

**INCOME TAX APPELLATE TRIBUNAL: GAUHATI BENCH: GUWAHATI
BEFORE SHRI RAJESH KUMAR, HON'BLE ACCOUNTANT MEMBER**

AND

SHRI MANOMOHAN DAS, HON'BLE JUDICIAL MEMBER

ITA No. 596 / KOL / 2024

AY: 2014-15

The DCIT, Kolkata	Nazareth Hospital Society Laitumkhra. S.O. Shillong East Khasi Hills PIN-793003 (Meghalaya) PAN: AAATN2887J
(Appellant)	(Respondent)

Assessee By:	Shri S.P. Bhati, FCA
Department By:	Shri Kaushik Ray, JCIT
Date of Hearing:	21-07-2025
Date of Pronouncement:	21.08.2025

ORDER

PER MANOMOHAN DAS, JM

The Revenue filed this appeal against the order of the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [NFAC], Delhi (hereinafter referred to as the ("CIT(A)" dated 31.01.2024 passed under Section 250 of the Income Tax Act, 1961 (hereinafter referred to as the 'Act') and pertains to the Assessment Year 2014-15.

The grounds of the Revenue are as under:

(i) *That on the facts and circumstances of the case, the Id. CIT(A) erred in partly allowing free health care expenditure @ 50% of the expenditure claimed to have incurred, which comes to Rs. 112,22,891/-. However, the Id. CIT(A) stated in his order vide para 6.19 and 6.20 at page no. 15 that “ I concur with the AO that the appellant has not established that the amount claimed as expenditure towards free care has been truly incurred for that purpose”.*

(ii) *That on the facts and circumstances of the case, the Id. CIT(A) erred in partly allowing free health care expenditure on the basis of assumption and stated that a hospital working in a remote hilly region would invariably provide some free care to needy patients.*

(iii) *That on the facts and circumstances of the case, the Id. CIT(A) erred in allowing corpus donation despite the facts there was no specific direction from the donor. Thereby violating the ‘provisions of section 11(1)(d) of the Income Tax Act, 1961.*

2. The brief facts of the case are that, the assessee is a registered as a society. It is engaged in running of a hospital called Nazareth Hospital at Laitumkhrah, Shillong in Meghalaya. The assessee is approved u/s 12AA. The return of income for AY 2014-15 was filed on 13.12.2014 declaring Nil income. The case was selected for scrutiny and scrutiny assessment was completed on 08.12.2016. While assessing the income of the assessee, the learned Assessing Officer inter alia has treated expenditures for ‘free care’ amounting to Rs. 2,24,45,781/- from the purview of expenses on account of non-maintenance of proper records. The AO further treated the same as unexplained expenditure deemed the same for tax u/s 69C assessing total income at Rs. 4,79,78,490/-.

3. Being aggrieved, the assessee filed 1st appeal before the learned CIT(A). The Id. CIT(A) vide order dated 31.01.2024 partly allowed the appeal of the assessee.

4. Being aggrieved, the Revenue filed the present appeal before the Tribunal.

5. The Id. CIT(A) concurred with the findings of the Id. AO that the assessee has not established the amount claimed as expenditure towards free care has been truly incurred for that purpose. Such expenditure cannot be treated as application of income. However, the Id. CIT(A) gave relief to the assessee partly by citing the reason that a hospital working in a remote hilly region will invariably provide some free care to needy patients.

6. We observe that, there is no dispute regarding the status of the assessee as a society. It is registered u/s 12AA of the Act. There is no dispute about the 'free care' service to needy patients. Therefore, the Id. CIT(A) considered the case of the assessee and find that, the claim of the assessee on the issue of giving 'free care' to needy persons cannot be denied straight way. The Id. CIT(A) gave relief partly to the assessee in the interest of justice. The entire claim of the assessee has not been accepted by the Id. CIT(A) as correct one in absence of proper evidence regarding the expenditure incurred in giving free care to needy patients by the assessee.

7. We observe that, the Id. CIT(A) given proper reasons while partly allowing the appeal of the assessee. The assessee is a registered society. It may have certain objects for giving 'free care' service to needy patients although the assessee could not furnish evidences in respect of its claim. The notable point is that, the appeal of the assessee was allowed partly not wholly. Therefore, in our opinion, the order of the Id. CIT(A) invites no interference from us. Although the assessee was unable to prove his claims on 'free care', such claims may be true one. However, the Id. CIT(A) had kept in mind the failure of the assessee to prove his claims by furnishing proper evidences and did not allow the entire claim of the assessee. The reasons given by the Id. CIT(A) while allowing the claims of the assessee partly, needs no

interference. Accordingly, we uphold the order of the Id. CIT(A) and dismiss the appeal of the Revenue. Thus, we dismiss the appeal of the Revenue.

8. In the result, the appeal of the Revenue is dismissed.

9. Order pronounced in the open court on this 21st day of August, 2025.

Sd/-

(Rajesh Kumar)
Accountant Member
Date: 21.08 .2025

Sd/-

(Manomohan Das)
Judicial Member

Copy forwarded to:-

1. The DCIT, Kolkata
2. Nazareth Hospital Society, Laitumkhra. S.O. Shillong, East Khasi Hills, PIN-793003 (Meghalaya)
3. The Pr. CIT
4. The CIT(A)
5. The DR, ITAT, Guwahati
6. Guard file

By Order

Assistant Registrar
ITAT, Guwahati / Kolkata