

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH: CHENNAI

श्री एबी टी. वर्की, न्यायिक सदस्य एवं श्री जगदीश, लेखा सदस्य के समक्ष
BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND
SHRI JAGADISH, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.916/Chny/2025
निर्धारण वर्ष /Assessment Year: 2014-15

The Dy. Commissioner of
Income Tax,
Central Circle-1,
Madurai.

Vs. Kalpana,
4/120-F, pandi Kovil Ring Road,
Uthangudi B.O., Uthangudi,
Madurai – 625 107.
[PAN: APFPK 3214C]

(अपीलार्थी/**Appellant**)

(प्रत्यर्थी/**Respondent**)

अपीलार्थी की ओर से/ Assessee by
प्रत्यर्थी की ओर से /Revenue by

: Shri G.Gopalan, Retd. JCIT
: Shri Shiva Srinivas, CIT

सुनवाई की तारीख/Date of Hearing
घोषणा की तारीख /Date of Pronouncement

: 18.06.2025
: 25.08.2025

आदेश / ORDER

PER JAGADISH, A.M :

Aforesaid appeal filed by the Revenue for Assessment Year (AY) 2014-15 arises out of the order of Learned Commissioner of Income Tax, Appeal, Chennai-19 [hereinafter "CIT(A)"] dated 28.01.2025 in the matter of assessment framed by the Assessing Officer [AO] u/s. 143(3) r.w.s 147 of the Income-tax Act, 1961 (hereinafter "the Act") on 31.03.2022.

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2. The ground of appeal raised by the Revenue are as under:

“1. The order of the learned Commissioner of Income Tax (Appeals) is erroneous on facts of the case and in law.

2. The Ld CIT(A) has erred in allowing the deduction claimed by assessee u/s 35AD of the IT Act to the tune of Rs 13,02,56,562/- by holding that assessee was a 100 bed hospital, and hence an eligible specified business without taking cognizance of the evidences to the contrary on record.

3. The Ld CIT(A) has erred in not appreciating the fact that during the inspections carried out by the Department to verify the purchase bills of hospital beds submitted by assessee were not genuine as it was found that at one of the addresses no furniture shop existed.

4. The Ld CIT(A) has erred in not appreciating the fact that during the inspections carried out by the Department to verify the purchase bills of hospital bed submitted by assessee were not genuine as it was found that one of the shopkeepers confirmed that the said bill was not issued by him and the TIN No mentioned on the bill did not belong to him.

5. The Ld CAT(A) has erred in relying on the Covid-19 portal of the State Government to ascertain the bed strength of assessee since the year under consideration is FY 2013-14, is much before the Covid-19 outbreak.

6. The Ld CIT(A) has erred in relying on the recommendations from the Joint Director of Medical and Rural Health Services, Madurai District, and a subsequent directive from the Director of Medical and Rural Health Services, Madurai District when the said recommendations were based on the Tamil Nadu Clinical Establishments (Regulation) Rules, 2018 which came into effect much after the concerned year.

7. The Ld CIT(A) has erred in not considering the certificate issued by Tamilnadu Pollution Control Board according approval vide order” dated 11.09.2013, valid till 31.03.2014, to the hospital for operating health care facility for 18 beds only.

8. For these grounds and any other ground including amendment of grounds that may be raised during the course of the appeal proceedings, the order of learned

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CIT(Appeals) may be set aside and that of the Assessing Officer be restored.”

3. The assessee is a proprietor of Guru Hospital and filed her return of income on 21.11.2014 declaring a total income of Rs.12,31,450/-, after claiming deduction of Rs.13,02,56,562/- u/s. 35AD of the Act. A survey u/s. 133A of the Act was conducted at the business premises, where it was found that the hospital is only 60 beds hospital, as against the 100 beds hospital required u/s. 35AD(8) of the Act. The A.O, therefore, reopened the assessment and disallowed the claim of deduction u/s.35AD of the Act amounting to Rs. 13,02,56,562/-. The assessee carried the matter in appeal before the Ld. CIT(A) who dismissed the appeal for want of representation. The assessee thereafter approached the Hon'ble High Court, which set aside the order of the Ld. CIT(A) and directed him to adjudicate the matter afresh.

4. In compliance with the directions of the Hon'ble High Court, the assessee made detailed submissions and furnished additional evidence to substantiate that *Guru Hospital* was in fact a 100-bed facility before the Ld CIT(A). The assessee in the submission has placed reliance on corrected certificate issued by the Joint Director and Director of Medical and Rural Health Services, Madurai District,

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revising the earlier erroneous certification of 57 beds to reflect 100 beds capacity. Evidence was also produced from government databases, Covid-19 portals, and insurance certifications supporting the 100-bed claim. Further, loan sanction documents from 2011 were filed, wherein the hospital was described as a 100-bed facility. After considering the additional evidence, the Ld. CIT(A) held that the assessee had complied with the 100-bed requirement u/s. 35AD and accordingly deleted the disallowance.

5. The Ld. Departmental Representative (D.R) relying on the assessment order has submitted that during inspection conducted u/s. 131A of the Act, it was found that the hospital had only 60 beds, and hence the assessee was not eligible for deduction u/s. 35AD of the Act. The Ld. D.R further contended that some of the evidence furnished by the assessee, such as reliance on the Covid-19 portal, was much after the relevant assessment year. He also argued that the Ld. CIT(A) erred in relying on the certificate from the Joint Director, Medical and Rural Health Services, Madurai, which was issued under the Tamil Nadu Clinical Establishments (Regulation) Rules, 2018, that came into effect subsequent to the relevant year, instead of relying on

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the Tamil Nadu Pollution Control Board certificate dated 11.09.2013, which related to the relevant assessment year.

6. On the other hand, the Ld. Authorized Representative (A.R) for the assessee supported the order of the Ld. CIT(A) and submitted that the additional evidence conclusively established that the hospital was a 100-bed facility since 2013. He pointed out that the Joint Director's corrected certificate, inauguration invitation, and advertisements in newspapers of 2013, as well as bank loan documents and insurance certification, all consistently confirmed the 100-bed status. It was further submitted that even the government's own records acknowledge the assessee's hospital as a 100-bed facility.

7. We have heard the rival submissions and perused the material available on record. The A.O has denied the benefit of deduction u/s. 35AD of the Act on the basis of the Pollution Control Board certificate and other inquiries, which suggested that the assessee had only 60 beds hospital. However, the assessee has produced before the Ld. CIT(A) additional evidence, including the corrected certificate from the Joint Director, Medical and Rural Health Services, Madurai, inauguration invitation, contemporaneous newspaper publications, bank loan documents referring to a 100-bed facility, and insurance

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certification, which cumulatively establish that the assessee was operating a 100-bed hospital since inception. The erroneous certification of 57 beds issued under the Clinical Establishments Act was subsequently rectified. After considering these evidences, the Ld. CIT(A) concluded that the assessee satisfied the statutory requirement of maintaining 100 beds and therefore allowed the claim u/s. 35AD of the Act. On careful consideration, we do not find any infirmity in the findings of the Ld. CIT(A). Accordingly, the order of the Ld. CIT(A) is upheld and the Revenue's grounds are dismissed.

8. In the result, the appeal filed by the Revenue is dismissed.

Order pronounced on 25th day of August, 2025 at Chennai.

Sd/-
(एबी टी. वर्की)
(ABY. T. Varkey)

न्यायिक सदस्य / Judicial Member

Sd/-
(जगदीश)
(Jagadish)

लेखा सदस्य / Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 25th August, 2025.

EDN/-

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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

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