

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH, CHENNAI**

श्री मनु कुमार गिरि, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष
**BEFORE SHRI MANU KUMAR GIRI, HON'BLE JUDICIAL MEMBER
AND SHRI S. R. RAGHUNATHA, HON'BLE ACCOUNTANT MEMBER**

आयकर अपीलसं./ITA No.: 1930/Chny/2024

निर्धारणवर्ष / Assessment Year: 2014-15

Nataraja Gounder
Kanakasabapathy,
No. 238, Thammannan Road,
Arisipalayam,
Salem – 636 009.

[PAN: AJFPK-1282-N]

(अपीलार्थी/Appellant)

Principal Commissioner of
v. Income Tax,
Coimbatore -1,
Coimbatore – 641 018.

(प्रत्यर्थी/Respondent)

अपीलार्थीकीओरसे/Appellant by : Shri. T. Vasudevan, Advocate

प्रत्यर्थीकीओरसे/Respondent by : Shri. R. Clement Ramesh Kumar, CIT

सुनवाई की तारीख/Date of Hearing : 08.10.2024

घोषणा की तारीख/Date of Pronouncement : 27.11.2024

आदेश / O R D E R

PER S. R. RAGHUNATHA, ACCOUNTANT MEMBER:

This appeal by the assessee is filed against the order of the Principal Commissioner of Income Tax, Coimbatore-1, for the assessment year 2014-15, vide order dated 13.03.2024.

2. At the outset, we find that there is a delay of 64 days in appeal filed by the assessee, for which petition for condonation of delay along with reasons for delay has been filed. After considering the petition filed by the assessee and also hearing

both the parties, we find that there is a reasonable cause for the assessee in not filing appeal on or before the due date prescribed under the law and thus, in the interests of justice, we condone delay in filing of appeal and admit appeal filed by the assessee for adjudication.

3. The assessee has raised the following grounds of appeal:

"1. The order of the Principal Commissioner of Income Tax u/s.263 of the Act dated 13.03.2024 is contrary to law, erroneous and unsustainable on the facts of the case.

2. The PCIT failed to appreciate that the order of the assessing officer passed u/s.14 7 r.w.s.144B dated 22.03.2022 is neither erroneous nor prejudicial to the interest of the revenue and so the directions to re-examine the issue is untenable in law.

3. The PCIT erred in directing the officer to re-do the assessment on the issue of pooja expenses of Rs.1,03,372 incurred by the assessee which had been examined and accepted in the assessment proceedings and his observation that it was not considered by the AO is misconceived.

4. The PCIT failed to appreciate that in the course of assessment proceedings, the assessee had explained that pooja expenses is a customary practice and is incurred in relation to and for the purpose of business and hence there was no error or prejudice in the order warranting the invocation of section 263 of the Act.

5. The PCIT failed to appreciate that it was stated before AO that annual pooja is carried out in the office, godown and for the 13 vans and two wheelers used to carry goods to the market destinations and the officer having accepted the same, the order of the PCIT amounts to review and not amenable to revisionary jurisdiction.

6. The PCIT ought to have seen that in the face of settled law that pooja expenses incurred are business expenses, no prejudice is caused to the revenue and thus is not amenable u/s.263 of the Act.

7. The PCIT in any view of the matter, ought to have seen that the twin conditions that are paramount for invoking the jurisdiction under Sec.263 is clearly absent in the of assessee and hence the order of PCIT is untenable in law and liable to be quashed."

4. The only issue in this appeal of assessee is as regards to the order of revision order passed by the PCIT u/s.263 of the Act dated 13.03.2024 revising the assessment for the reason that the assessee's claim of pooja expenses of Rs.1,03,372/-, allowed by the AO is not an allowable expenditure and hence, AO's order is erroneous insofar as prejudicial to the interest of Revenue.

5. The brief facts of the case are that the assessee is an individual and filed his return of income for the A.Y. 2014-15 on 13.09.2014 by declaring an income of Rs.74,10,140/-. The case was selected for scrutiny under CASS and scrutiny assessment was completed u/s.143(3) of the Act on 09.11.2016 accepting the income as per the return of income filed. Subsequently, the case was reopened u/s.147 of the Act and assessment was completed u/s.147 r.w.s.144B of the Act vide order dated 23.03.2022 by again accepting the income as per the return of income filed. Aggrieved by the order of the Id.PCIT, the assessee preferred an appeal before us.

6. The Id.AR assailing the action of the Id.PCIT and submitted that the assessee's case was subjected for the scrutiny assessment u/s.143(3) and subsequently the same assessment was reopened u/s.147 for the reason for verification of TDS of certain receipts along with pooja expenses and reassessment was also completed by accepting the return of income of the assessee u/s.147 r.w.s r.w.s.144B of the Act vide order dated 23.03.2022. Thereby the order of the Ld.PCIT in assuming the power of revision for the reason for verification of pooja expenses again u/s.263 is against the provisions of law and hence need to be quashed.

7. Further, the Id.AR drew our attention to the paper book filed (Page Nos.1 to 22) wherein one of the reasons for reopening assessment u/s.147 dated 08/07/2021 issued by the DCIT, Circle 1(1), Salem was as follows:

"3. Further, it is seen from the Profit & Loss Account that the assessee has debited a Sum of Rs.5,74,871/- as "other expenses" On perusal of break-up of other expenses, it is found that the assessee has debited a sum of Rs.1,03,372/- towards pooja expenses which is not an allowable expenditure and the same is required to be disallowed and added to the total income."

In turn the assessee has addressed the issue in its reply dated 12.07.2021 and explained the details of expenses spent towards pooja expense of Rs.1,03,372/-.

8. Per contra, the Id.DR relied on the orders of the Id.PCIT.

9. We have heard rival contentions and gone through facts and circumstances of the case. It is admitted fact that the reopening of the assessment was made by the AO u/s.147, after the assessment completed u/s.143(3) of the Act for the A.Y. 2014-15, for the reasons for verification of TDS receipts along with the pooja expenses. While framing the reassessment order, the AO has stated that after considering the details submitted by the assessee and careful examination of the material available on record, accepted the income as per the return of income filed and concluded the assessment u/s.147 r.w.s.144B of the Act vide order dated 23.03.2022. We have gone through the facts of the case and noted that the assessee has spent Rs.1,03,372/- towards pooja expenses, which has been spent for the welfare of the business and employees during the A.Y.2014-15 and the same has been considered by the AO as allowable expenses in both the assessment and

reassessment proceedings, which is a possible view and hence the same cannot be treated as erroneous. Further, on perusal of the statement of return of income filed for earlier 4 years and subsequent 4 years to the corresponding A.Y. 2014-15, the pooja expenses has been spent and claimed by the assessee regularly as business expenditure and accepted by the revenue authorities. The details of income declared and pooja expenses are given below from A.Y. 2010-11 to 2018-19:

Sl. No	AY	Turnover INR (Crores)	Pooja Expenses (INR)	Income returned (INR)	Income assessed (INR)
1	2010-11	99.35	73,015	56,90,250	56,90,250 {143(1)}
2	2011-12	115.20	73,496	67,32,350	67,32,350 {143(1)}
3	2012-13	135.92	89,447	1,04,47,580	1,04,47,580 {143(1)}
4	2013-14	170.31	75,359	1,00,03,996	1,00,03,996 {143(3)}
5	2014-15	186.56	1,03,373	74,10,140	74,10,140 {143(3)} dt. 9.11.2016 and 147 r/w 144B dt. 23.03.2022
6	2015-16	180.14	1,79,252	66,07,750	66,07,750 {143(1)}
7	2016-17	163.99	1,18,305	92,73,800	92,73,800 {143(1)}
8	2017-18	153.62	99,923	93,90,350	93,30,350{143(3)} dt. 21.12.2019
9	2018-19	124.85	70,916	1,05,14,280	1,05,14,280 {143(1)}

10. Therefore, in the factual matrix, the pooja expenses of Rs.1,03,372/- is an allowable expense as business expenditure and an assessee has rightly claimed and the same has been allowed by the Assessing Officer as admissible in both assessment & reassessment. Hence, the order of the AO is neither erroneous nor prejudicial to the interest of revenue. In

light of the above discussion, we are of the considered view that the revision initiated by the PCIT and the revision order passed by PCIT u/s. 263 of the Act, is without any basis and hence, we quash the revision order and allow the appeal of assessee.

11. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 27th November, 2024 at Chennai.

Sd/-

(मनु कुमार गिरि)

(MANU KUMAR GIRI)

न्यायिक सदस्य/**Judicial Member**

Sd/-

(एस.आर.रघुनाथा)

(S. R. RAGHUNATHA)

लेखा सदस्य/**Accountant Member**

चेन्नई/Chennai,

दिनांक/Dated, the 27th November, 2024

JPV

आदेशकीप्रतिलिपिअग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT-Coimbatore
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF