

M/s Varsha Construction, Raipur v. Assistant Commissioner of Income Tax, Circle-1(1), Raipur (C.G.)

TAXC No. 133 of 2025

2026:CGHC:17457-DB | TAXC No. 133 of 2025 (Chg HC, decided 16.04.2026) | 2026-04-16

Summary disallowance of Rs. 4,64,728 under section 143(1)(a) on 03.01.2021 for delayed deposit of employees' PF/ESI contributions under section 36(1)(va) set aside as outside the scope of prima facie adjustments prior to Checkmate Services (12.10.2022).

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

Companion judgment to TAXC No. 152/2025 delivered on 16.04.2026

Although the PDF filename begins with 20260415, the judgment header on page 1 records 'Judgment On Board (16/04/2026)'.

01 FACTS OF THE CASE

M/s Varsha Construction filed its return for AY 2019-20 declaring total income of Rs. 1,27,98,874. By an intimation order dated 03.01.2021 under section 143(1)(a), CPC Bengaluru disallowed Rs. 4,64,728 under section 36(1)(va) read with section 2(24)(x) towards delayed deposit of employees' share of ESI/EPF contributions (which had been disclosed only as payment dates in Column 20(b) of Form 3CB). After the Supreme Court delivered judgment in Checkmate Services Pvt. Ltd. v. CIT-1, (2023) 6 SCC 451 on 12.10.2022, the CIT(A) dismissed the assessee's appeal on 10.11.2022 and the ITAT Raipur Bench dismissed ITA No. 5/RPR/2023 on 22.01.2025.

Source: [Pages 1-5 and 11-12 of 14 \(Paragraphs 1-4 and 13\) \(20260415 CGHC010218302025.pdf\)](#)

02 DISCUSSION BY THE HON'BLE COURT

Following Kvaverner John Brown Engg. (India) Pvt. Ltd. v. ACIT, (2008) 305 ITR 103 (SC) and ACIT v. Rajesh Jhaveri Stock Brokers Pvt. Ltd., (2008) 14 SCC 208, the Division Bench held that on 03.01.2021 — the date when the intimation under section 143(1)(a) was issued — the deductibility under section 36(1)(va)/43B of employees' PF/ESI contributions deposited before the section 139(1) due date was a highly debatable issue across High Courts until resolved by the Supreme Court on 12.10.2022 in Checkmate Services. Accordingly, the Assessing Officer/CPC could not resort to summary adjustment under section 143(1)(a) instead of regular scrutiny under section 143(3), and the ITAT erred in relying on M/s. BPS Infrastructure v. ITO (which had been dismissed purely on limitation without deciding the section 143(1)(a) question).

Source: [Pages 6-14 of 14 \(Paragraphs 7-17\) \(20260415 CGHC010218302025.pdf\)](#)

03 JUDICIAL DECISION

The Chhattisgarh High Court set aside the section 143(1)(a) disallowance dated 03.01.2021, the CIT(A) order dated 10.11.2022, and the ITAT Raipur order dated 22.01.2025, while reserving liberty to the Revenue to proceed in accordance with law.

Source: [Page 14 of 14 \(Paragraphs 18-20\) \(20260415 CGHC010218302025.pdf\)](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (M/s Varsha Construction); section 143(1)(a) disallowance of Rs. 4,64,728 and appellate orders set aside.

Source: [Page 14 of 14 \(Paragraphs 18-20\) \(20260415 CGHC010218302025.pdf\)](#)

05 AKHB REVIEW POINT

AKHB analysis: Companion judgment to Maa Harsiddhi Infra Developers Pvt. Ltd. (2026:CGHC:17458-DB), reiterating that pre-Checkmate Services intimations under section 143(1)(a) disallowing employees' PF/ESI contributions solely from Column 20(b) of Form 3CB are unsustainable for want of summary-adjustment jurisdiction.

Source: [Full judgment PDF \(14 pp.\)](#)

SOURCE & VERIFICATION

[Original judgment PDF \(20260415_CGHC010218302025.pdf\)](#)

Reviewed from the complete 14-page official High Court judgment PDF (20260415_CGHC010218302025.pdf, SHA-256: fa7550d9bba3d2c5444281ee3628bf3d32a876abf25f10d304529c2305cfddb3).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Primary source verified page-by-page (14 physical pages, 215,303 bytes, SHA-256: fa7550d9bba3d2c5444281ee3628bf3d32a876abf25f10d304529c2305cfddb3). Cloud Google Drive File ID: 1kpgWiFojnBUFPLQyqJaoGwRgWXtfbKKY (https://drive.google.com/file/d/1kpgWiFojnBUFPLQyqJaoGwRgWXtfbKKY/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 2026-10-18. No subsequent Supreme Court reversal or stay is recorded in the source judgment text.

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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