

**IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA 'A' BENCH, KOLKATA**

**BEFORE SRI MANISH BORAD, ACCOUNTANT MEMBER
&
SRI SONJOY SARMA, JUDICIAL MEMBER**

**I.T.A. No.: 2629/Kol/2019
Assessment Year: 2012-13**

***Rajiv Gandhi Indian Institution of Management.....Appellant
[PAN: AABTR 3081 M]***

Vs.

DCIT(Exemption), Circle-2, Kolkata.....Respondent

Appearances by:

Sh. Randhir Pal, FCA, appeared on behalf of the Assessee.

Sh. Biswanath Das, Addl. CIT, appeared on behalf of the Revenue.

Date of concluding the hearing : May 5th, 2022

Date of pronouncing the order : June 10th, 2022

ORDER

Per Manish Borad, Accountant Member:

This appeal filed by the assessee pertaining to the Assessment Year (in short "AY") 2012-13 is directed against the order of ld. Commissioner of Income-tax (Appeals)-25, Kolkata [in short ld. "CIT(A)"] dated 14.12.2018 vide Appeal No. 109/CIT(A)-25/Kol/2015-16 which is arising out of the assessment order framed u/s 143(3) of the Income Tax Act, 1961 (in short the "Act") dated 03.06.2015.

2. Registry has informed that the present appeal is time barred by 311 days. On going through the affidavit filed by the assessee stating the reasons for the said delay, we find that the assessee received incomplete order as eleven pages were not available. The

assessee made necessary efforts to get the remaining missing pages and finally succeeded in getting the same in September, 2019 and thereafter, immediately filed the appeal. We find sufficient force and reasonable cause for such delay and thus, condone the same and admit the appeal for adjudication on merit.

3. The assessee is in appeal before the Tribunal raising the following grounds:

“1) The Ld. Commissioner of Income Tax (Appeal) erred in the fact that the appellant has spent the fund from the institution which was over and above the sponsorship amount. In fact, out of Rs. 34,31,588/- only Rs. 4,14,608/- was spent out of own fund.

2)(a) The idea of Golf tournament was generated as part of student affairs and corporate relations. Golf Cup is student driven actually. Student sensitize the corporate about the Cup send invitation bring in sponsorship, arranges for lecture series during the Cup. Institute its faculty and staff engages with discussion for enhancing corporate interactions which is beneficial for classroom teaching to bring in real life perspectives. The Golf cup is thus an event which includes student fest and ties a knot between Corporates. Alumni and create new awareness for internship and placement.

(b) According to clause 5(a) of the main object of the Institute is to organize and provide education and training in one or more aspects of management and related subject including on such thrust area consistent with management skill formation, as may be thought fit by the institute to interested person from industry. Corporate and Non-Corporate Sector, Government, Public and Private Sector institutions, bodies and associations connection with industry and Commerce and Individual interested in making or developing their career in Management in such a way as to equip them thoroughly to practice the art Profession of management in which they have been trained or in appropriate cases to prepare them to instruct others in the principles and practices of management.

(c) Further according to Clause 6(a) of the ancillary objects of the institute is to do all such other lawful things as may be necessarily incidental or conducive to the attainment of the above objects, Organizing of Golf Cup tournament is incidental to the attaining of the main object of the institute to equip the students the roughly to practice the art and profession of the management.

3) *The provisions of Section 11(4A) as mentioned in the Appeal order does not apply as organizing of Golf tournament is not a business activity.*

4) *Considering the various practical knowledge earned by the students in organizing the Golf Tournament the disallowance of Golf expenses amounting to Rs. 34,31,858/may be quashed.*

5) *The appellant reserves the right to add more grounds in the grounds of appeal on or before the date of hearing.”*

4. Brief facts of the case as culled out from the record are that the assessee is a charitable Trust engaged in imparting education on quality management and exists solely for educational purposes. The Trust enjoys the approval u/s 10(23C)(vi) of the Act by order dated 23.12.2011. Income at Rs. NIL was declared in the return of income for AY 2011-12 filed on 22.03.2013. During the course of scrutiny proceedings carried out on account of CASS and followed by notices issued and served u/s 143(2) & 142(1) of the Act, ld. AO observed that the assessee Trust organized IIM Shillong Golf Cup tournament and expense of Rs. 34,31,858/- were incurred for arranging of golf tournament. Observing this fact, ld. AO held that since the assessee runs a Trust solely for educational purposes of providing quality management education, the said expenses incurred on golf tournament cannot be allowed and accordingly disallowed the same, assessed the income. However, since the assessee was eligible for accumulation of 15% of its income, there was no impact on the total income and the same was assessed at Rs. NIL.

5. Aggrieved, the assessee preferred appeal before the ld. CIT(A) but failed to succeed as ld. CIT(A) confirmed the view of the ld. AO after observing that the alleged expenditure incurred were not for educational purposes as golf is a costly game and in this case only

industrial houses have appeared and participated in golf tournament and since the assessee does not maintain books of account as per Section 11(4A) of the Act, therefore, it cannot be said that the expenditure was incurred for educational purposes.

6. Aggrieved, the assessee is in appeal before this Tribunal.

7. Ld. Counsel for the assessee submitted that it is true that the assessee exists solely for educational purposes, however, with an aim of connecting corporates and academia with the ultimate and long-standing objective in order to provide avenues for employment to students through close interaction and networking with the corporate entities, such tournament was organized. It was also stated that the assessee Trust is a management institute and the students after completing the courses work in various corporates. He, further, stated that for the said tournament sponsorship was also taken and a sum of Rs. 30,17,250/- so received has been duly credited in the income and expenditure account. It was further, prayed that though the activity was akin to the benefit of the students still ld. AO ought to have deducted the sponsorship received for such golf tournament from the said disallowance.

8. Per contra, ld. D/R vehemently argued supporting the orders of both the lower authorities.

9. We have heard rival contentions and perused the records placed before us. The grievance of the assessee is that ld. CIT(A) erred in confirming the disallowance of Rs. 34,31,858/- in the expenses incurred in organizing the golf tournament.

10. We find that the assessee is a reputed management institute existing solely for the purpose of imparting education in the field of management and approval u/s 10(23C)(vi) of the Act has been granted and is in force. The golf tournament was organized during the year. Various corporates were invited and the sponsorship of Rs. 30,17,250/- was taken. Total expenditure incurred for organizing this tournament amounting to Rs. 34,31,858/-. Ld. CIT(A) has confirmed the disallowance made by ld. AO at Rs. 34,31,858/-.

11. We are of the considered view that so far as organizing golf tournament is concerned, the said event cannot be said to be a part of the educational activity for which the Trust is established. Therefore, so far as golf tournament is concerned the said activity is not educational activity.

12. As regards the quantum of disallowance of golf tournament expenses is concerned, we find that the golf tournament is a separate activity carried out by the assessee Trust for which it received sponsorship of Rs. 30,17,250/- from various corporates and the same is duly reflected in the credit side of income and expenditure account of the assessee Trust and this fact has been well taken note of by the ld. AO also in the assessment order. Therefore, the excess expenditure incurred by the assessee Trust on the said golf tournament amounts to Rs. 4,14,608/- [sponsorship of Rs. 30,17,250/- (-) golf tournament expenditure of Rs. 34,31,858/-]. Therefore, only a sum of Rs. 4,14,608/- can be considered as the amount not spent for the objects of the Trust and we, therefore, sustain the disallowance only to this extent.

Thus, the sole issue raised by the assessee in ground no. 1 to 4 is partly allowed.

13. Ground no. 5 is general in nature which needs no adjudication.

14. In the result, the appeal of the assessee is partly allowed.

Kolkata, the 10th June, 2022.

Sd/-
[Sonjoy Sarma]
Judicial Member

Sd/-
[Manish Borad]
Accountant Member

Dated: 10.06.2022

Bidhan (P.S.)

Copy of the order forwarded to:

- 1. Rajiv Gandhi Indian Institution of Management, Mayur Bhanj Complex, Nongthymmai, Shillong, Meghalaya-793 014.**
- 2. DCIT(Exemption), Circle-2, Kolkata.**
3. CIT(A)-25, Kolkata.
4. CIT-
5. CIT(DR), Kolkata Benches, Kolkata.

True copy

By order

Assistant Registrar
ITAT, Kolkata Benches
Kolkata