

आयकर अपीलीय अधिकरण 'ए' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH: CHENNAI

माननीय श्री मनु कुमार गिरि, न्यायिक सदस्य एवं एस. आर. रघुनाथा, लेखा सदस्य के समक्ष
BEFORE HON'BLE SHRI MANU KUMAR GIRI, JUDICIAL MEMBER AND
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER

आयकर अपील सं./ ITA No.2395/CHNY/2025
निर्धारण वर्ष /Assessment Year: 2019-20

The Income Tax Officer,
Exemptions Ward
Nellai City Centre, Rahmath Nagar,
Tiruchendur Road,
Tirunelvali,
Tamil Nadu-627011

THE CHRISTIAN BUSINESSMEN
Vs. EDUCATIONAL FELLOWSHIP,
No.46, ALWAR STREET,
KOVILPATTI,
TAMIL NADU-628501
[PAN: AACAT2359N]

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by
प्रत्यर्थी की ओर से /Respondent by

: Mr.C.Sivakumar, Addl.CIT
: Mr.R. Viswanthan, CA

सुनवाई की तारीख/Date of Hearing

: 07.01.2026

घोषणा की तारीख /Date of Pronouncement

: 19.01.2026

आदेश / ORDER

PER MANU KUMAR GIRI, JUDICIAL MEMBER:

The captioned appeal filed by the Revenue is directed against order of the Ld. Commissioner of Income Tax (Appeal), ADDL/JCIT (A) Ranchi ['CIT(A)' in short] dated 26.06.2025 for Assessment Year 2019-20.

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2. Brief facts of the case are that the assessee is a registered charitable society, holding valid registration under section 12A and approval u/s.80G of the Income-tax Act, 1961. The assessee runs an educational institution at Kovilpatti. For A.Y. 2019-20, the assessee filed its return of income on 30.09.2019 declaring NIL income, having applied its income towards charitable purposes in accordance with section 11 of the Act. The return was processed by CPC under section 143(1), wherein the revenue expenditure amounting to Rs.5,10,46,521/- was disallowed on the alleged ground of inconsistency between Schedule TI and Schedule ER, resulting in a tax demand of Rs.2,13,54,603/-. Subsequent rectification petitions filed under section 154 were also rejected by CPC by reiterating the same adjustment.

3. On appeal, the Ld. CIT(A) held that the adjustment made under section 143(1) was beyond jurisdiction, deleted the disallowance and quashed the consequential demand.

4. Aggrieved, the Revenue is in appeal before this Tribunal.

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5. The Revenue has raised multiple grounds, the crux of which is that the Ld. CIT(A) erred in holding that the adjustment under section 143(1)(a) was beyond jurisdiction. He further contended that the Ld. CIT(A) erred in holding that the issue involved interpretation and examination of section 11 and was a debatable issue. Ld.DR submitted that the Ld. CIT(A) erred in holding that CPC was not empowered to disallow the claim which allegedly arose due to internal inconsistency in schedules of the return. The Ld.DR submitted that the inconsistency in Schedule TI and Schedule ER was apparent from the return itself and constituted an incorrect claim, which CPC was empowered to adjust u/s.143(1)(a)(ii). It was argued that the assessee's own error led to the adjustment and that the Ld. CIT(A) failed to appreciate this aspect.

6. The Ld. AR, on the other hand, supported the order of the Ld. CIT(A). It was submitted that the assessee is a registered charitable institution under section 12A and the application of income under section 11 cannot be examined or disallowed at

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the stage of section 143(1). Any alleged inconsistency required verification and examination, which is impermissible in summary processing.

7. We have carefully considered the rival submissions, perused the material on record, and examined the impugned order. It is an undisputed fact that the assessee holds valid registration under section 12A. Once such registration is in force, the income of the trust is eligible for exemption under section 11, subject to verification of application of income, which necessarily requires examination of facts. The scope of adjustment under section 143(1) is limited to prima facie and apparent errors. The Hon'ble Supreme Court in *DCIT v. Zuari Estate Development and Investment Co. Ltd.* (373 ITR 661) has clearly held that no debatable or interpretational issue can be adjudicated while processing a return under section 143(1). In the present case, the disallowance of the entire revenue expenditure on the ground of inconsistency between Schedule TI and Schedule ER is not a mere arithmetical or clerical error. It directly involves examination of the

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assessee's claim of application of income u/s.11, which is a substantive issue requiring verification. The Hon'ble Supreme Court in *CIT v. Rajasthan and Gujarati Charitable Foundation, Poona* (402 ITR 441) has held that where a trust is registered under section 12A, expenditure incurred for charitable purposes has to be allowed unless specifically hit by sections 11(5) or 13. Such determination cannot be undertaken in summary proceedings. Further, the Hon'ble Delhi High Court in *DIT (Exemptions) v. Mehta Charitable Prajnalay Trust* (354 ITR 250) has categorically held that application of income u/s.11 must be verified during regular assessment and cannot be summarily disallowed by CPC.

8. We also note that even during rectification proceedings u/s.154, no verification or opportunity of proper examination was undertaken, and the disallowance was mechanically repeated, which reinforces the finding that the CPC acted beyond its jurisdiction. In view of the above judicial precedents and facts, we find no infirmity in the order of the Ld. CIT(A) in holding that the adjustment u/s.143(1) was not



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sustainable in law and CPC exceeded its jurisdiction and the disallowance of Rs.5,10,46,521/- and the consequential demand of Rs.2,13,54,603/- deserved to be deleted.

9. The order of the Ld. CIT(A) is upheld. All grounds raised by the Revenue are dismissed.

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

Order pronounced on 19th day of January, 2026 at Chennai.

Sd/-

(एस. आर. रघुनाथा)
(S.R. Raghunatha)

लेखा सदस्य /Accountant Member

Sd/-

(मनु कुमार गिरि)
(Manu Kumar Giri)

न्यायिक सदस्य / Judicial Member

चेन्नई/Chennai, दिनांक/Dated: 19th January, 2026.

RSR, Sr.PS

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