

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“SMC” BENCH : BANGALORE**

**BEFORE SHRI BALAKRISHNAN S, ACCOUNTANT MEMBER  
AND SHRI SOUNDARARAJAN K, JUDICIAL MEMBER**

ITA No.1844/Bang/2026
Assessment Year : 2020-21

Shri. Vinayaka S Veerabasappa, Belaku Nilaya, Teachers Colony, Tamatakallu Road, Medehalli, Chitradurga– 577 502. <b>PAN : AHCPV 5886 C</b>	Vs.	ITO, Ward – 1 and TPS
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri. Kartik, CA
Revenue by	:	Shri. Ganesh R Ghale, Standing Counsel for the Department.

Date of hearing	:	11.06.2026
Date of Pronouncement	:	19.06.2026

**ORDER**

***Per Balakrishnan S, Accountant Member :***

This appeal is filed by the assessee against the order of learned Commissioner of Income Tax – Appeals-2, Vadodara [in short “CIT(A)”] vide DIN & order No. ITBA/APL/S/250/2025-26/1086583508(1) dated 26.02.2026 for the Assessment Year 2020-21 arising out of the order passed under section 1543 of the Income Tax Act, 1961, dated 15.11.2024.

2. Brief facts are assessee, being an individual, filed his return of income for the Assessment Year 2020-21 on 30.11.2020 declaring a total income of Rs.17.78,409/-. The assessee while filing the original return failed to claim credit for TDS deducted by the employers. Consequently, the Centralized

Processing Centre (CPC), while processing the return of income determined the demand payable of Rs.3,31,870/- without granting the tax credit to the assessee. The assessee thereafter filed a rectification petition under section 154 of the Act seeking the correction of prepaid tax. The learned AO vide rectification order dated 18.11.2024 determined the total income as computed under section 143(1) of the Act.

3. On being aggrieved by the order of the learned AO, assessee filed appeal before the learned CIT(A). The assessee responded to the notice issued by the learned CIT(A). On perusal of the facts and documentary evidences submitted by the assessee during the appellate proceedings, the learned CIT(A) observed that the rectification order dated 18.11.2024 does not enhance the income or reduce the refund originally processed under section 143(1) of the Act, and therefore concluded that as per section 246(1) of the Act, the appeal is not maintainable.

4. On being aggrieved by the order of the learned CIT(A) assessee is in appeal before us by raising various grounds. The core issue emanating from the grounds is with respect to denial of tax credit of Rs.2,77,221/- by the CPC. On this issue, the learned AR submitted that the assessee inadvertently failed to claim the credit for TDS deducted by the employers while filing the original return of income under section 139(1) of the Act. Further, he also submitted that the assessee has filed rectification petition u/s 154 of the Act claiming the credit for TDS. He also submitted that Form 26AS reflects the TDS credit claimed by the assessee. He also further submitted that income on which tax was deducted at source was also included in the return of income filed under section 139(1) of the Act. The learned AR stated that omission to claim the TDS in the original return cannot be fatal to the assessee leading to denial of the credit. He relied on the decision of Co-ordinate Bench of the Tribunal in the

case of DCIT Vs. Ravi Integrated Logistics (India) Pvt. Ltd., in ITA No.4151/Del/2024.

5. We have heard both the sides and perused the material on record. It is an admitted fact that the assessee failed to claim the credit for TDS by the employer while filing the original return of income under section 139(1) of the Act. It is also noted that the TDS is also reflected in Form 26AS for the impugned Assessment Year. Assessee sought rectification of the intimation under section 143(1) of the Act wherein the TDS credit was claimed while filing the petition under section 154 of the Act. The Revenue is also not disputing that the income on which the tax was deducted was offered during the Assessment Year 2020-21. There is also no dispute in the fact that the tax credit reflects in Form 26AS for the Assessment Year 2020-21. Since the assessee has not claimed while filing the original return of income, the tax credit cannot be denied to the assessee who has claimed while filing the rectification petition under section 154 of the Act. The Revenue cannot be unjustly enriched by denying the tax credit to the assessee which violates the Article 256 of the constitution which prohibits levy of tax collected except by authority of law. The case relied on by the learned AR in the case of DCIT Vs. Ravi Integrated Logistics (India) Pvt. Ltd., (supra), under similar circumstances, remanded the issue back to the file of learned CIT(A) by noting that claim was duly reflected in the Form 26AS should be allowed to the assessee. In these circumstances, we direct the learned AO to examine the claim of TDS made by the assessee and also examine whether corresponding income is admitted in the return of income filed by the assessee, and if found correct, TDS credit be allowed accordingly. The issue is remanded back to the file of AO.

6. In the result, appeal of the assessee is allowed for statistical purposes.

*Pronounced in the open court on the date mentioned on the caption page.*

Sd/-  
**(SOUNDARARAJAN K)**  
**Judicial Member**

Bangalore.

Dated: 19.06.2026.

/NS/\*

Sd/-  
**(BALAKRISHNAN S)**  
**Accountant Member**

Copy to:

- |               |               |
|---------------|---------------|
| 1. Appellants | 2. Respondent |
| 3. CIT        | 4. CIT(A)     |
| 5. DR         | 6. Guard file |

By order

Assistant Registrar,  
ITAT, Bangalore.

