Principal Commissioner of Income Tax 1, Kolkata v. M/s. Garden Reach Shipbuilders and Engineers Ltd.

ITAT/30/2024 (IA No: GA/1/2024, GA/2/2024)

ITAT/30/2024 (IA No: GA/1/2024, GA/2/2024) (High Court at Calcutta, 2024-04-10) | 2024-04-10

CSR deduction and inquiry findings sustained for AY 2013-14; delayed Revenue appeal dismissed.

Income-tax Act,1961: sections 37(1), 263, 260A

High Court at Calcutta | 2-judge bench (Division Bench) | Chief Justice T.S. Sivagnanam | Justice Hiranmay Bhattacharyya

Assessment years: 2013-14

01 FACTS OF THE CASE

Revenue challenged the Tribunal's 20 November 2020 order setting aside revision concerning CSR expenditure of Rs.3,00,54,276. Its appeal was delayed by 976 days. Though no acceptable explanation was found, counsel requested consideration of the merits before the condonation decision.

Source: PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

The Tribunal found that the AO had called for and obtained explanations on CSR expenses; the same material was placed before PCIT. The Court also considered Government directives to public sector enterprises and the assessee's explanation that local welfare activities facilitated construction and repair of ships mainly for the Indian Navy.

Source: PDF pp.3–5

03 JUDICIAL DECISION

The Court sustained the factual finding of inquiry and application of mind. On the specific facts, Government directives and business connection supported allowance under section 37(1); no substantial question of law arose.

Source: PDF pp.4–5

04 OUTCOME / IN WHOSE FAVOUR

Both the condonation application and Revenue appeal dismissed.

Source: PDF p.5

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

The inquiry record defeated the revision premise: PCIT's assertion of no inquiry was inconsistent with the Tribunal's finding that the AO sought and obtained explanations. Retaining those questions, replies and supporting figures is central to a comparable section 263 defence. The result is not a rule that any disclosure in accounts prevents revision; the source records actual inquiry and consideration. (PDF pp.3–4)

Business connection was established in a specific setting: The Court relied on the public sector undertaking's compliance with Government directives and the link between local welfare activities and its shipbuilding and repair business. The CSR label alone did not do the work. Supporting records should identify the applicable directives, expenditure and business connection rather than assume that every social payment is deductible. (PDF pp.4–5)

Preserve the assessment-year and disposal limits: This was AY 2013-14; the Court's cited reasoning expressly concerns CSR before AY 2015-16. The order does not resolve later statutory restrictions. It also rejected a 976-day delay after examining the merits at Revenue's request, so its factual discussion and its limitation disposition should both be reported. (PDF pp.2–5)

Source: PDF pp.3–4

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 5-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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