

IN THE INCOME TAX APPELLATE TRIBUNAL BENCH-RANCHI
VIRTUAL HEARING AT KOLKATA

Before Shri Sonjoy Sarma, Judicial Member
and Shri Ratnesh Nandan Sahay, Accountant Member

I.T.A. No.261/Ran/2024

Assessment Year: 2017-18

ITO, Exemption Ward, RanchiAppellant

vs.

Dudhharan Memorial Charitable Trust.....Respondent

Rani Hospital Behind Machlighar

Booty Road, Ranchi,

Jharkhand – 834001.

[PAN: AACTD1772A]

Appearances by:

Shri Devesh Poddar, Adv., appeared on behalf of the appellant.

Md. Shadab Ahmed, DR, appeared on behalf of the Respondent.

Date of concluding the hearing : December 18, 2025

Date of pronouncing the order : January 14, 2026

ORDER

Per Sonjoy Sarma, Judicial Member:

This appeal filed by the assessee is directed against the order of the NFAC, Delhi (hereinafter referred to as “CIT(A)”) dated 20.03.2024 passed under Section 250 of the Income-tax Act, 1961 (hereinafter referred to as the “Act”).

2. Brief facts of the case are that the assessee, a trust, filed its return of income for the assessment year 2017–18 declaring nil income. Subsequently, the case of the assessee was selected for limited scrutiny under CASS. Accordingly, notices under sections 143(2) and 142(1) of the Income-tax Act, 1961 were issued. During the course of assessment proceedings, the Assessing Officer observed that the assessee trust had paid substantial amounts to specified persons as remuneration namely ₹72,00,000 to Shri Rajesh Kumar, ₹24,00,000 to Dr. Soni Sinha, ₹7,20,000 to Shri Pawan Kumar, ₹1,20,000 to Smt. Rekha Singh and

₹1,20,000/- to Manorama Sinha respectively. The Assessing Officer held that the above payments were excessive and unreasonable, and accordingly invoked the provisions of section 13(1)(c) of the Act, thereby denying exemption under section 11 of the Act and making additions to the income of the assessee.

3. Aggrieved by the assessment order, the assessee preferred an appeal before the Ld. CIT(A). The CIT(A) allowed the appeal of the assessee by deleting the additions. While doing so, the Ld. CIT(A) relied upon the decision of the Tribunal in the assessee's own case for the assessment year 2016-17, passed in ITA No. 277/Ranchi/2019, wherein identical issues were decided in favour of the assessee. The Ld. CIT(A) while allowing the appeal of the assessee observed as under:

"7.4 On a careful consideration I find considerable force in the submission of the appellant. It is a fact that the AO has not doubted the fact of rendering of services by the specified persons and thus the Assessing Officer is duty bound to (i) either allow the salary / allowance so paid and/or (ii) quantify the reasonable payment for the services so rendered. However, the AO failed on both the account and merely doubted the reasonableness of the payments to specified persons. Further, the appellant also demonstrated that the salary and allowances paid to the specified persons are reasonable and commensurate with the services rendered by them. Therefore in absence of specific finding by the AO with regard to reasonableness payment, I hold that salary and other allowances paid by the appellant to the specified persons is reasonable and not in violation of Sec 13(2)(c) r.w.s 13(3) of the Act. Moreover, Hon'ble ITAT in the appellant's own case for AY 2016-17 in ITA no.277/Ran/2019 has decided the issue in hand in the favour of the Appellant.

7.5 In this regard reliance is placed on the recent decision of Hon'ble ITAT Mumbai, Bench in the case of Apne Aap Women Worldwide (India) Trust Vs. ITO(E) reported in [2019] 102 taxmann.com 400 (Mumbai - Trib.), wherein the Tribunal held that-

"Where Assessing Officer rejected assessee's claim for exemption of income under section 11 on ground that assessee-trust paid salary to one of trustee and, thus, there was violation of provisions of section 13(1)(c), in view of fact that payment of salary was being made since inception of trust and it had not been disputed by revenue in earlier years and, moreover, said trustee was exclusively working for trust, impugned order passed by Assessing Officer was to be set aside"

7.6 In view of the above discussion, the disallowance made by the A.O is hereby deleted and the appellant's appeal is allowed."

4. The Revenue is now in appeal before the Tribunal, contending that the order of the Ld. CIT(A) is erroneous in law. The Ld. DR submitted that the payments made by the trust exceeded reasonable limits and, therefore, the decision rendered in earlier years should not be mechanically applied to the present assessment year.

5. On the other hand, the Ld. counsel for the assessee submitted that the issue is squarely covered by the decision of the Tribunal in the assessee's own case for the immediately preceding year and that the principle of consistency should prevail. It was further submitted that the earlier Tribunal order has not been challenged by the Department before any higher forum and has attained finality.

6. We have heard the rival submissions and perused the material available on record. It is an undisputed fact that the assessee trust paid amounts remuneration namely ₹72,00,000 to Shri Rajesh Kumar, ₹24,00,000 to Dr. Soni Sinha, ₹7,20,000 to Shri Pawan Kumar, ₹1,20,000 to Smt. Rekha Singh and ₹1,20,000/- to Manorama Sinha respectively during the relevant year. We find that the CIT(A) allowed the assessee's claim by following the Tribunal's decision in the assessee's own case for AY 2016-17 (ITA No. 277/Ranchi/2019), wherein identical payments and identical issues were examined and decided in favour of the assessee. It is also noted that the said Tribunal order has not been shown to have been reversed, stayed, or challenged before any higher judicial forum by the Department. In the absence of any change in facts or law, and respectfully following the principle of judicial consistency, we find no infirmity in the order passed by the CIT(A). Accordingly, we uphold the order of the CIT(A).

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

Kolkata, the 14th January, 2026.

Sd/-
[Ratnesh Nandan Sahay]
Accountant Member

Sd/-
[Sonjoy Sarma]
Judicial Member

Dated: 14.01.2026.

RS

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches