

## Employee's contribution on account of PF/ESI deposited after prescribed due date - Not deductible: ITAT

**Summary – The Delhi ITAT in a recent case of Eagle Trans Shipping & Logistics (India) (P.) Ltd., (the Assessee) held that employee's contribution on account of PF/ESI deposited after prescribed due date will not be allowed as a deduction**

### Facts

- The Assessing Officer (AO) during assessment proceedings noticed that the payment made by the assessee towards employees contribution to PF & ESI deposited after due date prescribed in the Income-tax Act, 1961 and proceeded to make addition under section 2(24)(x) read with section 36(1)(v).
- The Commissioner (Appeals) confirmed the said addition.
- On appeal:

### Held

- The ITAT held that undisputedly, the assessee has made payment towards employees contribution of PF&ESI after due date prescribed.
- As per provisions contained under section 36(1)(va), the assessee would be entitled for deductions if such sum is credited by the assessee to the employees account in the relevant fund or funds on or before the due date. Due date is further defined in the Explanation, which means, the date by which the assessee is required as an employer to credit employees contribution to the employees account in the relevant fund.
- In the instant case, employer failed to deposit the entire amount towards employees contribution on account of PF & ESI with concerned department on or before the due date under PF & ESI, the assessee shall not be entitled for deduction to that extent.
- Consequently, finding no illegality or perversity in the impugned order passed by the Commissioner (Appeal), instant appeal filed by the assessee is hereby dismissed.