

**INCOME TAX APPELLATE TRIBUNAL
[DELHI BENCH "A": NEW DELHI]**

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER
AND
SHRI PRASHANT MAHARISHI, ACCOUNTANT MEMBER
(Through Video Conferencing)**

ITA. Nos. 3372 & 3373/Del/2018
(Assessment Years: 2013-14 & 2014-15)

DCIT (E), Circle : 1 (1) New Delhi.	Vs.	All India Football Federation Football House, Phase-1, Sector-19, Dwarka, New Delhi – 110 075. PAN: AAAAA3856D
(Appellant)		(Respondent)

Assessee by :	Ms. Gunjan Jain, C.A. & Shri Devbrat Arora, C.A.;
Department by:	Shri Satpal Gulati [CIT] – D.R.;
Date of Hearing :	18/08/2021
Date of pronouncement :	18/08/2021

ORDER

PER BENCH :

1. These are two appeals filed by the Dy. Commissioner of Income Tax (Exemption) Circle 1(1), New Delhi, (the learned AO) in the case of the assessee for two different assessment years 2013-14 and 2014-15 against the order passed by the Id. Commissioner of Income Tax (Appeals)-40, New Delhi (the learned CIT – A), dated 12.02.2018 for both the years, raising following common grounds of appeal:-

“ (i) Whether on facts and circumstances of the case and in law, Ld. CIT(A) has erred in allowing the benefit of exemption u/s 11 & 12 of the Act ignoring that the activities of the society were commercial in nature and covered by the proviso to section 2(15) of the I.T. Act, 1961?

(ii) Whether on the facts and in circumstances of the case and in law, Ld. CIT(A) has erred in allowing the Provisions for Gratuity and Leave encashment, and Prior period expenses as application of income ignoring the fact that the assessee had not actually incurred such expenses during the previous year?

(iii) The appellant craves leave to add, to alter or amend any grounds of appeal raised above at the time of hearing. “

2. Brief facts of the case from assessment year 2013-14 shows that assessee is a registered society and is the apex administrative body governing the game of football in India. It has also been recognized as National Sports Federation for football by the Ministry of Youth Affairs and Sports, Government of India. It has its object of promoting game of football in India.
3. It filed its return of income on 30.09.2013 declaring 'NIL' income and claimed exemption under Section 11 and 12 of the Income Tax Act, 1961 (the Act). The Assessing Officer noted that assessee has shown income from sponsorship and grant of rights, grants and other income and, therefore, the Assessing Officer was of the view that assessee is carrying on its activities which is in the nature of business, trade and commerce as per proviso to Section 2(15) of the Act. He, therefore, held that the activities of the assessee did not qualify as charitable purposes and, therefore, exemption under Section 11 and 12 of the Act do not apply to the assessee. He also disallowed depreciation, prior period adjustments, and provisions for gratuity and leave encashment also. Income of the assessee was determined vide order passed under Section 143(3) of the Act dated 18th March, 2016 at a loss of Rs.4,90,15,210/-.
4. The assessee preferred an appeal before the Id. CIT (Appeals) who passed an order on 12th February, 2018 following the order of the co-ordinate bench for assessment year 2009-10 in assessee's own case which has been upheld by the Hon'ble Delhi High Court wherein on the similar facts and circumstances the assessee was allowed the benefit of Section 11 and 12 of the income tax act. Therefore, she held that assessee is entitled for deduction under Section 11 of the Act for this year also. With respect to the various additions made, she held that the income of the assessee is required to be computed on commercial principles. The addition made on account of leave encashment and provisions of gratuity as well as the prior year expenditure cannot be disallowed. She followed the decision of the Hon'ble Delhi High Court in DIT (E) Vs. NASSCOM 345 ITR 362 (Del). Thus, the

appeal was partly allowed. The Assessing Officer aggrieved with that order has preferred this appeal.

5. We have heard both the parties and carefully considered the rival contentions and find that so far as issue of benefit of provisions of Section 11 and 12 of the Act is concerned, an identical issue on similar facts and circumstances has been decided by the co-ordinate bench in favour of the assessee for assessment year 2009-10 in ITA. No. 6352/Del/2013, which has been upheld by the Hon'ble Delhi High Court also as mentioned by the Id. CIT (Appeals) in para No. 4.1.1 of the order. Thus issue is squarely covered in favour of the assessee. Thus, ground No. 1 of both the appeals are dismissed.
6. The second ground is with respect to the allowability of provision of gratuity and leave encashment as well as prior period adjustment. The Id. CIT (Appeals) followed the decision of the Hon'ble Delhi High Court reported in DIT (E) Vs. NASSCOM (Supra). We find that the income of the assessee is required to be computed on the commercial principles and therefore the provision of gratuity which is an ascertained liability and similarly leave encashment is also an ascertained liability which as accrued during the year. Further as the provisions of Section 11 and 12 of the Act are applicable in the case of the assessee, we do not find any reason to justify the above disallowances. Accordingly, ground No. 2 of both the appeals are also dismissed.
7. In the result, both the appeals filed by the Id. Assessing Officer are dismissed.

Order pronounced in the open court on conclusion of hearing on 18/08/2021.

Sd/-
(AMIT SHUKLA)
JUDICIAL MEMBER

Sd/-
(PRASHANT MAHARISHI)
ACCOUNTANT MEMBER

Dated : 18/08/2021.

MEHTA

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1. Appellant;
2. Respondent
3. CIT
4. CIT (Appeals)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi

Date of dictation	18.08.2021
Date on which the typed draft is placed before the dictating member	18.08.2021
Date on which the typed draft is placed before the other member	18.08.2021
Date on which the approved draft comes to the Sr. PS/ PS	18.08.2021
Date on which the fair order is placed before the dictating member for pronouncement	18.08.2021
Date on which the fair order comes back to the Sr. PS/ PS	18.08.2021
Date on which the final order is uploaded on the website of ITAT	18.08.2021
date on which the file goes to the Bench Clerk	18.08.2021
Date on which the file goes to the Head Clerk	
The date on which the file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the order	