

Principal Commissioner of Income Tax, Central-2, Kolkata v. Alert Consultants and Credit Private Limited

ITAT/191/2025 (IA No: GA/1/2025)

ITAT/191/2025 (IA No: GA/1/2025) (Calcutta HC, decided 2026-01-19) | 2026-01-19

Dismissal of Revenue appeal below the Rs. 2 crore monetary threshold under CBDT Circular No. 5/2024 and Circular No. 9/2024; disallowance of weighted deduction on donation under Section 35(1)(ii) does not fall within the 'accommodation entry' exception in Clause 3.1(h).

Income-tax Act, 1961: sections 35(1)(ii), 260A, 268A

High Court at Calcutta | 2-judge bench (Division Bench) | Justice T.S. Sivagnanam (Chief Justice) | Justice Chaitali Chatterjee (Das)

Assessment years: See ITAT order dated 19.12.2024

Dismissal on monetary limit after ruling that Section 35(1)(ii) donation dispute is outside Clause 3.1(h)

The High Court left the substantial questions of law open after holding that a Section 35(1)(ii) scientific-research donation disallowance with tax effect of Rs. 89,53,365/- is not covered by the exception in Clause 3.1(h) of CBDT Circular No. 5/2024.

01 FACTS OF THE CASE

The Revenue filed an appeal under Section 260A challenging the ITAT order dated 19.12.2024 deleting a disallowance of weighted deduction claimed under Section 35(1)(ii) on donations made to a scientific research institution. The tax effect involved was Rs. 89,53,365/-, below the Rs. 2 crore monetary limit prescribed for High Court appeals under CBDT Circular No. 9/2024 dated 17.09.2024.

Source: [PDF pp. 1-3, paras 1-3](#)

02 DISCUSSION BY THE HON'BLE COURT

The Revenue contended that the appeal was maintainable under the exception in Clause 3.1(h) of CBDT Circular No. 5/2024 dated 15.03.2024 relating to bogus LTCG/STCG or accommodation entries. Examining Clause 3.1(h), the Division Bench held that the exception must be strictly construed and applies to organized tax-evasion schemes through bogus capital gains or penny stocks, and cannot be stretched by implication to cover every disallowance of a scientific research donation under Section 35(1)(ii) where the tax effect is only Rs. 89,53,365/-.

Source: [PDF pp. 3-5, paras 4-7](#)

03 JUDICIAL DECISION

Dismissing the appeal as barred by the monetary threshold under CBDT Circular No. 5/2024 read with Circular No. 9/2024, the High Court left the substantial questions of law open.

Source: [PDF pp. 5-6, para 8](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee - Revenue appeal dismissed on low tax effect; Clause 3.1(h) exception held inapplicable.

Source: [PDF p. 6, para 8](#)

05 AKHB REVIEW POINT

Exception clauses in CBDT litigation circulars (such as Clause 3.1(h) of Circular No. 5/2024) are construed strictly; unless the dispute squarely falls within the enumerated categories, appeals with tax effect below Rs. 2 crore must be dismissed.

Source: [AKHB analysis based on PDF pp. 3-6](#)

SOURCE & VERIFICATION

[High Court at Calcutta official judgment PDF - AKHB Repository \(20260119_WBCHCO0036832025.pdf\)](#)

6-page official High Court at Calcutta judgment PDF (20260119_WBCHCO0036832025.pdf, 65,424 bytes).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

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STATUTORY SCOPE

Applies Sections 35(1)(ii), 260A, and 268A of the Income-tax Act, 1961 read with CBDT Circular Nos. 5/2024 and 9/2024. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-18. Full 6-page primary judgment PDF text read and verified page-by-page. Strictly construes Clause 3.1(h) exception of CBDT Circular No. 5/2024 dated 15.03.2024 read with Circular No. 9/2024 dated 17.09.2024.

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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