

IN THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD "B" BENCH

**Before: DR. BRR Kumar, Vice President  
And Shri Siddhartha Nautiyal, Judicial Member**

**ITA No: 1135/Ahd/2025  
Assessment Year: 2020-21**

Vandanaben Rajbhai Parikh 3 <sup>rd</sup> Floor, Nobles, Ashram Road, Ahmedabad-380009 Gujarat, India <b>PAN: ACKPP7023N (Appellant)</b>	Vs	The PR.CIT Ahmedabad-1, Ahmedabad  <b>(Respondent)</b>
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**Assessee Represented: Shri Sunil Maloo, A.R.  
Revenue Represented: Shri R. P. Rastogi, CIT-DR**

Date of hearing : 26-11-2025  
Date of pronouncement : 29-01-2026

**आदेश/ORDER**

**PER : SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER:-**

The present appeal has been filed by the Assessee against the order of the Principal Commissioner of Income Tax (Appeals)-1, Ahmedabad vide order dated 08-03-2025 passed for A.Y. 2020-21.

2. The Grounds of Appeal raised by the Assessee reads as under:

*1. The PCIT has erred in laws and facts by revising and setting aside the Assessment Order u/s section 263 of the Income Tax Act, for an issue which was the sole reason for the selection of scrutiny under CASS for Limited Scrutiny and the same has been verified in-depth by the AO.*

*2. The PCIT has erred in laws and facts by revising and setting aside the Assessment Order u/s section 263 of the Income Tax Act, by invoking Explanation 2 to the said*

*Section, despite the same was not mentioned in the hearing notice issued and no opportunity of hearing was provided to the Assessee qua the application of Explanation 2*

*3. The appellant reserves the right to add, amend, modify, or alter any ground of appeal during the course of the appellate proceedings.*

3. The brief facts of the case are that the assessee, an individual, filed her return of income for assessment year 2020–21 on 05.12.2020 declaring a total income of Rs. 4,60,65,240/-. The case was selected for limited scrutiny through CASS for the specific reason of “Deduction from Total Income under Chapter VI-A”. During the assessment proceedings, notices under sections 143(2) and 142(1) of the Income-tax Act, 1961 were issued and served electronically. In response, the assessee furnished details and documentary evidence in support of deductions claimed under Chapter VI-A, including deduction under section 80GGC. After considering the replies and documents submitted by the assessee, the Assessing Officer completed the assessment under section 143(3) read with section 144B on 30.08.2022, accepting the returned income without making any disallowance in respect of the deduction claimed under section 80GGC.

4. Subsequently, the Principal Commissioner of Income Tax examined the assessment records and noticed that the assessee had claimed deduction under section 80GGC amounting to Rs. 32,50,000/- on account of donations allegedly made to four political parties, namely Bharatiya Janata Party, Bhartiya Jan Parshad, Kisan Adhikar Party and Manavadhikar National Party. According to the Principal CIT, except for Bharatiya Janata Party, the remaining three entities were found to be bogus and were allegedly involved in scams relating to tax evasion through bogus donations. It was observed that these entities were not carrying on genuine political or charitable

activities in accordance with their stated objects. On this basis, the Principal CIT formed a prima facie view that the deduction of Rs. 30,00,000/- claimed under section 80GGC in respect of donations to these three entities was not genuine and ought to have been disallowed by the Assessing Officer. According to the Principal CIT, failure to disallow this amount resulted in underassessment of income to the extent of Rs. 30,00,000/-, thereby causing prejudice to the interests of the Revenue.

5. Accordingly, a show cause notice under section 263 of the Act dated 29.01.2025 was issued to the assessee, calling upon her to explain as to why the assessment order dated 30.08.2022 should not be revised on the ground that it was erroneous and prejudicial to the interests of the Revenue. In response, the assessee submitted a detailed reply contending that the issue of deduction under section 80GGC was the very basis for selection of the case under limited scrutiny and that the Assessing Officer had specifically raised queries on deductions claimed under Chapter VI-A. It was submitted that the assessee had furnished complete documentary evidence, including bank statements and donation receipts, during the assessment proceedings and that after due verification, the Assessing Officer had taken a conscious and plausible view by allowing the deduction. The assessee argued that the assessment order could not be revised merely because the Principal CIT held a different opinion, particularly when the Assessing Officer had made inquiries and applied his mind to the issue. Reliance was placed on various judicial precedents to contend that section 263 cannot be invoked in cases of adequate inquiry or where the Assessing Officer has adopted one of the permissible views in law.

6. The Principal CIT, however, was not convinced with the submissions of the assessee. On examination of the records, the Principal CIT noted specific discrepancies, such as in one of the donation receipts where the donor name mentioned was that of a different entity and not the assessee. This, according to the Principal CIT, demonstrated that the Assessing Officer had failed to properly verify the genuineness of the donations. The Principal CIT observed that although some inquiry may have been made, the Assessing Officer had not examined the issue in its entirety and had failed to verify the genuineness and eligibility of the political parties to whom the donations were claimed to have been made. Relying on the decision of the Hon'ble Supreme Court in the case of BSES Rajdhani Power Ltd. v. Pr. CIT, the Principal CIT held that non-examination of the issue in respect of the entire claim constituted an error which could be corrected under section 263 of the Act.

7. The Principal CIT elaborated on the scope and object of section 263, emphasizing that the provision empowers the Commissioner to revise an assessment order if it is both erroneous and prejudicial to the interests of the Revenue. It was observed that an order can be regarded as erroneous not only when it is contrary to law, but also when it is passed without proper inquiry or without consideration of relevant facts. The Principal CIT concluded that in the present case, the Assessing Officer had failed to conduct proper verification regarding the genuineness of the political donations and the eligibility of the donee entities, which resulted in allowing an inadmissible deduction and consequent loss of revenue.

8. In view of these findings, the Principal CIT held that the twin conditions required for invoking section 263, namely that the assessment order was erroneous and prejudicial to the interests of the Revenue, were duly satisfied. Accordingly, the assessment order dated 30.08.2022 passed under section 143(3) read with section 144B was set aside to the extent of the issue relating to deduction under section 80GGC, with a direction to the Assessing Officer to pass a fresh assessment order after proper verification and in accordance with law, after giving the assessee a reasonable opportunity of being heard.

9. The assessee is in appeal before us against the order passed by Pr. CIT u/s 263 of the Act.

10. Before us, the Counsel for the assessee submitted that the matter had been examined in detail by the Assessing Officer during the course of assessment proceedings. The Counsel for the assessee further placed reliance on the case of Ahmedabad ITAT in Vitthaldas Nathubhai Shah vs. Principal Commissioner of Income-tax [2025] 178 taxmann.com 632 (Ahmedabad – Tribunal), wherein ITAT held that where assessee claimed deduction under section 80GGC for donation to a political party and Assessing Officer, after verifying supporting documents and evidences, accepted claim in assessment, but PCIT invoked section 263 solely due to a later search on political party with no direct incriminating material against assessee, assumption of jurisdiction for revision was unsustainable in law.

11. In response, the Ld. DR placed reliance on the observations made by the Principal CIT in his order.

12. We have heard the rival contentions and perused the material on record.

13. The brief facts of the case, as borne out from the record, show that the assessee had claimed deduction under section 80GGC in respect of substantial donations allegedly made to four political parties. While the assessment was completed by the Assessing Officer under section 143(3) read with section 144B of the Act accepting the returned income, the subsequent examination of records by the Principal CIT revealed serious factual infirmities in the claim of deduction, particularly in respect of donations aggregating to Rs. 30,00,000/- made to Bhartiya Jan Parshad, Kisan Adhikar Party and Manavadhikar National Party.

14. A crucial factual finding recorded by the Principal CIT is that these entities were found to be bogus or non-genuine and were allegedly involved in large-scale tax evasion through the mechanism of bogus political donations. This is not a case where the genuineness of the donee political parties was never in doubt or where the donation was made to a well-recognised political party alone. The Principal CIT has also specifically pointed out discrepancies in the donation receipts, including instances where the donor's name appearing on the receipt did not match the name of the assessee. These discrepancies go to the very root of the claim of deduction and clearly demonstrate that the Assessing Officer had not verified the basic and foundational facts relating to the identity of the donee, the genuineness of the donation and the eligibility of the political parties under section 80GGC of the Act.

15. On a careful reading of the assessment order, we find that although general details and documents were called for under Chapter VI-A, there is nothing on record to show that the Assessing Officer made any meaningful or effective inquiry into the genuineness of the political parties in question or examined whether the donations were real, lawful and eligible for deduction. Mere calling for donation receipts and bank statements, without examining glaring inconsistencies and without verifying the status and activities of the donee political parties, cannot be equated with a proper and complete inquiry. The failure of the Assessing Officer to examine the issue in its entirety has resulted in allowance of a deduction which, prima facie, was not admissible, thereby causing underassessment of income and loss of revenue.

16. We find that the reliance placed by the assessee on the decision of the Ahmedabad Tribunal in the case of Vitthaldas Nathubhai Shah vs. Principal Commissioner of Income-tax [2025] 178 taxmann.com 632 is misplaced and distinguishable on facts. In that case, the Tribunal recorded a clear finding that the Assessing Officer had carried out a detailed verification of the donation claim and that the revision under section 263 was based solely on a subsequent search action on the political party, without any direct incriminating material or discrepancy relating to the assessee's own donation. The Tribunal, therefore, held that section 263 could not be invoked merely on the basis of a change of opinion or subsequent developments unconnected with the assessee's assessment.

17. In the present case, however, the revision under section 263 is not founded on a mere change of opinion or on a later external event alone. It is

based on concrete factual discrepancies found in the assessment record itself, including incorrect donation receipts and lack of verification of the genuineness and eligibility of the donee political parties. The Principal CIT has demonstrated, with reference to the material on record, that the Assessing Officer failed to examine vital aspects of the claim and did not go into the issue of deduction under section 80GGC in respect of the entire amount claimed. Therefore, the factual matrix of the present case is materially different from that in Vitthaldas Nathubhai Shah and the ratio of that decision does not come to the aid of the assessee.

18. We also find merit in the reliance placed by the Principal CIT on the judgment of the Hon'ble Supreme Court in the case of BSES Rajdhani Power Ltd., wherein it has been held that non-examination of an issue in respect of the whole claim constitutes an error amenable to revision under section 263. In the present case, the Assessing Officer's failure to verify the genuineness of the political parties and the correctness of the donation receipts has clearly rendered the assessment order erroneous. Since such error has resulted in allowance of an inadmissible deduction and consequent loss of revenue, the order is also prejudicial to the interests of the Revenue. Thus, the twin conditions for invoking section 263 stand fully satisfied.

19. In view of the detailed factual findings recorded by the Principal CIT, which remain uncontroverted by any cogent evidence before us, and in light of the clear distinction between the facts of the present case and the case relied upon by the assessee, we find no infirmity in the order passed by the Principal CIT.

20. Accordingly, we uphold the order of the Principal CIT and dismiss the appeal filed by the assessee.

Order pronounced in the open court on 29-01-2026

**Sd/-**  
**(DR. BRR KUMAR)**  
**VICE PRESIDENT**

**Ahmedabad : Dated - 29/01/2026**

*True Copy*

**Sd/-**  
**(SIDDHARTHA NAUTIYAL)**  
**JUDICIAL MEMBER**

आदेश की प्रतिलिपि अग्रेषित / Copy of Order Forwarded to:-

1. Assessee
2. Revenue
3. Concerned CIT
4. CIT (A)
5. DR, ITAT, Ahmedabad
6. Guard file.

By order/आदेश से,

उप/सहायक पंजीकार  
आयकर अपीलीय अधिकरण,  
अहमदाबाद