

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH**

BEFORE SHRI INTURI RAMA RAO, AM

**ITA No. 870/Coch/2024
Assessment Year: 2014-15**

Sree Narayana Dharma Paripalana Yogam Appellant
Branch No. 1103, Poothotta
Ernakulam 682037
[PAN: AAIAS9506N]

vs.

The Income Tax Officer Respondent
Exemption, Ernakulam

Appellant by: Shri Jaikrishna, Advocate
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 12.03.2025
Date of Pronouncement: 27.03.2025

ORDER

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] dated 27.06.2024 for Assessment Year (AY) 2014-15.

2. Brief facts of the case are that the appellant is a charitable society incorporated with the object of imparting education. It was duly registered u/s. 12A of the Income Tax Act, 1961 (the Act). The return of income for AY 2014-15 was filed on 19.11.2014 disclosing total income of Rs. 8,74,62,857/-. In the return of income the appellant claimed exemption of Rs.60,16,479/- being income of educational institutions

whose aggregate receipts are below Rs. 1 crore as per section 10(23C) of the Act. The return of income was processed u/s. 143(1) of the Act by CPC vide intimation dated 28.02.2016 denying the exemption u/s. 10(23C) of the Act.

3. Being aggrieved, an appeal was filed before the CIT(A) contending that the CPC had failed to give any notice of the proposed adjustment in the intimation and the adjustment made is beyond the scope of provisions of section 143(1) of the Act. However, the CIT(A) dismissed the appeal.

4. Being aggrieved, the appellant is in appeal before the Tribunal in the present appeal.

5. The learned counsel for the assessee submitted that the CPC, without giving notice of the proposed adjustment, simply carried out the adjustment which is contrary to the provisions of section 143(1) of the Act. It is further submitted that the CPC ought not have made the adjustment by disallowing the claim for deduction u/s. 10(23C) of the Act, which is beyond the scope of section 143(1) of the Act.

6. On the other hand, the learned Sr. DR supporting the orders of the lower authorities submitted that no interference is required in the orders of the lower authorities.

7. I heard the rival contentions of both the parties and perused the material available on record. The CPC, while processing the return of income denied the claim for exemption u/s. 10(23C) of the Act in respect of the institutions whose gross receipts are below Rs. 1 crore. Undisputedly

this adjustment was made by the CPC without giving any notice of proposed adjustment. This is contrary to the plain provisions of section 143(1) of the Act. Therefore, I remit the matter back to the file of the CPO to the stage of issue of notice on the proposed adjustment.

8. In the result, the appeal filed by the assessee stands partly allowed.

9. Order pronounced in the open court on 27th March, 2025.

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Cochin, Dated: 27th March, 2025

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar
ITAT, Cochin