

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ "बी", चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH "B", CHANDIGARH

HEARING THROUGH: HYBRID MODE

श्री ललित कुमार, न्यायिक सदस्य एवं श्री मनोज कुमार अग्रवाल, लेखा सदस्य
BEFORE: SHRI. LALIET KUMAR, JM & SHRI. MANOJ KUMAR AGGARWAL, AM

आयकर अपील सं. / ITA No. 597/Chd/2025
निर्धारण वर्ष / Assessment Year : 2015-16

The DCIT(Exemptions) Circle-2, Chandigarh	बनाम	Seth Jai Parkash Polytechnic Society Damla Yamuna Nagar, Haryana-135001
स्थायी लेखा सं. / PAN NO: AADTS1800P		
अपीलार्थी/ Appellant		प्रत्यर्थी/ Respondent

निर्धारिती की ओर से/ Assessee by : Tej Mohan Singh, Advocate
राजस्व की ओर से/ Revenue by : Smt. Meenakshi Vohra, CIT, DR (Virtual)

सुनवाई की तारीख/ Date of Hearing : 23/02/2026
उदघोषणा की तारीख/ Date of Pronouncement : 23/02/2026

आदेश/Order

PER LALIET KUMAR, J.M:

This appeal has been preferred by the Revenue against the order dated 28.02.2025 passed by the Ld. CIT(A)/NFAC, Delhi for the Assessment Year 2015-16 arising out of proceedings under section 154 of the Income-tax Act, 1961.

2. In the present appeal Revenue has raised the following grounds:

1. Whether the Ld. CIT(A) erred in allowing the carry forward of excess expenditure over income of the previous year for future set-off, despite the absence of any statutory provision permitting such adjustment under Section 11 of the Income Tax Act, 1961?
2. Whether the Ld. CIT(A) exceeded its jurisdiction under Section 250 by directing the AO to allow a claim that is ultra vires the provisions of Chapter III of the Income Tax Act, 1961?
3. Whether the interpretation of "application of income" under Section 11(1)(a) can extend to the adjustment of past excess expenditure against future income, when such a mechanism is not explicitly provided in the statute?
4. Whether the order of the Ld. CIT(A) suffers from legal infirmity by granting a benefit that contravenes the principle of strict interpretation of exemption provisions as laid down by the Hon'ble Supreme Court?

3. The brief facts of the case are that the assessee, a society, filed its return of income declaring nil income. The Assessing Officer rejected the application of the assessee filed under section 154 wherein the assessee had sought carry forward of excess expenditure.

4. Against the order of the AO the assessee carried the matter in appeal before the Ld. CIT(A). The Ld. CIT(A) allowed the appeal of the assessee and directed the Assessing Officer to allow the claim after verification by observing that excess expenditure of earlier year is application of income under section 11 of the Act.

5. Against the order of the Ld. CIT(A) the Revenue preferred in appeal before the Tribunal.

6. During the course of hearing the Ld. DR submitted that the order passed by the Ld. CIT(A) is a non-speaking and cryptic order as no logical reasoning has been provided while granting relief. It was further submitted that the written submissions of the assessee have not been reproduced or discussed in the appellate order. The Ld. DR contended that the Ld. CIT(A) has considered documents allegedly filed during appellate proceedings without proper examination and has allowed the set-off/carry forward of expenditure against future income. It was also argued that no such claim was made in the return of income and therefore the relief granted by the CIT(A) was beyond jurisdiction. Accordingly, the order of the CIT(A) was prayed to be set aside.

7. The Ld. AR relied upon the newly inserted Explanation 4 & 5 to section 11 of the Act and submitted that the assessee has a case on merits in view of the legal position prevailing. However, he fairly conceded that there are conspicuous procedural lapses in the order of the CIT(A) and therefore the matter may be restored to the file of the CIT(A) for passing a fresh order after proper adjudication.

8. We have considered the rival submissions and perused the material available on record. We find that the Ld. CIT(A) has allowed the claim by recording a general observation that excess expenditure constitutes application of income and thereafter directed the Assessing Officer to allow the claim after verification. However, the appellate order does not contain discussion of facts, examination of evidences, reproduction of submissions, or analysis of the legal position applicable to the relevant assessment year. The order does not deal with the issue whether the claim was made in

the return of income nor whether such relief could be granted in rectification proceedings. The order also does not examine the applicability of the law as prevailing during the impugned assessment year.

8.1 In our considered view, the order passed by the Ld. CIT(A) does not satisfy the mandate of section 250(6) of the Act which requires a reasoned and speaking order adjudicating each issue on the basis of facts and law. The absence of reasoning and adjudication renders the order unsustainable. Since both the parties have also agreed that the matter requires fresh examination, we deem it appropriate to set aside the impugned order.

8.2 Accordingly, the order of the Ld. CIT(A) is set aside and the matter is restored to his file with a direction to pass a fresh speaking order after considering submissions of both parties, examining evidences on record, and deciding the issue in accordance with law applicable to the relevant assessment year after providing adequate opportunity of hearing to the assessee.

9. In the result, the appeal of the Revenue is allowed for statistical purposes.

Order pronounced in the open Court on 23/02/2026

Sd/-

मनोज कुमार अग्रवाल
(MANOJ KUMAR AGGARWAL)

लेखा सदस्य/ ACCOUNTANT MEMBER

Sd/-

ललित कुमार
(LALIET KUMAR)

न्यायिक सदस्य / JUDICIAL MEMBER

AG

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,
सहायक पंजीकार/ Assistant Registrar