).

All 15 original pages read and visually inspected; all five panels audited.

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Primary source verified page-by-page (15 physical pages, 218,223 bytes, SHA-256: 091739902f47a2aa43f0cda1d863c5137642d486ddd9c8d52b3ec5e425459356). Cloud Google Drive File ID: 1nVbN73T_JY-66Yl68pM-iPDckuBTi2x3 (https://drive.google.com/file/d/1nVbN73T_JY-66Yl68pM-iPDckuBTi2x3/view).

STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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