

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'बी' बेंच, हैदराबाद  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad "B" Bench, Hyderabad**

श्री विजय पाल राव, माननीय उपाध्यक्ष एवं श्री मंजूनाथ जी, माननीय लेखा सदस्य  
**SHRI VIJAY PAL RAO, HON'BLE VICE PRESIDENT**  
**AND**  
**SHRI MANJUNATHA G, HON'BLE ACCOUNTANT MEMBER**

आयकर अपीलसं./I.T.A.No.410/Hyd/2023  
(निर्धारण वर्ष/ Assessment Year: 2019-20)

Zaheer Ahmed Syed, C/o. P. Murali and Co., Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad – 500082.  PAN : BDAPS8561G	Vs.	The Assistant Commissioner of Income-tax, Central Circle – 2(2), Hyderabad.
<b>(अपीलार्थी/ Appellant)</b>		<b>(प्रत्यर्थी/ Respondent)</b>

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri P. Murali Mohan Rao, C.A.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr. Narendra Kumar Naik, CIT-DR (Appeared through Hybrid Mode)
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	11.02.2026
घोषणा की तारीख/ Date of Pronouncement	:	04.03.2026

**ORDER**

**PER MANJUNATHA G., A.M :**

This appeal filed by the assessee is directed against the order of the learned Commissioner of Income Tax (Appeals), Hyderabad –

12, (for short "Ld. CIT(A)") dated 27.06.2023, pertaining to the assessment year 2019-20.

2. The grounds raised by the assessee read as under :

*"1. The order of the CIT(A) u/s 143(3) of the Income Tax Act, 1961 is erroneous both on facts and in law to the extent the order is prejudicial to the interest of the appellant.*

*2. The Ld. CIT(A) ought to have appreciated that the AO erred in disallowing the expenditure of Rs. 10,00,000/- during the year under consideration, without appreciating the facts in issue of the case and thus, the disallowance is not correct and deserves to be deleted.*

*a) The Ld. CIT(A) ought to have appreciated that the AO erred in disallowing the expenditure on the basis of merely a third party material, the authenticity and integrity of which is questionable, and not in relation to the assessee and that consequent addition made to the income of appellant deserves to be deleted.*

*b) The Ld. CIT(A) ought to have appreciated that the AO erred in making the disallowance of the amount of Rs. 10,00,000/- without fairly appreciating the legal position that the contributions made to certain relief funds and charitable institutions can be claimed as a deduction u/s 80G of the Income Tax Act.*

*c) The Ld. CIT(A) erred in considering that the AO ought to have appreciated that donation Trusts/institutions registered u/s 80G, is allowed to be claimed as a deduction and Since that, RR Charitable Trust has been approved u/s 80G, donation made to the said entity would be eligible for deduction.*

*3. The Ld. CIT(A) ought to have appreciate that the AO erred in law and on facts in making the disallowance of the claim for Rs. 45,250 being the contribution to PF, on the alleged ground that there has been delay in payment for the Employee's contribution to PF and that the same is not allowable u/s 36(1)(va), which conclusion is not sustainable.*

*a) The Ld. CIT(A) ought to have appreciated that the AO erred in not appreciating the fact that all payments in relation to the provident fund were made within the time limits prescribed in the Act i.e., before the due date of filing of ROI u/s 139(1) of the Act.*

*b) The Ld. CIT(A) ought to have appreciated the fact that the AO erred in making the addition without considering section 36(1)(va) r.w.s. 43B of the Act, that such an expenditure is allowable if the same is, paid within*

*due date of filing return of income as per the provisions of section 139(1) of the Act.*

*c) The Ld. CIT(A) ought to have appreciated that the AO ought to have considered the fact that all payments of Provident fund of employees and employer share are paid on or before due date of filing return of income.*

*4. The Appellant may, add or alter or amend or delete and/or rescind all or any of the grounds of appeal at any time before or at the time of hearing of the appeal.”*

3. The brief facts of the case are that, the assessee is an individual, who filed his return of income for the assessment year 2019-20 on 30.11.2020 admitting an income of Rs. 1,64,56,670/-. In this case, a survey under Section 133A of the Income Tax Act, 1961 was conducted on 12.07.2018, being associated with Red Rose Group. The case was selected for scrutiny and during the course of assessment proceedings, the A.O. noticed that, the assessee has debited an amount of Rs. 10,00,000/- under the head “Donations” and claimed that, he has paid donations to RR Charitable Trust under the Corporate Social Responsibility (CSR) Initiative. The A.O. called upon the assessee to file relevant evidence and also file his objections, if any, for disallowance of donation. In response, the assessee submitted that, he has paid donation under CSR initiative for charitable purpose and in support of his arguments, filed the registration details of R.R.

Charitable trust under Section 80G of the Act. The A.O., after considering the relevant evidences, disallowed a sum of Rs. 10,00,000/- on the ground that, expenditure incurred on account of CSR, is not an allowable expenditure. Further, the trust to whom the assessee has paid donations is not registered under Section 80G of the Income Tax Act, 1961 for AY 2019-20. The A.O. had also disallowed Rs. 45,250/- towards belated payments of employees' contribution towards PF as per the audit report filed in Form No. 3CD. On appeal, the Ld. CIT(A) sustained both the additions made by the A.O.

4. Aggrieved by the order of Ld. CIT(A), the assessee is now in appeal before the Tribunal.

5. The first issue that came up for our consideration from Ground No. 2 of assessee's appeal is disallowance of claim of deduction under Section 80G of the Act, for Rs. 10,00,000/- towards donation paid to R.R. Charitable Trust.

6. The learned counsel for the assessee, Shri P. Murali Mohan Rao, C.A., submitted that, the assessee has paid donation of Rs. 10,00,000/- under Corporate Social Responsibility initiative for

the purpose of business of the assessee and therefore, if donation is not allowable under Section 80G or under CSR expenditure, then it can be allowed under Section 37(1) of the Income Tax Act, 1961, as expenditure incurred wholly and exclusively for the purpose of business.

7. The learned CIT-DR for the Revenue, Dr. Narendra Kumar Naik, on the other hand, supporting the order of Ld. CIT(A), submitted that, the CSR provisions are not applicable to assessee being an individual and therefore, the assessee cannot claim deduction towards donation paid to a trust under CSR provisions. Further, R.R. Charitable Trust is not registered under Section 80G of the Income Tax Act for AY 2019-20, which is evident from the relevant certificate issued by the CIT (Exemptions), Hyderabad dated 01.07.2020, which is applicable for AY 2020-21 onwards. The A.O. and the Ld. CIT(A), after considering the relevant facts, have rightly made addition towards donation and thus, the order of Ld. CIT(A) should be upheld.

8. We have heard both parties, perused the material available on record, and had gone through the orders of the authorities below. There is no dispute with regard to payment of donation of Rs.

10,00,000/- to R.R. Charitable Trust. The assessee has claimed deduction towards donations paid to R.R. Charitable Trust under CSR expenditure / under provisions of Section 80G of the Income-tax Act, 1961. First of all, CSR provisions are not applicable to the assessee and the assessee cannot claim deduction towards any amount paid to charitable trust or institution under this category. Secondly, the donation paid by the assessee to R.R. Charitable Trust, is not eligible for deduction under Section 80G of the Act, because, the above trust is not registered under Section 80G for AY 2019-20, which is evident from the relevant order for approval under Section 80G(5) of the Income Tax Act, 1961 dated 01.07.2020. Therefore, the deduction claimed by the assessee under Section 80G is also not allowable. Insofar as the argument of the assessee that, if at all donations are not allowable under Section 80G or CSR initiative, then it should be allowed as expenditure under Section 37(1) of the Act, as business expenditure, in our considered view, the assessee has failed to prove the nexus between the expenditure incurred by the assessee and business purpose. In absence of any nexus, the donation cannot be considered as expenditure incurred wholly and

exclusively for the purpose of business. Therefore, this argument of the assessee is also rejected. To sum up, the arguments of the assessee are rejected and the addition made by the A.O. towards disallowance of Rs. 10,00,000/- is upheld.

9. The next issue that came up for our consideration from Ground No. 3 of assessee's appeal is disallowance of sum of Rs. 45,250/- towards employees' contribution towards PF.

10. There is no dispute with regard to the fact that, the assessee has paid employees' contribution towards PF beyond the due date specified under the respective law. The only argument of the counsel for the assessee is that, the above payment has been made on or before the due date for furnishing return of income under Section 139 of the Act. In our considered view, the above issue is now settled by the decision of Hon'ble Supreme Court in the case of Checkmate Services Private Limited Vs. CIT (448 ITR 518), wherein it has been clearly held that, belated payment of employees' contribution to welfare funds is not allowable under Section 36(1)(va) r.w.s. 43B r.w.s. 2(24)(x) of the Income-tax Act, 1961. A similar view has been upheld by the jurisdictional High Court of Telangana in the case of Synergies Castings Limited Vs.

ACIT (2025) 173 taxman.com 503. Therefore, we are of the considered view that, there is no error in the reasons given by the A.O. to disallow the belated payment of employees' contribution towards PF under Section 36(1)(va) r.w.s. 43B r.w.s. 2(24)(x) of the Income-tax Act, 1961. Thus, we are inclined to uphold the order of the Ld. CIT(A) and reject the grounds taken by the assessee.

11. In the result, the appeal filed by the assessee is dismissed.

Order pronounced in the Open Court on 4<sup>th</sup> March, 2026.

<b>Sd/-</b> श्री विजय पाल राव <b>(VIJAY PAL RAO)</b> उपाध्यक्ष /VICE PRESIDENT	<b>Sd/-</b> (मंजूनाथ जी) <b>(MANJUNATHA G.)</b> लेखा सदस्य/ACCOUNTANT MEMBER
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Hyderabad, dated 04.03.2026.  
TYNM/sps

**आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-**

1.	निर्धारिती/The Assessee	:	Zaheer Ahmed Syed, C/o. P. Murali and Co., Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad – 500082.
2.	राजस्व/ The Revenue	:	The Assistant Commissioner of Income Tax, Central Circle 2(2), Hyderabad.
3.	The Principal Commissioner of Income Tax (Central), Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Hyderabad