IN THE INCOME-TAX APPELLATE TRIBUNAL "F" BENCH, MUMBAI

BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER
&
SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER

ITA No. 6163/MUM/2024
(A.Y. 2018)

ITA No. 6164/MUM/2024
(A.Y. 2016)

ACIT,Circle-13(2)(2), Room No. 452, 4th Floor, AayakarBhavan, M.K. Road, Mumbai - 400 020, Maharashtra	v/s. बनाम	**ShardaCropchem Limited,** Second Floor, Prime Business Park, Dashrathal Joshi Road, Ville Parle (West), Mumbai – 400056, Maharashtra
स्थायी लेखा सं./जीआइआर सं./ PAN/GIR No: AAICS0137P		
Appellant/अपीलार्थी	··	**Respondent/प्रतिवादी**

Appellant by :	Shri Rohan Deshpande / Ms. ShikhaUpadhayay,ARs
Respondent by :	Ms. NeenaJeph,CIT(DR)

Date of Hearing	14.01.2025
Date of Pronouncement	21.01.2025

आदेश / O R D E R

PER PRABHASH SHANKAR [A.M.] :-

The above captioned appealshave been filed by the Revenueagainst the orders passed by the Learned Commissioner of Income-tax (Appeals)/National Faceless Appeal Centre, Delhi[hereinafter referred to as "CIT(A)"] pertaining to assessmentorders passed u/s. 143(3) of the Income-tax Act, 1961 [hereinafter referred to as "Act"] for the Assessment Years2016-17 and 2018-19.Since the issues involved are identical, these appeals are taken up together for adjudication vide this composite order for the sake of brevity.We take up first appeal for AY 2018-19 as lead case.

2. The grounds of appeal are as under:-

ITA 6163/Mum/2024(AY 2018-19)

1. *Whether on the facts and circumstances of the case and in Law, the Ld. CIT(A) was correct in directing to allow the Products Registration expenditure of Rs. 80,41,02,275/- as revenue expenditure.*
2. *Whether on the facts and the circumstances of the case and in law, the Ld. CIT(A) was correct in deleting the depreciation allowed to the assessee on the disallowance of the Products Registration expenditure of Rs. 80,41,02,275/- as capital expenditure.*
3. *Whether on the facts and circumstances of the case and in Law, the Ld. CIT(A) was correct in directing to allow the claim of deduction u/s 80G of the Act, at Rs. 1,57,52,645/, on the basis that such expenditure was incurred by the appellant for CSR expenses u/s 135 of the Companies Act, 2013 particularly in view of Explanation in sub-section (1) of section 37 clarifying that for the purposes of sub-section (1) of the said section, any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.*

Ground no.1&2

3. The assessee claimed deduction of Products Registration expenditure of Rs. 80,41,02,275/- as revenue expenditure.The ld.AO after considering its exact nature and other relevant facts, observed that registration of product was a long drawn process, which take 1-4 years and involved numerous steps. The registration granted to the assessee gives it an **advantage of enduring** nature by entitling the assessee to sell it products. In fact, it forms the basis of capital structure of the assessee

enabling it to run its business of selling products on the basis of the registration of the product. Therefore, it was clearly a **capital expenditure** incurred by the assessee, which was not allowable as revenue expenditure. In view of the facts, the claim of treating product registration charges as revenue expenses by the assessee was rejected and the same was held to be capital in nature. The amount of Rs. 80,41,02,275/- incurred on account of Product Registration Expenses was addedto the total income of the assessee. However,he allowed depreciation on this expenditure, being Intangible Assets.

4. In the subsequent appeal,theld.CIT(A) observed the AO has merely followed earlier year's order without deliberating on the issue of allowability of the same as revenue expenditure. In support of such claim the appellant relied on the decisions of the Hon'ble ITAT, Mumbai in the appellant's own case for AY 2011-12, 2012-13, 2013-14 & 2014-15 and also judgement of the various High Courts, Gujarat High Court and Mumbai ITAT decision. Disregarding the same the AO treated the same as capital expenditure and allowed the depreciation on the said product registration expenses.It is stated that in a similar fact situation and claim of Product Registration Expenses to be revenue in nature, the Hon'ble ITAT Mumbai in its various orders in assesses own case allowed the impugned claim by holding the PRE as revenue in nature.It is further stated that the AO has

not demonstrated that the claim during the year relating to the PRE is distinguishable to that of the claims made in the years, in which the Hon'ble ITAT had granted relief. Therefore, the decision rendered squarely applied for the year under consideration, as well. Following the principle and rule of law pronounced by the Jurisdictional ITAT, the addition made by the AO was overturned and the corresponding ground of appeal of the appellant was allowed by the ld.CIT(A).

5. We have carefully considered all the relevant facts of the case.Theld.DR relied on assessment order.Percontra,the ld.AR R supported the order of the ld.CIT(A).It is stated thatthe claim of Product Registration Expenses being revenue in nature, the Hon'ble ITAT at Mumbai in the order in **ITA No. 4798/Mum/2017-A.Y.2013-14 dated 31.10.2018 and in ITA No. 3804 & 3805/Mum/2016-A.Ys. 2011-12 and 2012-13 dated 16.03.2018** in assessee's own case, held that the claim of Product Registration Expenses to be revenue in nature, on identical set of facts.The AO has not brought on record any distinguishable feature relating to the relevant year. Therefore, the decision rendered by the abovesquarely appliesto the year under consideration, as well.Accordingly,we find no infirmity in the order of the ld.CIT(A) and uphold the same.Ground no.2 is consequential in nature.Theld.CIT(A) has rightly deleted the depreciation allowedto the assessee on the disallowance

of the Products Registration expenditure of Rs. 80,41,02,275/- .Consequently,both the **grounds 1 and 2** are **dismissed.**

Ground no.3

6. The assessee has contestedthe disallowance the claim of deduction u/s 80G of the Act, at Rs. 1,57,52,645/.It was noted by the AO that the assessee claimed deduction of Corporate Social Responsibility(in short 'CSR') expenses to the tune of Rs. 3,45,46,290/-. The same had been added back by the assessee to computation, however, an amount of Rs. 1,57,52,645/-, (50% of Rs. 2,95,05,290 and 100% of 10,00,000), out of the CSR expense were claimed as deduction u/s 80G of the act @50%. The AO observed that the expenditure made by the assessee under provisions of the Companies Act, 2013 could not be claimed as a donation u/s 80G of the Act. In this regard, he further observed that every company having a net worth of Rs 500 cr. or more or turnover of Rs 1000 cr. or more or a net profit of Rs 5 cr. or more during any financial year was mandated to spend, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years as CSR expenses. This expenditure is categorically disallowed u/s 37 of the Act.Itwas noted that the said expenditure even if of the nature of a contribution to the corpus for projects or programs relating to CSR activities is still a "MANDATORY CONTRIBUTION" required to be made

by the company in pursuance of the Companies Act, 2013. A donation by its dictionary meaning and also as per the meaning implied by the provisions of the Income Tax Act, 1961 is a "VOLUNTARY CONTRIBUTION". Thus, the legislative intent for providing the benefit of tax deduction u/s 80G was to incentivize and encourage voluntary donations by individuals and organizations towards organizations/trusts/funds working for issues of social relevance and importance. The same has also been specifically mentioned in the explanatory notes to the provisions of the Finance Act, 2015 vide circular 01/2015 dated 21st January 2015. The relevant extract is produced below:

"13.2.....If such expenses are allowed as tax deduction, this would result in subsidizing of around one-third of such expenses by the government by way of tax expenditure....."

As can be seen from the above highlighted portion of the *Explanatory Notes to the provisions of the Finance Act, 2015 that only that CSR expenditure is allowed as a deduction (disallowed u/s 37 of the Income-tax Act, 1961) which is of the nature described in Section 30 to Section 36 of the Income-tax Act, 1961. Thus, when the law explicitly states the nature of the expenses allowed for deduction to be that of Section 30 to Section 36, the assessee cannot suo-moto expand the scope of such a law to imply Section 80G.*

6.1 It was further noted that the amount was not paid by the assessee voluntarily to become eligible for entity specified under Section 80G of the Act but as a mandatory requirement as per Section 135 of the

Companies Act, 2013 to spend certain amount for specified activities as per. The CSR expense being a contribution mandated by the Companies Act, 2013 is necessary obligation of the company which was introduced by the legislature with the objective that companies having net worth/turnover/profit above a threshold should share the burden of the government in providing social services. Thus, a CSR expense cannot at the same time be a donation. For this purpose, the government also categorically mentioned that the amount relating to the CSR should be 2% of the average net profit. If tax deduction is allowed on such CSR expenses, this would result in subsidizing these expenses by one-third amount. The Assessee could also have very well made payment to an entity not covered by Section 80G or it could have directly incurred the expenditure for the specified purpose, but it chose to spend only in those areas where it could claim deduction u/s 80G of the Act. Therefore, the sum paid by the it could not be considered as a 'donation' for the purpose of Section 80G of the Act as the element of charity is missing in it. The main characteristic of charity is that it is purely voluntary and there is no legal obligation to make that contribution. The legislative intent behind the insertion of CSR provisions was to ensure participation of the Corporates in the growth and overall wellbeing of the Society by making meaningful monetary contributions. There are many areas where the Government is unable to reach or lend its

assistance due logistics, resource or any other constraints. Therefore, the concept of CSR spends was introduced to make the corporates (only those which are eligible and not all) to share the burden of the Government to provide benefits to the societyby and large. However, if the Corporates choose to spend only in those areas where 80G deductions are available, it would defeat the very intent of the Government for roping in the Corporates to share its burden and would eventually result in subsidising these expenses incurred by the Corporates and it would be the Government who would eventually end up bearing the burden of these CSR spending by way of reduced taxes collected. This certainly was not the intent of the legislators while introducing the law on CSR.

7. In the subsequent appeal, the ld.CIT(A) notedthat the jurisdictional Hon'ble 'A' Bench of Mumbai ITAT in the case of AluboundDacs India Pvt Ltd vs DCIT in ITA No. 3663/Mum/2023-A.Y. 2020-21 dated 27.05.2024 had observed that the amendment brought about by the Finance Act, 2015, to Section 80G of the Act, which inserted the sub-clauses (iiihk) and (iiihl) to be the exception for qualifying a donation for claiming under Section 80G of the Income Tax Act, could also be an evidencing factor to substantiate that CSR expenditures that fall under the nature specified in Sections 30 to 36 of the Act are allowable deductions under Section 80G. The tribunal held that the assessee was

eligible for deduction u/s 80G of the Act.Accordingly,theld.CIT(A) relying upon this decision deleted the addition made.

8. The ld.DR has strongly relied on order of the AO based on the amended provisions of section 37 and also section 135 of the Companies Act.It is submitted that there was no voluntary element in the donation made as per the scheme of CSR.Percontra,theld.Authorized Representative relied on the decision of the appellate authority as also on the cited decision of the co-ordinate Bench in the case of AluboundDacs India Pvt Ltd.

9.We have carefully perused relevant provisions of the Act and legal position emerging from the cited decision (supra).The CSR expenses which are required to be mandatorily incurred by the assessee-company as per section 135 of the Companies Act are not entitled to deduction under section 37(1) for assessment year 2015-16 by virtue of the fetter placed by *Explanation 2* to section 37(1), which was inserted by the Finance (No. 2) Act, 2014. A plain reading of *Explanation 2* to section 37(1) shows that any expenditure incurred towards CSR activities as referred to in section 135 of the Companies Act, 2013 shall not be allowed as 'business expenditure' and shall be deemed to have not been incurred for purpose of business. The embargo created by *Explanation 2* inserted in section 37 by

Finance (No. 2) Act, 2014 was to deny deduction for CSR expenses incurred by companies, as and by way of regular business expenditure while computing 'income under the head business'.So, it can be clearly seen that this *Explanation 2* to section 37(1) which denies deduction for CSR expenses by way of business expenditure is applicable only to the extent of computing 'business income' under Chapter IV-D. The said *Explanation* cannot be extended or imported to CSR contributions which are otherwise eligible for deduction under any other provision or Chapter, so as to say donations made by charitable trust registered under section 80G.Parliament has expressed its intention clearly by bringing in restriction in respect of expenditure classified by an assessee company while claiming deduction under section 80G *i.e.* CSR expenditure related to Swachh Bharat Kosh and Clean Ganga Fund. And if the Parliament desired, it could have been made such kind of restriction or any restriction like in the case of donation to Swachh Bharat Kosh& Clean Ganga Fund. So the assertion of the Assessing Officer is erroneous and therefore cannot be accepted. It can be safely inferred that when the Legislature in particular has provided for only the above referred two specific exceptions in section 80G, then it is the implied intent of the Legislature to permit deduction under section 80G in respect of CSR contributions made to

funds/organizations referred to in all other sub-clauses of section 80G [other than (*iiihk*) and (*iiihl*)] of the Act.

9.1It may be stated here that the co-ordinate Bench of ITAT,Mumbai in the case **AluboundDacs India Private Limited vs. Dy. CIT in ITA No. 3663 / M u m/ 2023 (A. Y. 2020 - 21)**has duly considered similar contentious issue and decided the same in favour of the assessee.The relevant extracts are reproduced below for the sake of ready reference:

> *"Ground no. 2 pertains to the disallowance of Rs.15 lacs u/s. 80G of the Act towards CSR expenses. The ld. A.O. has rejected the claim of the assessee for the reason that the CSR expenses is not a voluntary donation but is merely a statutory obligation u/s. 135 of the Companies Act, 2013 read with Schedule VII of the Companies Rules, 2014.ld. A.O. has also relied on the insertion of Explanation 2 to section 37(1) of the Act vide Finance (No.2) Act, 2014 where the CSR expenses incurred by the Companies Act shall not be allowed as 'business expenditure' as per the said provision. The ld. A.O. relied on the decision of the Hon'ble Apex Court in the case of Commissioner of Expenditure - Tax vs. PVG Raju, Raja of Vizianaram [1967] SCR (1)1017C which has held that donation has to be voluntary for it to satisfy the test of voluntariness. The ld. CIT(A) upheld the order of the ld. A.O. holding that the reasoning given by the ld. A.O. was justifiable.*
>
> *9. The learned Authorised Representative (ld. AR for short) for the assessee contended that the issue of deduction of CSR expenses u/s. 80G of the Act is squarely covered by various decisions of the co-ordinate bench in favour of the assessee. The ld. AR further iterated that there has been express bar in claiming the said expenses u/s. 37(1) of the Act and also on sub clause (iiihk) and (iiihl) of section 80G(2)(a) of the Act pertaining to Swatch Bharat Kosh and Clean Ganga Fund where donation made pursuant to CSR is not an allowable deduction. The ld. AR further contended that the test of voluntariness is irrelevant in claiming deduction u/s. 80G of the Act where there is no criteria specified by the Act. The ld. AR relied on a catena of decisions where the donation towards CSR has been allowed u/s. 80G of the Act.*
>
> *10. The learned Departmental Representative (ld. DR for short), on the other hand, controverted the said fact and stated that donation to CSR expenses are not voluntary in nature and is a compliance to be made by the assessee as per section 135 of, 2013. The ld. DR reiterated that the Hon'ble Apex Court in the*

case of PVR Raju (supra) has categorically held that any payment has to be voluntary inorder to be termed as a 'donation'. The ld. DR relied on the orders of the lower authorities.

11. We have heard the rival submissions and perused the materials available on record. The only moot question to be decided here is whether the expenditure towards CSR activities are an allowable deduction u/s. 80G of the Act. The CSR expenses are governed by section 135 of the Companies Act, 2013, Schedule VII of the Act and Companies (CSR) Policy Rules, 2014 where companies having net worth of Rs.500 crores or more or turnover of Rs.1000 crores or more or net profit of Rs.5 crores or more have to mandatorily comply with the CSR provisions specified u/s. 135(1) of the Companies Act, 2013. The above mentioned companies are liable to spend atleast 2% of its average net profit for the immediately preceding three financial years on CSR activities. In the present case, the assessee has contributed Rs.30 lacs to various educational and charitable trust for which the assessee has claimed 50% of the total donation paid as deduction u/s. 80G of the Act. Prior to the Finance (No.2) Act, 2014, the said expenditure was claimed as 'business expenditure' u/s. 37(1) of the Act where after the insertion of Explanation 2 to section 37(1) of the Act, the CSR expenses referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purpose of business or profession. It is observed that the said expenses pertaining to CSR has been claimed as deduction u/s. 80G of the Act which claim was perennially rejected by the Revenue for the reason that only donations which are voluntary in nature will come under the purview of section 80G of the Act and donation towards CSR was merely a statutory obligation on companies as per section 135 of the Companies Act, 2013. It is pertinent to point out that the intention of the legislature was clear when the same was clarified by the Finance (No.2) Act, 2014 that CSR expenses will not fall under the business expenditure and also there has been an express bar specified in sub clause (iiihk) and (iiihl) of section 80G(2)(a) of the Act that any sum paid by the assessee as donation to Swatch Bharat Kosh and Clean Ganga Fund will not come under the purview of deduction u/s. 80G of the Act subject to certain conditions. This justifies the fact that the other donations specified u/s. 80G of the Act would be entitled to deduction provided the conditions stipulated u/s. 80G of the Act are satisfied. In the present case in hand, the contributions made by the assessee would not fall under the two exceptions specified above which clearly mandates that the assessee is entitled to claim deduction for the donations contributed during the year under consideration u/s.80G of the Act. The decision relied upon by the ld. A.O. in the case of PVG Raju (supra) is distinguishable on the facts of the present case where there is no requirement of proving the voluntariness of the donation contributed by the assessee for claiming deduction u/s. 80G of the Act. The amendment brought about by Finance Act, 2015 to section 80G of the Act which had inserted the sub clauses (iiihk) and (iiihl) to be the exception for qualifying a donation for claiming u/s. 80G of the Act could also be an evidencing factor to substantiate that CSR expenditures which falls under the nature specified in section 30 to 36 of the Act are an allowable deduction u/s. 80G of the Act.

12. On the above observation, we deem it fit to hold that the assessee is entitled to deduction claimed u/s. 80G of the Act towards the CSR expenditure incurred by it. ***We, therefore, direct the ld. A.O. to allow the claim of the assessee subject to the condition that the assessee has satisfied the other requirements warranted u/s.80G of the Act****. Hence, ground no. 2 raised by the assessee is allowed."*

9.2It may be stated further that in the case of**Allegis Services (India) (P.) Ltd. v. Asstt. CIT [IT Appeal No. 1693 (Bang.)** of 2019]exactly similar issue has been adjudicated by the Co-ordinate Bench of ITAT,Bangalore. The relevant part as extracted is reproduced as below:

"We have perused submissions advanced by both sides in light of records placed before us.

10. Section 135 of Companies Act, 2013 requires companies with CSR obligations, with effect from 01/04/2014. Finance (No.2) Act, 2014 inserted new Explanation 2 to sub- section (1) of section 37, so as to clarify that for purposes of sub- section (1) of section 37, any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

11. This amendment will take effect from 1/04/2015 and will, accordingly, apply to assessment year 2015-16 and subsequent years.

12. Thus, CSR expenditure is to be disallowed by new Explanation 2 to section 37(1), while computing Income under the Head 'Income form Business and Profession'. Further, clarification regarding impact of Explanation 2 to section 37(1) of the Income Tax Act in Explanatory Memorandum to The Finance (No.2) Bill, 2014 is as under:

> *"The existing provisions of section 37(1) of the Act provide that deduction for any expenditure, which is not mentioned specifically in section 30 to section 36 of the Act, shall be allowed if the same is incurred wholly and exclusively for the purposes of carrying on business or profession. As the CSR expenditure (being an application of income) is not incurred for the purposes of carrying on business, such expenditure cannot be allowed under the existing provisions of section 37 of the Income-tax Act.*
>
> *A. Y : 2016 - 17 Therefore, in order to provide certainty on this issue, it is proposed to clarify that for the purposes of section 37(1) any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to have been incurred for the purpose of business and,*

hence, shall not be allowed as deduction under section 37. However, the CSR expenditure which is of the nature described in section 30 to section 36 of the Act shall be allowed deduction under those sections subject to fulfilment of conditions, if any, specified therein."

13. From the above it is clear that under Income tax Act, certain provisions explicitly state that deductions for expenditure would be allowed while computing income under the head, 'Income from Business and Profession" to those, who pursue corporate social responsibility projects under following sections.

• Section 30 provides deduction on repairs, municipal tax and insurance premiums.

• Section 31, provides deduction on repairs and insurance of plant, machinery and furniture • Section 32 provides for depreciation on tangible assets like building, machinery, plant, furniture and also on intangible assets like know-how, patents, trademarks, licenses. • Section 33 allows development rebate on machinery, plants and ships.

• Section 34 states conditions for depreciation and development rebate.

• Section 35 grants deduction on expenditure for scientific research and knowledge extension in natural and applied sciences under agriculture, animal husbandry and fisheries. Payment to approved universities/research institutions or A. Y : 2016 - 17 company also qualifies for deduction. In-house R&D is eligible for deduction, under this section. • Section 35CCD provides deduction for skill development projects, which constitute the flagship mission of the present Government.

• Section 36 provides deduction regarding insurance premium on stock, health of employees, loans or commission for employees, interest on borrowed capital, employer contribution to provident fund, gratuity and payment of security transaction tax.

Income Tax Act, under section 80G, forming part of Chapter VIA, provides for deductions for computing taxable income as under:

• Section 80G(2) provides for sums expended by an assessee as donations against which deduction is available.

a) Certain donations, give 100% deduction, without any qualifying limit like Prime Minister's National Relief Fund, National Defence Fund, National Illness Assistance Fund etc., specified under section 80G(1)(i)

b) Donations with 50% deduction are also available under Section 80G for all those sums that do not fall under section 80G(1)(i).

Under Section 80G(2) (iiihk) and (iiihl) there are specific exclusion of certain payments, that are part of CSR responsibility, not eligible for deduction u/s80G.

14. In our view, expenditure incurred under section 30 to 36 are claimed while computing income under the head, 'Income form Business and Profession", where as monies spent under section 80G are claimed while computing "Total Taxable income" in the Ahands of assessee. The point of claim under these provisions are different.

15. Further, intention of legislature is very clear and unambiguous, since expenditure incurred under section 30 to 36 are excluded from Explanation 2 to section 37(1) of the Act, they are specifically excluded in clarification issued. There is no restriction on an expenditure being claimed under above sections to be exempt, as long as it satisfies necessary conditions under section 30 to 36 of the Act, for computing income under the head, "Income from Business and Profession".

16. For claiming benefit under section 80G, deductions are considered at the stage of computing "Total taxable income". Even if any payments under section 80G forms part of CSR payments(keeping in mind ineligible deduction expressly provided u/s.80G), the same would already stand excluded while computing, Income under the head, "Income form Business and Profession". The effect of such disallowance would lead to increase in Business income. Thereafter benefit accruing to assessee under Chapter VIA for computing "Total Taxable Income" cannot be denied to assessee, subject to fulfillment of necessary conditions therein.

17. We therefore do not agree with arguments advanced by Ld.Sr.DR.

18. In present facts of case, Ld.AR submitted that all payments forming part of CSR does not form part of profit and loss account for computing Income under the head, "Income from Business and Profession". It has been submitted that some payments forming part of CSR were claimed as deduction under section 80G of the Act, for computing "Total taxable income", which has been disallowed by authorities below. In our view, assessee cannot be denied the benefit of claim under Chapter VI A, which is considered for computing 'Total Taxable Income". If assessee is denied this benefit, merely because such payment forms part of CSR, would lead to double disallowance, which is not the intention of Legislature.

19. On the basis of above discussion, in our view, authorities below have erred in denying claim of assessee under section 80G of the Act. We also note that authorities below have not verified nature of payments qualifying exemption under section 80G of the Act and quantum of eligibility as per section 80G(1) of the Act.

20. Under such circumstances, we are remitting the issue back to Ld.AO for verifying conditions necessary to claim deduction under section 80G of the Act.

Assessee is directed to file all requisite details in order to substantiate its calim before Ld.AO. Ld.AO is then directed to grant deduction to the extent of eligibility.

Accordingly grounds raised by assessee stands allowed for statistical purposes."

9.3 Respectfully following the decisions cited above, we hold that the assessee is entitled to deduction claimed u/s. 80G of the Act towards the CSR expenditure incurred by it. We, therefore, direct the ld. A.O. to allow the claim of the assessee subject to the condition that the assessee has satisfied the other requirements warranted u/s.80G of the Act.We do not find any infirmity in the appellate order. Hence, **ground no. 3** raised by the Revenue is **dismissed.**

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10. Both the **Ground nos.1 and 2** relate tothe Products Registration expenditure of Rs. 81,55,63,732/-claimedby the assessee as revenue expenditure but treated as capital expenditure by the AO butallowed by theLd. CIT(A) and also in deleting it the depreciation allowed to the assessee on the disallowance of the Products Registration expenditure of Rs. 81,55,63,732/-treated by the AO as capital expenditure. Since,on identical facts and circumstances of the case,appeals of the assessee in AY

2018-19 has already been allowed in **ITA 6164/Mum/2024(supra)** in which applies *mutatis mutandis* to the facts of the case as well, both the groundsare **dismissed.**

11. **In the result, both theabove appealsof the Revenue for AYs 2016-17 and 2018-19 aredismissed**

Order pronounced in the open court on 21/01/2025.

Sd/-	**Sd/-**
SANDEEP GOSAIN	**PRABHASH SHANKAR**
यायिकसदस्य /JUDICIAL MEMBER)	**(लेखाकारसदस्य /ACCOUNTANT MEMBER)**

Place: मुंबई/Mumbai
दिनांक /Date.21.01.2025
Lubhna Shaikh / Steno

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT, Mumbai
5. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//
आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)

आयकर अपीलीय अधिकरण/ ITAT, Bench, Mumbai.