

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "G": NEW DELHI  
BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER  
AND  
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No. 3473/Del/2023  
(Assessment Year: 2017-18)

Shri Sanatan Dharam Sabha (Shri Ram Mandir, Pocket-3, Mayur Vihar Phase-1, Chilla Road, New Delhi (Appellant)	Vs.	CIT(A), NFAC (Respondent)
<b>PAN: AAATS4690Q</b>		

Assessee by :	Shri Sanjeev Kapoor, CA
Revenue by:	Shri Manish Gupta, Sr. DR
Date of Hearing	22/05/2025
Date of pronouncement	18/08/2025

O R D E R

**PER M. BALAGANESH, A. M.:**

1. The appeal in ITA No.3473/Del/2023 for AY 2017-18, arises out of the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] in Appeal No. ITBA/NFAC/S/250/2023-24/105715593(1) dated 17.10.2023 against the order of assessment passed u/s 154 r.w.s. 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 06.04.2021 by the Assessing Officer, ITO(Exemption), Ward-2(2), Delhi (hereinafter referred to as 'Id. AO').

2. The only issue to be decided in this appeal is as to whether the Learned CITA was justified in not allowing the sum of Rs 69,42,825/- as application of



Assessee Trust had also furnished the entire audited financial statements which duly considered the application of income of Rs. 69,42,825/-. Despite filing of all these documents, the Learned AO simply ignored all the documentary evidences submitted by the Assessee and framed the assessment under Section 143(3) of the Act on 22-12-2019 determining the taxable income of Rs. 62,09,270/- being the gross receipts of the Assessee Trust. It is pertinent to note that the tax computation sheet enclosed by the Learned AO along with the assessment order duly gave credit for the application of income as claimed by the Assessee in the computation of income. Hence, this is a case wherein the Learned AO in the assessment order had not given credit for the application of income, but had given credit for the application of income in the tax computation sheet. Accordingly, a rectification notice under Section 154 of the Act was issued by the Learned AO on 11-2-2021 seeking to pass the corrigendum order for withdrawing the credit given in the tax computation sheet for the application of income. The Assessee filed its reply vide letter dated 18-2-2021 for the rectification notice under section 154 of the Act again enclosing the computation of income, audited financial statements and audit report in Form 10B. Considering the reply of the Assessee, the rectification proceedings initiated under section 154 of the Act were dropped and withdrawn by the Learned AO vide order dated 11-3-2021. This order is enclosed in Page 27 of the Paper Book.

4. The Learned AO issued another notice under section 154 of the Act on 16-3-2021 on the same footing. The Assessee filed its submission on 19-3-2021. Later the Learned AO passed an order under section 154 read with section 143(3) of the Act on 6-4-2021 rejecting the contentions of the Assessee.

5. We find that there is nothing wrong in Assessee claiming deduction on account of application of income in the sum of Rs 69,42,825/- from the gross receipts of Rs 62,09,270/-. We hold that the revenue was not justified in taxing the entire gross receipts without giving credit for application of income in the sum of Rs 69,42,825/-. Only the income element is to be taxed and income is determined after reducing the expenses from the gross receipts. In the instant case, the Assessee had applied more than the gross receipts resulting in a deficit of Rs 7,33,560/- which is eligible to be carried forward to subsequent years. We direct the Learned AO accordingly to recompute the income of the Assessee in the abovementioned terms. Accordingly, the grounds raised by the Assessee are allowed.

6. In the result, the appeal of the Assessee is allowed.

Order pronounced in the open court on 18/08/2025.

-Sd/-  
**(VIKAS AWASTHY)**  
**JUDICIAL MEMBER**

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 18/08/2025

A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi