IN THE INCOME TAX APPELLATE TRIBUNAL
JAIPUR "A" BENCH, JAIPUR
(PHYSICAL HEARING)

BEFORE SHRI KULDIP SINGH, JUDICIAL MEMBER &
SHRI PRAKASH, ACCOUNTANCT MEMBER

ITA No: 1316/JPR/2026
Assessment Year: 2018-19

Gillette India Limited SPA-65A, Industrial Area, Bhiwadi, Alwar. **PAN: AAACI3924J** **(Appellant)**	Vs	The PCIT, Jaipur-1 **(Respondent)**

Assessee Represented: Sh. P.C. Parwal, C.A.
Revenue Represented: Sh. Ananad Swaroop, CIT

Date of hearing : 05-10-2026
Date of pronouncement : 16-10-2026

ORDER

PER : KULDIP SINGH, JUDICIAL MEMBER:-

The Appellant, Gillette India Limited (hereinafter referred to as the 'assessee') by filing the present appeal, sought to set aside the impugned order dated 20.03.2026 passed u/s 263 of the Income Tax Act, 1961 (hereinafter referred to as the "Act") by the Principal Commissioner of Income Tax, Jaipur-1 [hereinafter referred to as the "PCIT"] qua assessment year 2018-19 on the grounds inter-alia that:-

"1. Order passed under section 263 of the Act is illegal, bad in law and void ab - initio.

On the facts and in the circumstances of the case and in law, the Learned Principal Commissioner of Income Tax ("Ld. PCIT") has erred both in law and on facts in invoking the provisions of Section 263 of the Income-tax Act, 1961 ("the Act") to revise the assessment order passed under Section 143(3) r.w.s 144C(13) read with section 144B of the Act dated 27.06.2023.

The said revision is illegal, bad in law and void ab initio, as the initial notice issued under Section 143(2) of the Act was not in conformity with the Instruction dated 23.06.2017 issued by the Central Board of Direct Taxes ('CBDT').

2. Order u/s 263 of the Act is against the provisions of the Act and the judicial precedence on the subject:

On the facts and in the circumstances of the case and in law, the Ld. PCIT has erred in holding that the deduction claimed under section 80G of the Act in respect of donations forming part of Corporate Social Responsibility ("CSR") expenditure is not allowable. In doing so Ld. PCIT has failed to:

1) Understand that the disallowance of CSR expenditure u/s 37(1) of the Act and the benefit accruing to the appellant under Chapter VIA (section 80G in this context) are independent provisions, which must not be interlinked.

2) Understand that the disallowance of CSR expenditure u/s 37(1) applies only in the context of determining its income from business and does not preclude the appellant from claiming deduction under Chapter VIA (which includes section 80G) for eligible donation.

3) Understand that the term "donation" u/s 80G includes both voluntary contributions and mandatory payments made to specified entities.

4) To follow binding judicial precedents including decisions of various Hon'ble Income-tax Appellate Tribunals in respect of allowability of deduction towards Corporate Social Responsibility expenses under Section 80G of the Act.

3. Violation of Principles of Natural Justice:

On the facts and in the circumstances of the case and in law, the Ld. PCIT has erred in setting aside the assessment order passed by the Ld. AO, by invoking the provisions of Section 263 of the Act. In doing so, the Ld. PCIT has grossly erred in holding that the assessment order is erroneous insofar as it is prejudicial to the interests of the Revenue:

1. Without recording any cogent reasons or arriving at a proper and independent satisfaction, as required under law, thereby rendering the impugned order u/s 263 of the Act in violation of the principles of natural justice;

2. Without considering and appreciating the judicial precedents relied upon by the Appellant and duly placed on record during revisionary proceedings, thus passing the impugned order u/s 263 of the Act in a mechanical and arbitrary manner.

4. Original Assessment Order is Not Erroneous in nature.

On the facts and in the circumstances of the case and in law, the Ld. PCIT has erred in setting aside the original assessment order passed by the Ld. AO. In doing so, the Ld. PCIT has failed to appreciate that:
1. key issues for selection of scrutiny assessment include verification and examination of deduction claimed under chapter VI-A.

2. The Ld. AO had duly conducted necessary inquiries, called for relevant details, and thoroughly examined and verified the deductions claimed under chapter VI-A, including those under Section 80G.

Accordingly, the assessment order cannot be held to be erroneous insofar as it is prejudicial to the interests of the Revenue, as envisaged under clause (a), (b) & (c) of Explanation 2 to Section 263 of the Act.

The Appellant craves leave to add to and/or to alter, amend, rescind, modify the grounds herein above and/or produce further documents before or at the time of hearing of this Appeal. The appropriate cost to be awarded to the Appellant."

2. Briefly stated, facts necessary for consideration and adjudication of the issues at hand are : On the basis of return of income filed by the assessee at total income of Rs. 3,47,53,70,690/-, the assessment was framed u/s 143(3) r.w.s. 144C(13) r.w.s. 144B

of the Income tax Act, 1961 (hereinafter referred to as the "Act") at Rs. 6,88,66,06,173/-.

3. However Ld. PCIT has fledged the issue as to incurring expenses of Rs. 4,34,00,000/- on account of Corporate Social Responsibilities (CSR) as per guidelines issued under the Companies Act, 2013. The assessee claimed deduction to the extent of Rs. 1,77,00,000/- u/s 80G of the Act. The amount of Rs. 1,77,00,000/- was debited in profit and loss account. It is pointed out that as section 135 of the Company Act,2003, CSR contribution is not voluntary donation in nature and as such donation being CSR expenses was to be disallowed as deduction u/s 80G of the Act, which the Assessing Officer has failed to do, thus found the assessment order (supra) erroneous and prejudicial to the interest of the revenue.

4. Declining the contention raised by the assessee, Ld. PCIT by relying upon, "Explanation 2 to section 37 of the Income Tax Act 1961, which provides that any expenditure incurred by assessee on the activities relating to Corporate Social Responsibility (CSR) referred to in section 135 of the Companies Act, 2013 (18 of 2013) shall not be deemed to be an expenditure incurred by the assessee

for the purposes of the business or profession and thus, shall not be allowed in computing the income chargeable under the head "Profits and gains of business or profession". Accordingly Ld. PCIT proceeded to hold the assessment order (supra) erroneous and prejudicial to the interest of the revenue, hence set aside the same and directed AO to initiate fresh assessment regarding the issue of disallowance of CSR expenditure.

5. Being aggrieved with the impugned order passed by the Ld. PCIT, assessee has come up before the Tribunal by way of filing the present appeal.

6. We have heard Ld. AR for the assessee and Ld. DR for the Revenue and perused the record available on file.

7. Undisputedly, assessment order was framed in this case u/s 143(3) r.w.s. 144C(13) r.w.s. 144B of the Act. It is also not in dispute that the Assessing Officer has discussed the issued flagged by Ld. PCIT by considering the reply filed by the assessee to the notice issued u/s 142(1) of the Act.

8. In the backdrop of the aforesaid undisputed facts and circumstances of the case the sole question arises for determination in this case is as to,

"whether donation forming part of CSR expenditure made by the assessee is eligible for deduction under Chapter VI-A, section 80G of the Act".

9. Before proceedings further we would like to refer to the law laid down by Hon'ble Supreme Court in case of Malabar Industrial Co. Ltd. Vs. CIT reported in 243 ITR 83 (2000) (SC) as to how and under what circumstances provisions contained in section 263 of the Act is to be invoked by returning following findings as under:-

> *"The Commissioner has to be satisfied of twin conditions, namely, (i) the order of the Assessing Officer sought to be revised is erroneous; and (it) it is prejudicial to the interests of the Revenue. If one of them is absent-if the order of the Income Tax Officer fs erroneous but is not prejudicial to the Revenue or if it is not erroneous but is prejudicial to the Revenue- recourse cannot be had to section 263(1) of the Act."*

10. Ld. AR for the assessee challenging the impugned order passed by Ld. PCIT contended that the assessee is entitled for deduction of donation made under CSR expenditure whether voluntary or mandatory by relying upon decision rendered by the Tribunal in case of American Express (India) P. Ltd. Vs. PCIT (2024) 208 ITD 564 and in case of Mahansaria Enterprises (P.) Ltd. Vs. PCIT (2025) 175 taxmann.com 885, wherein CSR expenditure were allowed as deduction u/s 80G of the Act.

11. However on the other hand, ld. DR for the Revenue relied upon the impugned order passed by ld. PCIT and drew our attention towards para 5.1 at page 7 of the impugned order, which is extracted for ready perusal as under:-

> *"5.1 (Explanation 2 to section 37 of the Income Tax Act 1961, provides that any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility (CSR) referred to in section 135 of the Companies Act, 2013 (18 of 2013) shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession and thus, shall not be allowed in computing the income chargeable under the head "Profits and gains of business or profession". As per the explanatory memorandum to Finance Act (No.2) 2014, the objective of CSR is to share burden of the government in providing social services by companies having net worth/turnover/profit above a threshold and in case such expenses are allowed for tax purposes it would result in subsidizing such expenses by the government."*

12. We have perused the discussion made in the decision rendered by the Coordinate Bench of this Tribunal in case of American Express (India) P. Ltd. (supra), which is on identical facts, wherein it is held that,

> "CSR expenses, which were mandatory u/s 135 of Companies Act were not allowable as deduction u/s 37(1) of the Act, but if any part of CSR contribution that was otherwise eligible for deduction under Chapter VI-A there was no bar on companies to claim same as deduction u/s 80G".

13. In the extant case during assessment proceedings, the Assessing Officer has put a pertinent question by way of notice u/s 142(1) of the Act to furnish information of deduction claimed under Chapter VI-A and in response to which the assessee has duly replied with supporting evidence.

14. We have perused the notice issued by the Assessing Officer u/s 142(1) of the Act, particularly question no. 5, which is extracted for ready perusal as under:-

> *"1) Brief details of the nature of business conducted by you along with all such means through which consideration has accrued to you. Also provide the complete addresses of all the business premises occupied by you viz. office, factory, godown, warehouse, branch office etc and the activities undertaken therein.*
> *2) .....*
> *3) .....*
> *4) .....*
> *5) With respect to the deductions claimed under chapter VI-A during the year under consideration, kindly provide the following details:*
> *a. section/sub-section wise details of deductions claimed under VI-A.*
> *b. Details of earnings under the relevant heads against which deduction claimed.*
> *c. Note on eligibility criteria of deductions claimed under different sections of Chapter VI-A.*
> *d. Details of all the bank accounts alongwith the bank statement for the year to support the claim.*
> *e. Documentary evidence in respect of investment/ expenditure/ payment etc. made to claim the deductions."*

15. The assessee brought on record the reply filed to the notice u/s 142(1) of the Act, which is also extracted for ready perusal as under:-

"Reply to point no. 5: Details of Chapter VI-A deduction
Our reply:
The assessee company has claimed following deduction under chapter VI-A during the year under consideration:-
1. Deduction under section 80G of Rs. 1,77,00,000/-
The details of donations made during FY 2017-18 along with the donation receipts including the details of PAN, Address, payment details, cheque number, date etc are attached as per Annexure-6."

16. The assessee has also placed on record the details placed before the AO i.e. the details of deduction, which is exracted for ready perusal as under:-

S. No.	Particulars	Amount (Rs.)
1.	Pratham Education Foundation	2,19,00,000
2.	Ibtada	35,00,000
3.	Round table India trust	1,00,00,000
	Total	3,54,00,000

17. Perusal of notice issued u/s 142(1) of the Act, putting a pertinent question on the deduction claimed by the assessee u/s 80G of the Act and reply filed by the assessee thereto goes to prove that the issue was duly discussed and decided after due application of mind. It is settled principle of law that merely because of the fact that Ld. PCIT has taken a different view by not accepting the assessment order does not make the assessment order erroneous.

18. At the same time, we are of the considered view that in the light of the consistent view taken by the Tribunal on the identical issue, CSR expenses, though mandatory u/s 135 of the Company Act, and are not allowable as deduction u/s 37(1) of the Act, however being part of the CSR expenses the same are eligible for deduction under Chapter VI-A and u/s 80G of the Act. The Coordinate Bench of Tribunal in case of ACIT vs. Sikka Ports and Terminals Ltd. (2025) 173 taxmann.com 366 (Mumbai-Trib.) held that'

> "u/s 80G of the Act operates independently of section 37(1), and where donations satisfy prescribed conditions, deduction cannot be denied merely because they form part of CSR obligation."

19. In view of what has been discussed above, we are of the considered view that since assessment order (supra) has been passed in consonance with the settled principle of law as discussed in the preceding para, CSR contribution, though mandatory u/s 135 of the Company Act is eligible for deduction u/s 80G of the Act, the assessment order revised by Ld. PCIT u/s 263 of the Act is neither erroneous, nor prejudicial to the interest of the revenue. Hence the

impugned order passed u/s 263 of the Act has failed to withstand the legal scrutiny, thus hereby quashed.

20. Resultantly, the appeal filed by the assessee is hereby allowed.

Order pronounced in the open court on 16-10-2026 .

Sd/-	**Sd/-**
(PRAKASH)	**(KULDIP SINGH)**
ACCOUNTANT MEMBER	**JUDICIAL MEMBER**

Jaipur
Dated:- 16/10/2026.

*Santosh.
Copy of the order forwarded to:
1. The Appellant-
2. The Respondent-
3. CIT
4. CIT(A)
5. DR, ITAT, Jaipur.
6. Guard File

By order,

Asst. Registrar