IN THE INCOME TAX APPELLATE TRIBUNAL,
DELHI BENCH: 'E' NEW DELHI

BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER

ITA No.1609/Del/2023
Assessment Year: 2018-19

Indian National Congress All India Congress Committee, 24, Akbar Road, Central Delhi, New Delhi	**Vs.**	DCIT, Central Circle-19, New Delhi
PAN: AAABI0447H		
(Appellant)		**(Respondent)**

Assessee by	Sh. P.C. Sen, Sr. Adv. Sh. Prasanna, Adv. Sh. N. Bhalla, Adv. Sh. L.M. Garg, CA
Department by	Sh. Zoheb Hossain, Special Counsel Sh. Vipul Agrawal, Sr. Standing Counsel Sh. Sanjeev Menon, Adv. Ms. Purvi Nanda, ACIT

Date of hearing	21.04.2025
Date of pronouncement	21.07.2025

ORDER

PER SATBEER SINGH GODARA, JM

This assessee's appeal for assessment year 2018-19, arises against the Commissioner of Income Tax (Appeals)-27 [in short, the "CIT(A)"], New Delhi's order dated 28.03.2023 passed in CIT(A), Delhi-27/10385/2017-18, involving proceedings under section

143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

Heard both the parties at length. Case file perused.

2. This assessee's appeal raises the following substantive grounds:

1. *That the learned Commissioner of Income Tax (Appeals) 27, New Delhi has erred both in law and, on facts in upholding the determination of income made by the learned Deputy Commissioner of Income Tax, Central Circle-19, Delhi of the appellant at Rs. 199,15,26,500/- as against declared "Nil" income in an order of assessment dated 6.7.2021 u/s 143(3) of the Act.*
2. *That the learned Commissioner of Income Tax (Appeals) has further erred both in law and on facts in upholding disallowance of Rs. 199,15,26,560/-by denying the exemption u/s 13A of the Act.*

2.1 *That while confirming the above addition, the learned Commissioner of Income Tax (Appeals) has failed to appreciate the factual substratum of the case, statutory provisions of law and as such, disallowance so made and sustained is highly misconceived, totally arbitrary, wholly unjustified and therefore, unsustainable.*

2.2 *That the learned Commissioner of Income Tax (Appeals) has failed to appreciate that proviso to section 13A of the Act mandates that political parties to file return of income for availing exemption u/s 139 of the Act which includes both returns filed u/s 139(1) and 139(4) of the Act, and since in the instant case the return was filed on 02.02.2019 much before the last date of filing of return of return on 31.03.2019 u/s 139(4) of the Act, the disallowance made and sustained is not in accordance with law.*

2.3 *That the learned Commissioner of Income Tax (Appeals) has also failed to appreciate that clarification vide F.No. 173/193/2019-ITA-I dated 23.4.2019 issued by Central Board of Direct Taxes read with memorandum explaining Finance Bill in respect of third proviso inserted to section 13A vide Finance Act, 2017 w.e.f. 1.4.2018 the exemption u/s 13A is available subject to filing of return within time limit available u/s 139(4) of the Act and thus denial of exemption in disregard of the aforesaid binding clarification is vitiated.*

2.4 *That further finding made and upheld by the learned Commissioner of Income Tax (Appeals) that appellant has received donations in excess of Rs. 2,000/- in cash so as to infringe the provisions contained in clause (d) of section 13A of the Act is wholly misconceived, misplaced and untenable.*

2.5 That the learned Commissioner of Income Tax (Appeals) has also failed to appreciate that since complete details of Rs. 14,49,000/- in the shape of name, address and PAN Nos was available, provided and had been accepted, even in the impugned order of assessment, the conclusion that there was infraction of section 13A(d) of the Act is illegal, invalid and not in accordance with the true scope and ambit of the statutory provisions contained in the Act.

2.6 That the learned Commissioner of Income Tax (Appeals) has also failed to appreciate that alleged infraction of Rs. 14,49,000/- constitutes 0.10% of the aggregate voluntary contributions of Rs. 142.83 crores, the same could neither in law and nor on facts mechanically justify the denial of exemption of Rs. 199.15 crores u/s 13A of the Act.

3. That without prejudice to the aforesaid and in the alternative assuming for the sake of an argument that section 13A of the Act is held to be inapplicable on the facts of the appellant; then too at best only surplus after deduction of expenditure was includible as income under the Act, since expenditure incurred by the appellant for attaining the aims and objects of the political party is a legitimate, allowable and reasonable claim, particularly when authenticity and genuineness is not disputed by the authorities below.

3.1 That the learned Commissioner of Income Tax (Appeals) has also failed to appreciate that computation of income at Rs. 199,15,16,560/- is manifestly unjust and arbitrary since as per audited income and expenditure account as on 31.3.2018 accepted by the authorities below there was excess of income over expenditure of only Rs. 1,71,65,088/- which too ought to have been offset against deficit of Rs. 96,30,18,572/- in the immediately preceding year accepted in the order of assessment u/s 143(3) of the Act.

4. That the learned Commissioner of Income Tax (Appeals) has further erred both in law and on facts in upholding the levy of interest of Rs. 3,51,83,040/-u/s 234A of the Act, interest of Rs. 28,14,64,320/- u/s 234B of the Act and interest of Rs. 3,55,81,089/- u/s 234C of the Act and also fees of Rs. 10,000/- u/s 234F of the Act which are not leviable on the facts and circumstances of the case of the appellant.

It is therefore, prayed that the denial of exemption u/s 13A of the Act made and sustained by the learned Commissioner of Income Tax (Appeals) along with interest levied may kindly be deleted and appeal of the appellant be allowed.

3. We now advert to the basic relevant facts. The assessee/appellant, namely, Indian National Congress is admittedly a political party registered under the Representation of Peoples Act, 1951. It had filed its return on 02.02.2019 declaring nil income after claiming section 13A exemption of Rs.199,15,26,560/- in question. A perusal of the case records indicates that the same was put to a "complete" scrutiny. This followed the Assessing Officer's section 143(2) notice issued to the assessee on 23.09.2019 as well as section 142(1) show-cause notices from time to time. It would indeed be appropriate for us to make it clear that the learned departmental authorities had issued section 143(1) "processing" dated 18.03.2020 (pages 98 to 104) in the assessee's case as well disallowing the above exemption claim. The assessee then preferred its appeal before the CIT(A) which stood rejected on 14.09.2021 (pages 136 to 165) on the ground that the same had followed the impugned section 143(3) assessment order dated 06.07.2021 under challenge denying the very section 13A exemption herein.

4. We now revert back to the assessee's scrutiny assessment in question. The Assessing Officer appears to have issued his section

142(1) notice dated 27.11.2020 seeking to disallow its section 13A exemption claim for the precise reason that it had not filed its return dated 02.02.2019 (supra) on or before the "due" date under section 139(4B) of the Act. The assessee filed its reply on 10.02.2020 that its above return had indeed been filed well within the due date under section 139(4B) which could not result in disallowance of its section 13A exemption claim. The Assessing Officer further issued section 142(1) notice dated 28.01.2021 raising the second issue of donation of Rs. 32,45,09,166/- under different heads wherein it was asked to file all the relevant details. We are taken to para 5 pages 2 in the assessment finding that the assessee claimed to have duly maintained all the relevant branches-wise breakup of the corresponding donors in question in light of Annexure-A. All this followed yet another section 142(1) notice dated 24.02.2021. The assessee duly responded thereto in light of the preceding facts only. We note that the Assessing Officer thereafter proceeded to reject the assessee's foregoing explanation in his assessment order to hold its return filed on 02.02.2019 as beyond the prescribed "due" date for rejecting section 13A exemption; its donations as violative of section 13A 1st proviso (d)

in his assessment order which stands upheld in the CIT(A)'s detailed lower appellate discussion reading as under:

"6. Ground Nos. 2 including 2.1 to 2.8, 3 including 3.1 & 3.2 and 4:

6.1 The relevant part of the assessment order is as under:

"10. The above reply of the assessee has been considered in the light of facts of case & provisions of law but found not tenable.

10.1 Section 13A of the Income Tax Act, 1961 which provide for exemption to the income of political parties is subject to certain conditions. These conditions are mentioned in clause (a) to (d) of first proviso to section 13A of the Act. As per these provisions: -

Any income of a political party which is chargeable under the head "Income from house property" or "Income from other sources" or "Capital gains" or any income by way of voluntary contributions received by a political party from any person shall not be included in the total income of the previous year of such political party: Provided that-

1. Such political party keeps and maintains such books of account and other documents as would enable the Assessing Officer to properly deduce its income there from;
2. in respect of each such voluntary contribution other than contribution by way of electoral bond in excess of twenty thousand rupees, such political party keeps and maintains a record of such contribution and the name and address of the person who has made such contribution;

3. The accounts of such political party are audited by an accountant as defined in the Explanation below subsection (2) of section 288; and

4. no donation exceeding two thousand rupees is received by such political party otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account -- [or through such other electronic mode as may he prescribed] or through electoral bond.

"From the above provisions, it is clear that the exemption u/s 13A of the Act is available to a political party only if it fulfills the conditions laid down

in clause (a) to (d) of first proviso to section 13A of the Act. As per section 13A(d) of the Act, donation in excess of Rs. 2,000/- is mandatorily be received through a/c payee cheque/draft or through CONG electronic mode and therefore donation in excess of Rs. 2,000/- received in cash violates provisions of clause (d) of first proviso to section 13A of the Act. In the present case, on perusal of detail filed by assessee, it has been noticed that during the year under consideration, the assessee has received donation of Rs. 14,49,000/- in cash from various persons, each donation being more than Rs.2000/-.

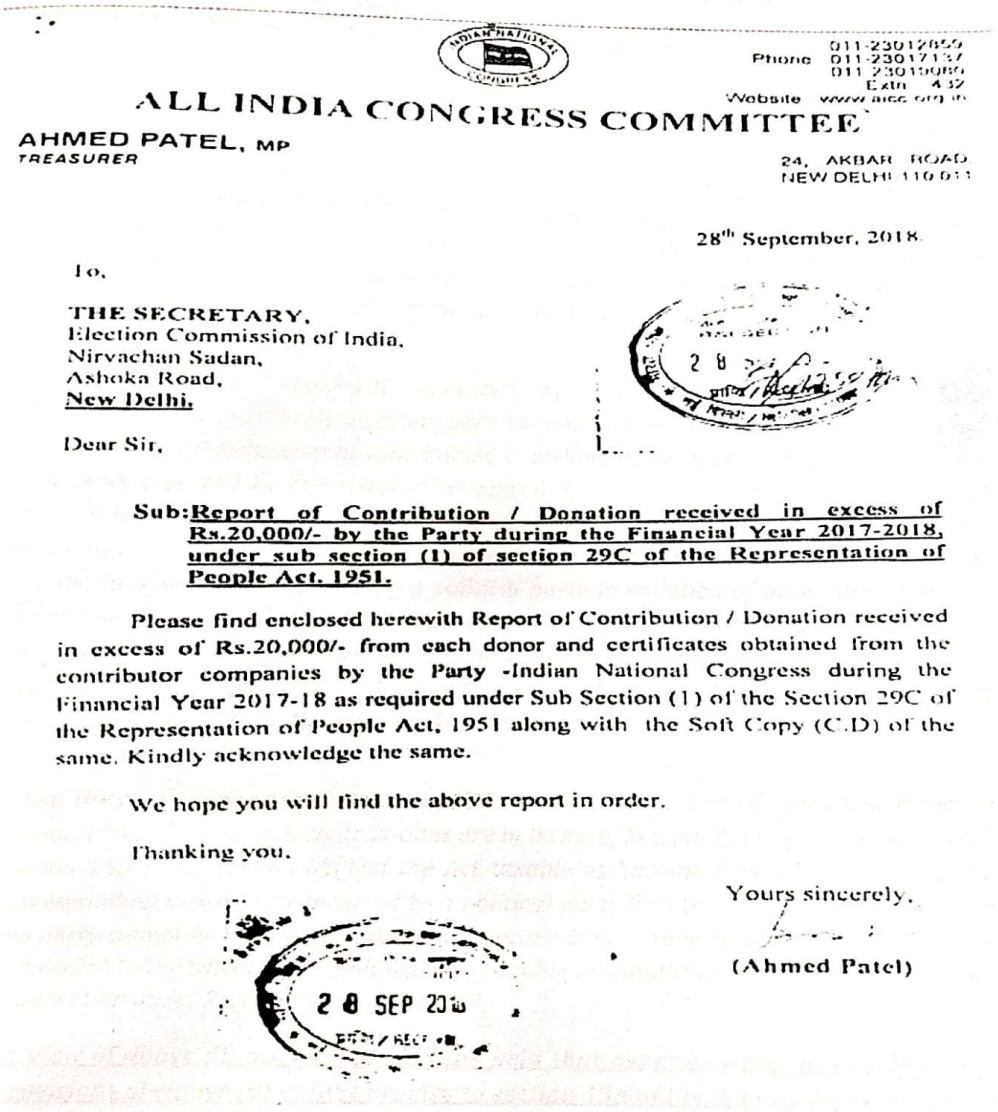
10.2 In its reply filed in response to notice, the assessee contended that the amount mentioned in annexure -A of its reply showing cash receipts of Rs. 14,49,000/-are voluntary contributions and not donations. The argument of the assessee is not tenable for the fact that assessee itself in its reply filed on 08.02.2021 submitted that it has received donations of Rs. 32,45,09,156/- during the year under consideration. The assessee contended that there is difference between 'voluntary contributions' and 'donations' and that it has received 'voluntary contributions' above Rs. 20,000/- in cash which are not 'donations'. However, on perusal of balance sheet of assessee, it is clear that it has itself not maintained any record to differentiate between 'voluntary contributions' and 'donation'. The extract of balance sheet of assessee for the year under consideration is as under:-

Note No.12		
GRANTS DONATIONS AND CONTRIBUTIONS		
Individual Donors		
Donation	205,078,647	166,522,229
Donation Congress fund.	688,500	-
Donation From AICC Members	47,000	2,400
Donation From MPs	4,876,005	4,554,000
Donation Application Fee	-	200,000
Donation (Souvenir)	-	-
Donation From Sympathisers	843,200	312,000
Volluntary fund from PCC/FO	-	-
Aid from AICC	-	-
Electoral Bond	50,000,000	-
Company Donors		
Donation	9,910,000	162,165,000
Building fund	-	1,955,000
Electoral Trust & Foundation	40,000,000	162,254,000
Other Donations	13,085,814	8,300,000
Total	**324,509,166**	**506,264,629**

From the above, it is clearly seen that the assessee has recorded the entire receipts as "donations" which strengthen the argument that

the assessee has received "donation" of Rs. 32,45,09,156/- including "donation" of Rs.14,99,000/-in cash from its party members & other persons.

10.3 Further, in the forwarding letter to the report filed by the treasurer of assessee to Election Commission u/s 29C(1) of Representation of peoples Act, 1951 dated 28.09.2018, subject of the report it self makes it evident that the report is being filed in respect of contributions/donations received in cash in excess of Rs.20,000/-. A copy of the forwarding letter to the report is reproduced as under:-



ALL INDIA CONGRESS COMMITTEE

AHMED PATEL, MP
TREASURER

24, AKBAR ROAD
NEW DELHI 110 011

Phone 011-23012659
011-23017157
011-23015080
Extn 432
Website www.aicc.org.in

28th September, 2018

To,

THE SECRETARY,
Election Commission of India,
Nirvachan Sadan,
Ashoka Road,
New Delhi.

Dear Sir,

Sub: Report of Contribution / Donation received in excess of Rs.20,000/- by the Party during the Financial Year 2017-2018, under sub section (1) of section 29C of the Representation of People Act, 1951.

Please find enclosed herewith Report of Contribution / Donation received in excess of Rs.20,000/- from each donor and certificates obtained from the contributor companies by the Party -Indian National Congress during the Financial Year 2017-18 as required under Sub Section (1) of the Section 29C of the Representation of People Act, 1951 along with the Soft Copy (C.D) of the same. Kindly acknowledge the same.

We hope you will find the above report in order.

Thanking you.

Yours sincerely,

(Ahmed Patel)

28 SEP 2018

From the above report, it is clear that the assessee party, in addition to contribution has also received donations in cash in excess of

Rs.2,000/- thereby violating the provisions of clause (d) of first proviso to section 13A of the Income Tax Act, 1961.
Further, as per Explanation to section 298 of the Representation of peoples Act. 1951. contribution include any donation or subscription offered by any person toa political party. Thus, voluntary contributions also include donation.

10.4 The assessee has also contended that since complete details in the shape of name, address and PAN Nos is available of the persons who have contributed and therefore no adverse inference should be drawn. The argument is not tenable for the reason that by maintaining the details in the shape of name, address, PAN etc. of persons from whom donation has been received, the assessee has complied with the provisions of clause (b) but still violated the provisions of clause (d) of first proviso to section 13A of the Act which clearly prohibit receipt of donation in excess of Rs. 2,000/- in cash.

10.5 Another argument advanced by assessee that even if voluntary contributions in cash from its members are chargeable to tax u/s 13A of the Act, then too only surplus after deduction of expenditure is includible as income under the Act, since expenditure incurred by the assessee for attaining the aims and objects of the political party is a legitimate, allowable and reasonable claim, particularly when authenticity and genuineness is not disputed. This argument is also rejected for the reason that contributions/donation received by a political party in violation of provisions of section 13A of the Act is taxable as income from other source and therefore expenses incurred by the political party in achievement of its objective are not allowable as deduction. Similar view was taken by the Hon'ble Delhi High Court in the case of CIT vs. Indian National Congress, ITA No. 145/2001 wherein it has been held that: -

> *"when the contributions received by a political party does not satisfy the requirement of Section 13Aof the Act, such contributions are in terms of Section 2(24) of the Act read with Section 14(F) and Section 56(1) of the Act taxable as 'income from other sources'. The corresponding expenditure incurred by a political party for attaining aims and objects of the party cannot be allowed as a deduction since it is not provided under Section 57of the Act except to the extent that a political party is able to demonstrate that it is able to claim a deduction under Section 57(iii) of the Act."*

In view of above discussion, it is hereby held that assessee party has violated the provisions of clause (d) of first proviso to section 13A of the Act and therefore is not entitiled to

exemption u/s 13A of the Act on contributions and donations received by it

11. Without prejudice to the above discussion, the assessee has also violated the provisions of second proviso to section 13A of the Act by not filing its return of income within the time limit prescribed by section 139(4B) of the Act. section 13A of the I.T. Act. 1961 which provides exemption to the political parties from its income under the head income from house property, capital gain, income from other sources & voluntary contributions received from any person reads as under: -
"13A. Any income of a political party which is chargeable under the head "Income from house property" or "Income from other sources" or "Capital gains" or any income by way of voluntary contributions received by a political party from any person shall not be included in the total income of the previous year of such political party:
Provided that-

1. such political party keeps and maintains such books of account and other documents as would enable the Assessing Officer to properly deduce its income therefrom;
2. in respect of each such voluntary contribution other than contribution by way of electoral bond in excess of twenty thousand rupees, such political party keeps and maintains a record of such contribution and the name and address of the person who has made such contribution;
3. the accounts of such political party are audited by an accountant as defined in the Explanation below subsection (2) of section 288; and
4. no donation exceeding two thousand rupees is received by such political party otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account --[or through such other electronic mode as may he prescribed) or through electoral bond.
Provided also that such political party furnishes a return of income for the previous year in accordance with the provisions of sub-section (4B) of section 139 on or before the due date under that section.
Explanation. For the purposes of this section,

"political party" means a political party registered under section 29A of the Representation of the People Act,

1951 (43of 1951)".

11.1 The above provisions of section 13A of the 1.T. Act, 1961 are required to be read as whole and not in part. All the conditions laid

therein must be fulfilled by a political party to get the exemption. The second proviso to section 13A of the Act clearly states that a political party has to furnish its return of income for the previous year in accordance with the provisions of section 139(4B) of the Act.

The Provisions of section 139(4B) of the Act reads as under:-

"The chief executive officer (whether such chief executive officer is known as Secretary or by any other designation) of every political party shall, if the total income in respect of which the political party is assessable (the total income for this purpose being computed under this Act without giving effect to the provisions of section 13A) exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of this Act, shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1)."

11.2 Further, as per provisions of section 139(1) of the Act, Every person, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed.

11.3 Thus, under section 139(4B) of the Income tax Act, 1961, political parties are under a statutory obligation to file return of income in respect of each assessment year. If and when the total income of a political party exceeds the maximum amount, which is not chargeable to tax, the liability of the political party to file ROI voluntarily arises. For this purpose, total income has to be computed without giving effect to provisions of section 13A. In case of political parties, the returns are required to be signed by the 'Chief Executive Officer' of the parties.

11.4 From a combined reading of the provisions of section 13A & 139 of the I.T. Act, 1961, it is clear that a political party can enjoy the above-said tax-exemption only if the following conditions are satisfied:

a) such political party keeps and maintains such books of accounts and other documents as would enable the assessing officer to properly deduce the income therefrom;

b) In respect of each such voluntary contribution [other than contribution by way of electoral bond) in excess of twenty thousand rupees, such political party keeps and maintains a record of such contribution and the name and address of the person who has made such contribution;
c) the accounts of such political party should be audited by the Chartered Accountant:

d) The said political party should receive any donation in excess of Rs 2.000 by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bond:
(e) The said political party furnished its return of income for the previous year in accordance with the provisions of sub-section (4B) of section 139 on or before the due date under that section.

11.5 In the present case, the due date of filing of return of income for A.Y. 2018-19 as mentioned in section 139 of the Act was 30.09.2018 which was later extended to 31.12.2018 in respect of political parties. However, the assessee filed its return of income on 02.02.2019 i.e. after expiry of due date as prescribed by section 139. The assessee vide notice dated 27.01.2020 was specifically asked to explain the allowability of exemption in its case for the reason that it has filed return of income beyond due date. However, the assessee has not furnished satisfactory explanation and simply asserted that it has filed its return of income within due date as prescribed by section 139(4) of the Act. Thus, the assessee has violated the provisions ofsection13A of the Act by not furnishing the return of income with inundate as prescribed in section 139(4B) of the Act and therefore is not entitled to exemption u/s 13A of the Act. The following case laws are relied upon wherein it has been held that a political party is not entitled to exemption u/s 13A unless it fulfills all the conditions laid therein: -

i. In its own case cited as INC vs. Assistant Commissioner of Income Tax (2004) 91 TTJ Del 857, it has been held by the Hon'ble Delhi High Court that –

"On consideration of the facts and circumstances of the case, we are also of the view that the assessed did not maintain proper books of accounts regularly in the course of conduct of the activity and receipt of income and incurring of expenditure. It is evident from the facts of the case that the assessed filed the return merely on the basis of accounts of its Central office without incorporating the accounts of the State and other units. It is also worth noting here that even after several opportunities given by the assessing officer the assessed failed to furnish complete accounts and produce the books of

accounts of all the units. The facts of the case clearly establish deliberate disregard and defiance of the provisions of law."

ii. In Commissioner of Income Tax vs, INC, ITA No. 180/2001, the Hon'ble Delhi High Court held as under-

"As rightly pointed out, Section 13A of the Act is not a computation section. It is only a provision that tells us what types of receipts of a political party would not be included in determining its taxable income. While it is true that income by way of voluntary contributions is not identified as a separate head of income in Section 14 of the Act, the legislative intent was not to exclude it altogether from the taxable income. It would be excluded only subject to fulfilment of the conditions stipulated under Section 13Aof the Act. It could never have been the legislative intention that voluntary contributions received by a political party that does not satisfy the requirement of Section 13A of the Act - viz., maintaining books of accounts, keeping a record of voluntary contributions in excess of Rs. 10,000 and getting the accounts audited would be exempt from tax. If the above conditions are not fulfilled, the income of a political party by way of voluntary contributions would be included in the taxable income. As the INC has failed to comply with the requirements of the proviso to Section 13A of the Act and was therefore not eligible to claim exemption from payment of income tax."

iii. In CIT vs. Janta Party in ITA No. 188/2002, the Hon'ble Delhi High Court held that-

"To recapitulate, the three mandatory requirements for availing of the benefit of exemption under Section 13A of the Act are that a political party:
(a) has to keep and maintain such books of accounts and other documents as would enable the AO to properly deduce its income therefrom;
(b) has to, in respect of each voluntary contribution in excess of Rs. 10,000, (now enhanced to Rs. 20,000) keep and maintain a record of such contribution and the name and address of the person who has made such contribution;
(c) has to have its accounts audited by an Accountant as defined in the Explanation below Section 288 (2) of the Act.

In the present case, the AO found large gaps in the monthly accumulations of the donations at the various places and its actual deposit in the bank account of the central office. No regular books of accounts had been maintained except at the central office. The bank account at Chennai showed that a sum of Rs. 6,62,000 was deposited in cash on five/six occasions for which there was no

explanation as regards sources. The assertion that each donation was less than Rs. 10,000 was a desperate one and not at all convincing. The documents produced did not support such an assertion. The finding of the ITAT that the Assessee satisfied the mandatory conditions for availing the exemption under Section 13A of the Act is nothing short of perverse as it is wholly contrary to and unsupported by the documents on record. A political party which seeks to avail of the exemption cannot be heard to say that it is not possible for it to maintain its accounts on a consolidated basis. As long as a political party continues to avail the exemption from payment of income tax. there can be no excuse for not maintaining its account whether it has one or more state units. Where in any particular FY, a political party is unable to maintain its accounts for any reason whatsoever, or satisfy the pre-conditions set out in the proviso to Section 13A of the Act, an exemption cannot be possibly be granted from payment of income tax for that FY."

11.6 In view of the above discussion, submission of assessee and various provisions of law, it is hereby held that the assessee has also violated the provisions of second proviso to section 13A of the Act by not filing its return of income within the time limit prescribed in section 139(4B)/139(1) of the Act. For the year under consideration, the government has extended the due date up to 31.12.2018 to enable political parties in filing ITRs within time. However, the assessee choses to be inactive and has grossly failed to get benefit of extension allowed by the government for filing its ITR and has filed its return of income on 02.02.2019 i.e. beyond the time limit and therefore violated the provisions of section 13A of the Act and for that reason is not entitled to exemption u/s 13A of the Act. It may be further noted that exemption granted to a political party u/s 13A is a special provision available only if the party satisfies the conditions laid out therein. These provisions therefore have to be interpreted and applied very strictly.

11.7 The various case laws cited by assessee party are not relevant in its case as the facts of these cases are different from the facts of the case of assessee and therefore not applicable in its case. Further, most of the case laws cited by assessee relate to issues of exemption available to trusts and not to a political party.

12 In view of the discussion made in para 10 to 12 above, it is clear that as the assessee has violated the provisions of clause (d) of first proviso to section 13A of the Act by accepting donation in excess of Rs. Two thousand in cash and also violated the provisions of second proviso to section 13A of the Act by not filing its ITR within time limit prescribed by section 139(4B) of the Act, therefore the exemption of Rs. 199,15,26,560/-claimed by assessee u/s 13A of the Act is

hereby disallowed and added back to the total income of assessee to be taxed accordingly."

6.2 From the assessment order and the submissions of the appellant, following observations can be made:

i. The appellant has filed the same reply as it had filed before the Id. AO. Even the justification and case laws are also same.
The Id. AO has addressed each and every issue raised by the assessee in the assessment order which is a speaking order.

iii. The Id. AO has analyzed the legal position as well as factual position in detail.

iv. Section 13A and its proviso b and d have to be read in conjunction while deciding the treatment to be given to voluntary contribution and donation.

While Section 13A of the Act states that any income by way of voluntary contributions received by a political party from any person, proviso b talks about voluntary contribution and proviso d talks about donations. Thus, both donations (proviso d) and voluntary contributions (proviso b) are subset of voluntary contributions (Section 13A).

In view of the above discussion, following scenarios can be tabulated as under:

Sl. No.	***When Voluntary contribution/donation is***	***Condition precedent***	***Relevant proviso***
1.	*Less than Rs.2000/-*	*No condition. Payment can be received by any mode.*	*Proviso d*
2.	*More than Rs.2000/- but less than Rs.20,000/-*	*Can not be received in cash. Must be received through banking channel like cheque, draft, RTGS, etc. But no need of maintaining a record of such contribution and the name and address of the person who has made such contribution.*	*When proviso b and d are read jointly.*
3.	*More than Rs. 20,000/-*	*Can not be received in cash. Must be received through banking channel like cheque, draft, RTGS, etc. and also maintain a*	*Proviso b*

		record of such contribution and the name and address of the person who has made such contribution.	

v. The concept of voluntary contribution v/s donations has also been discussed in detail by the Id. AO. He has clearly demonstrated that assessee itself has never differentiated between voluntary contribution and donation. When it filed the details before the Id. AO, it had considered the cash donations (now claiming as voluntary contributions) as part of total donations. Before the Election Commission also, no such differentiation was made. Most importantly, even in its books of account no such differentiation was made.

vi. It is important for the appellant to understand that Section 13 A of the IT Act is not a charging section. It may be further noted that exemption granted to a political party u/s 13A is a special provision available only if the party satisfies the conditions laid out therein. These provisions therefore have to be interpreted and applied very strictly. Thus, if any political party does not satisfy the conditions laid out in Section 13A of the Act, then it is not eligible for exemption. Therefore, argument of the appellant that only excess amount should be taxed is not sustainable.

vii. Similarly, the Id. AO has clearly established that how the return filed by the appellant is not within the time limit specified by Section 139(4B) of the IT Act.

viii. Further, the various case laws cited by the appellant are not relevant in its case as the facts of these cases are different from the facts of the case of appellant and therefore not applicable in its case. Moreover, most of the case laws cited by assessee relate to issues of exemption available to trusts and not to a political party.

6.3 In view of the above discussion and considering that the appellant has not submitted any new material what it had already submitted before the Id. AO and further considering that all the issues raised by the appellant have already been addressed by the Id. AO, I do not find any reason to interfere with the findings of the Id. AO. Therefore, disallowance of the exemption of Rs. 199,15,26,560/- claimed by assessee u/s 13A of the Act is confirmed and these grounds of appeal are hereby dismissed."

This is what leaves the assessee aggrieved.

5. We have afforded several opportunity(ies) to the assessee and the department who have made their respective vehement rival submissions against and in support of learned lower authorities' action disallowing section 13A exemption claim herein. Learned counsel representing assessee in this factual backdrop has filed his written submissions as under:

"*MAY IT PLEASE YOUR HONOURS:*

1 This appeal arises from aft order dated 28.3.2023 of the learned Commissioner of Income Tax (Appeals)-27, New Delhi.
2 That appellant is a recognized „National Political Party" and is registered under section 29A of the Representation of People Act, 1951 and registered with the Election Commission of Indija as National Political Party.
2.1 That since inception party is doing political activities in line with the object of the party i.e. "The object of Indian National Congress is the well-being and advancement of the people of India and the establishment in India by peaceful and constitutional means, of a socialist state based on parliamentary democracy in which there is equality of opportunity and of political, economic and social rights and which aims at world peace and fellowship".

2. 2 CHRONOLOGICAL SEQUENCES OF EVENTS

Sr. No.	*Date*	*Particulars (pages of Paper book)*
i)	*31.12.2018*	*Due date u/s 139(1) of the Act*
ii)	*2.2.2019*	*Original return of income declaring Nil income u/s 139(4) of the Act after claiming exemption of Rs. 199,15,26,560/- u/s 13A of the Act (1-46)*
iii)	*2.2.2019*	*Communication from Centralized Processing Centre, Bangalore ("CPC") (47)*
iv)	*30.3.2019*	*Communication from Centralized Processing Centre, Bangalore ("CPC") (48-49)*
v)	*31.3.2019*	*Due date u/s 139(4) of the Act.*
vi)	*24.4.2019*	*Reply filed by assessee before Centralized Processing Centre, Bangalore ("CPC") (50-51)*

vii)	*5.6.2020*	*That pending the aforesaid assessment u/s 143(3) of the Act an intimation dated 18.3.2020 u/s 143(1) of the Act was served on the assessee wherein demand was raised of Rs. 94,44,94,212 after denying the claim of exemption of Rs. 199,15,26,560/- u/s 13A of the Act and on 14.9.2022 appeal filed by the assessee has been allowed by the learned Commissioner of Income Tax (Appeals)-27, New Delhi.*
viii)	*20.8.2020*	*Application u/s 154 of the Act filed by assessee before Assessing Officer for rectification in the case of appellant (67)*
		Proceedings under consideration
ix)	*23.9.2019*	*Proceedings were initiated u/s 143(2) of the Act (52-55)*
x)	*5.10.2019*	*Reply filed by assessee (56-59)*
xi)	*27.1.2020*	*Notice u/s 142(1) of the Act (60-62)*
xii)	*10.2.2020*	*Reply filed by assessee (63-66)*
xiii)	*17.9.2020*	*Notice u/s 142(1) of the Act (68-69)*
xiv)	*2.10.2020*	*Letter filed before Assessing Officer (70)*
xv)	*28.1.2041*	*Notice u/s 142(1) of the Act (71-74)*
xvi)	*8.2.2021*	*Reply filed by assessee before the learned Assessing Officer (75-76)*
xvii)	*24.2.2041*	*Notice u/s 142(1) of the Act (77-82)*
xviii)	*9.3.2021*	*Notice u/s 142(1) of the Act (82A-82B)*
xix)	*17.3.2021*	*Reply filed by assessee before the learned Assessing Officer (83-97)*
xx)	*6.7.2021*	*Order of assessment u/s 143(3) of the Act which determined the income of the assessee at Rs. 199,15,26,560/-, on the following two basis:* *i) That assessee has violated the provisions of second proviso to section 13A of the Act by not filing its return of income within the time limit prescribed by section 139(4B) of the Act (page 27 of order of assessment); and* *ii) That assessee has also violated the provisions of clause (d) of first proviso to section 13A of the Act since assessee has received donation of Rs. 14,49,000/- in cash from various persons, each donation being more than Rs. 2,000/- (page 27 read with page 24 of order of assessment)*
xxi)	*28.03.2023*	*CIT(A) dismissed the appeal*
xxii)	*24.05.2023*	*Appeal filed in ITA No. 1609D/2023*

3 Ground 1 is general

4 Grounds 2 to 3.1 are regarding upholding disallowance of Rs. 199,15,26,560/- by denying the exemption u/s 13A of the Act.

4.1 It is submitted that the learned Assessing Officer in the order of assessment has made the aforesaid denial of exemption on the following basis:

i) That appellant has violated the provisions of second proviso to section 13 A of the Act by not filing its return of income within the time limit prescribed by section 139(4B) of the Act (page 27 of order of assessment); and

ii) That appellant has also violated the provisions of clause (d) of first proviso to section 13A of the Act since assessee has received donation of Rs. 14,49,000/- in cash from various persons, each donation being more than Rs. 2,000/- (page 27 read with page 24 of order of assessment)

5 Section 13A of the Act reads as under:

"Special provision relating to incomes of political parties.

13 A. Any income of a political party which is chargeable under the) head "Income from house property" or "Income from other sources" or "Capital gains" or any income by way of Voluntary contributions received by a political party from any person shall not be included in the total income of the previous year of such political party:

Provided also that such political party furnishes a return of income for the previous year in accordance with the provisions of sub-section (4B) of section 139 on or before! the due date under that section.

Explanation. —For the purposes of this section, "political party" means a political party registered under section 29A of the Representation of the People Act, 1951 (43 of 1951)".

6. TAKING UP FIRSTLY, THAT APPELLANT HAS VIOLATED THE PROVISIONS OF SECOND PROVISO TO SECTION 13A OF THE ACT BY NOT FILING ITS RETURN OF INCOME WITHIN THE TIME LIMIT PRESCRIBED BY SECTION 139(4B) OF THE ACT (PAGE 27 OF ORDER OF ASSESSMENT)

6.1 It is submitted that third proviso was inserted to section 13A of the Act vide Finance Act, 2017, w.e.f. 1 -4-2018, It provides for furnishing of return by political parties under sub section (4B) to section 139 on or before the due date under that section (not that subsection) i.e. _139, This interpretation also finds support from memorandum explaining the Finance Bill 2017 reported in 391 ITR 185 (St.), (pages 1-3 of JPB) which reads as under:

"The existing provisions of section 13A of the Act, inter alia provides that political parties that are registered with the Election Commission of India, are exempt from paying income-tax. To avail the exemption, the political parties are required to submit a report to the Election Commission of India as mandated under sub-section (3) of section 29C of the Representation of the People Act. 1951 (43 of 1951) furnishing the details of contributions received by apolitical party in excess of Rs.20,000 from any person. However, under existing provisions of the Act, there is no restriction pf receipt of any amount of donation in cash by a political party. Secondly, a political party is also required to file its return of income under section 139(4B) of the Act, if its income exceeds the maximum amount not chargeable to tax (without considering the exemption under section 13(A).

However, filing of the return is not a rendition precedent for availing exemption under the said section. In order to discourage the cash transactions and to bring transparency in the source of funding to political parties, it is (proposed to amend the provisions of section 13 A to provide for additional conditions for availing the benefit of the said Section which are as under:

(i) No donations of Rs.2000/- or more is received otherwise than by an account payee cheque drawn on a bank or an account of payee bank draft or use of electronic clearing system through a bank account or through electoral bonds,

(ii) Political party furnishes a return of income for the previous year in accordance with the provisions of subsection (4B) of section 139 on or before the due date under section 139,

Further, in order to address the concern of anonymity of the donors! it is proposed to amend the said section to provide that the political parties shall not be required to furnish the name and address of the donors who contribute by way of electoral bond.

This amendment will take effect from 1st April. 2018 and will, accordingly, apply in relation to assessment year 2018-19 and subsequent years.

6.2 In view of above it is noted that before insertion of third proviso to section 13A of the Act, filing of the return is not a condition precedent for availing exemption under the Act and therefore the purpose of insertion of aforesaid proviso was to make political parties to file return of income for availing exemption under the Act much less a return of income u/s 139 of the Act which includes both return filed u/s 139(1) and 139(4) of the Act.

6.3 In this regard it is further worth noticing that a similar condition of filing return of income for claiming exemption u/s 11 and 12 has been inserted in section 12A by inserting sub-section (ba) to section 12A vide Finance Act, 2017, w.e.f. 1-4-2018, which reads as under:

"Condition for applicability of sections 11 and 12

12A(1) ……

(ba) the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under that section."

6.4 In respect of above a clarification vide F. No. 173/193/2019-ITA-I dated 23.04.2019 (page 4 of JPB) was issued with regard to the time allowed for filing of return of income subsequent) to the insertion of Clause (ba) in sub-section 1 of section 12A of Act that the trusts who have filed belated return u/s 139(4) of the Act cannot be refused grant of exemption on the ground that the return of income was not filed within due date] of filing of return or filed belated, the relevant extracts are reproduced as under:

"F. No. 173/193/2019-ITA-I
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi,

Dated: 23 April, 2019

To,
The Pr. DGIT (Systems),
New Delhi.

Subject: Clarification with regard to the time Allowed for filing of return of income subsequent to the insertion of Clause (ba) in sub-section 1 of section 12A of the income -tax Act, 1961.

Sir,
Undersigned is directed to refer to the representation(s) received on above mentioned subject stating that while processing of ITR-7 for the A.Y. 2018-19, in respect of the belated returns filed u/ s 139(4) of the Income Tax Act, 19611 Act), the following is being communicated u/s 143(l)(a) of the Act:-

"As per section 12A(l)(ba) of the Income -tax Act, 1961 the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under that section. Otherwise, the exemption u/s-11 i.e. Sr. no 4(i) and 4 viii in schedule Part BTI is not allowed."
Based on this, exemption u/s 11 of the Act has been denied to otherwise eligible trust, thereby creating huge demand.
2. In the matter, the memorandum explaining the relevant provisions of the Finance Bill, 2017 reads as under.
"as per the existing provisions of said section, the entities registered under section 12AA are required to file return of income under sub-section (4A) of section 139, if the total income without giving effect to the provisions of sections 11 and 12 [exceeds the maximum amount which is not chargeable to income-tax. However, there is no clarity as to whether the said return of income is to be filed within time alloyed u/ s 139 of the Act or otherwise. In order to provide clarity in this regard. it is proposed to further amend section 12A so as to provide for further condition I that the person in receipt of the income chargeable to income-tax shall furnish the return of income within the time allowed under section 139 of the Act.

These amendments are clarificatory in nature. These amendments will take effect from 1st April, 2018 and will, Accordingly, apply in relation to assessment year 2018-19 and subsequent years."

3.Additionally, an excerpt of circular 02/2018 dated 15.02.2018 "Explanatory Notes to the Provisions of the Finance Act, 2017" on insertion of clause (ba) in Sub section (1) of section 12A is quoted as under:

"the entities registered under section 12AA are required to file return of income under sub-section (4A) of section 139 of the Income -tax Act, if the total income without giving effect to the provisions of sections 11 and the

maximum amount which is not chargeable -tax. Amendment to section 12A of the has been made so as to provide for additional that the person in receipt of the income to income-tax shall furnish the return of income 12 exceeds to income- Income-tax condition chargeable within the time allowed under section 139 of the Income -tax Act,

3. Thus, for a trust registered U/s 12AA of the Act to avail the benefit of exemption u/s 11 shall inter-alia file its return of income within the time allowed u/s 139 of the Act. Accordingly, orders u/s 143(l)(a) in those cases in which defnand has been raised on this issue may please be rectified.

This issues with the approval of Chairman(CBDT).

(Vinay Sheel Gautam)
JCIT (OSD) (ITA-I)
Telefax: 011-23093070
E-mail: vinaysheel.gautam@gov.in"

6.5 In view of analogy derived from above clarification read with memorandum explaining finance [bill in respect of third proviso inserted to section 13A of the Act vide Finance Act, 2017, w.e.f. 1-4-2018 the exemption u/s 13A of the Act is available subject to filling of return u/s 139 of the Act i.e. up to extended time limit available u/s 1|39(4) of the Act.
7 It is further submitted that section 139(4B) of the Act reads as under:
"(4B) The chief executive officer (whether such chief executive officer is known as Secretary or by any other designation) of every political party shall, if the total income in respect of which the political party is assessable (the total income for this purpose being computed under this Act without giving effect to the provisions of section 13A) exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the prescribed form and verified in 1 the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1)".
7.1 In respect of section 139(4B) of the Act it is noted that section 139(4B) of the Act requires political parties to furnish a return of income in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed. It is further noted that section 139(4B) of the Act further states that the provisions of this Act shall apply as if it were a return required to be furnished under sub-section (1). therefore section 139(4B) of the Act envisages furnishing of return of income by political party however it does not provides any time limit for furnishing of such return of income, though (if filed) for application of all the provisions of the Act, such return furnished shall be treated as return of income furnished u/s 139(1) of the Act,
7.2 In this regard it is submitted that the above mentioned interpretation also finds support from the judgment of Hon'ble Apex Court in Common

Cause - A Registered Society vs UOI reported in 222 ITR 260 (SC) (pages 85-96 of JPB), wherein the; issue before Hon'ble Supreme Court was that most of the political parties in the country - registered and recognised by the Election Commission — have. for many years, been flouting the provisions of the Income tax Act so that they have not been maintaining accounts as required under section 13A much less not filing returns of income in violation of the mandatory provisions of law, it is to be noted that in aforesaid direction Hon'ble Supreme Court issued directions for filling of return of income under the provisions of Income Tax Act i.e. section 139 of the Act.

7.3 It is further stated that wherever the Legislature intended to deny the benefit in case return is not filed in time as envisaged u/s 139(1) of the Act, it has made specific provision in the Act under that section, some of the instances are as under:

Sr. No.	***Section***	***Relevant Extracts***
1.	*Fifth Proviso inserted to Section 10A(1A) vide Finance Act, 2005 with effect from 01.04.2006*	*Provided that no deduction under this section shall be allowed to an assessee who does not furnish a return of his income on or before the due date specified under sub-section (1) of section 139.*
2.	*Fourth Proviso to section 10B Inserted by the Finance Act, 2006, w.e.f. 1-4-2004*	*Provided also that no deduction under this section shall be allowed to an assessee who does not furnish a return of his income on or before the due date specified under sub-section (1) of section 139.*
3.	*Section 80AC inserted vide Finance Act, 2006 stating that no deduction. under section 80-IA, 80-IAB, 80-IB and section 80-IC of the Act shall be allowed unless the assessee furnishes the return of income before the due date prescribed under section 139(1).*	*80-IC. Where in computing the total income of an assessee of any previous year relevant to the assessment year commencing on or after— (i) the 1st day of April, 2006 but before the 1st day of April, 2018, any deduction is admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE;* *(ii) the 1st day of April, 2018, any deduction is admissible under any provision of this Chapter under the heading "C.—Deductions in respect of certain incomes",* *no such deduction shall be allowed to him unless he furnishes a return of his income for such assessment year on or before the due date specified under sub-section (1) of section 139.*

However, no such restriction has been specifically spelt in section 13A to deny exemption u/s 13A of the Act in absence of filing return u/s 139(1) of the Act.

7.4 Without prejudice to the above submissions, it is further stated that the wording of the third proviso to Sec 13 A, specifically provides that the political party is required to furnish a return of income for the previous year in accordance with the provisions of Sec 4B of Section 139 on or before the due date under that Section

7.4.1 If the intent of the Legislature was to restrict the time limit prescribed under Section 39 (1) of the Ait, it would not have provided for the returns being filed under Section 139(4B) of the Act. It is noteworthy that Section 139 (4B) specifically provides that all provisions of the Act shall so far as maybe apply as if it were a return required |to be furnished under sub section 1 of Section 139.

7.4.2 Thus, sub-section 4B provides for two things: a. All the provisions of the Act apply and b. It creates a deeming fiction that the return will be treated as if it is filed under Section 139(1). It is well established that a fiction is to be given its full effect. This would automatically mean once a return has been filed under Section 139(1) of the act, an assessee cannot be deprived of the benefit of Section 139(4) of the Act.

7.4.3 It is well est. that the very purpose of Section 13A of the Act is to improve transparency of the political party. Transparency would in no way be compromised if the assessee furnished the returns either within the extended time period contemplated under Section 139(4).

7.4.4 This interpretation is also supported by the judgement of the Hon'ble High Court in the case of 383 ITR 99 (Del). (Pg 51-84 of JPB-1) wherein the High Court has interpreted the sccpe and ambit of the due date u/s 139 of the IT Act, 1961. This interpretation was Section 29 C (3) given by the Court in the context of returns to be filed under of the Representation of People's Act, 1951. The said Section provided that the report with respect to contributions for a financial year should be submitted to the Election Commission before the due date for furnishing the return of income under Section 139 of the Income Tax Act, 1961. In that context, the Court interpreted this to mean that the requirements of proviso of Sec 13A should be complied with by the time the assessment is completed.

7.4.5 It is therefore clear that, there is thus a binding interpretation that the exemption under Sec 13A of the Act, is available to a political party as long as it complies with the proviso requirements before the assessment is made. This Tribunal is bound by such interpretation of the Court. Reference can be made to L. Chandrakumar v. UOI19951SCC 400 (Para 4, 8, 9,10)

7.5 It is further submitted that there are many instances where exemption/deduction are subject to compliance with in due date of return u/s 139(1) of the Act for e.g. option to be exercised u/s Explanation (2) (ii) to section 11(1), deduction u/s 54/54F/54B of the Act. In this regard the courts has observed that on a conjoint reading of sub-section (1) and (4) of section 139, inevitable conclusion is that a return filed within time specified

in sub-section (4) has to be considered as having been filed within the time prescribed in sub-section (1) of section 139 for the purpose of allowing such exemption/deduction. In this regard the Bombay High Court in respect of deduction under Explanation (2) (ii) to section 11(1) in Trustees of Tulsidas Gopalji Charitable & Chaleshwar Temple Trust vs CIT reported in 207 ITR 368 (pages 97-100 of JPB)

7.6 It is further noted that the ratio of Hon"ble Bombay High Court in Trustees of Tulsidas Gopalj; Charitable & Chaleshwar Temple Trust vs CIT reported in 207 ITR 368 (pages 97-100 of JPB) has been followed in series of judgments, details as under:

Sr. No.	*Issue*	*Citation*
1.	*Option exercised by assessee under Explanation (2)(ii) to section 11(1) along with return submitted under section 139(4) had to be regarded as a valid exercise of option within time fixed for furnishing return under section 139(1)*	*248 ITR 769 (J&K) Ziarat Mir Syed Ali Hamdani*
2.	*That 'due date' for assessee to invest amount of capital gains in purchase/construction of new residential asset or investment in capital gains scheme under section 54F refers to 'extended due date' under section 139(4).*	*159 ITD 633 (Chennai) G. Ramesh vs. ITO 177 ITD 308 (Mum) ITO vs. Nilima Abhijit Tannu.* *See also* *i) 153 ITD 197 (Coch) ITO vs. Smt. Rosamma Korah (In favour of Revenue) ii) 113 TTJ 223 (Bang) Nipun Mehrotra vs. Asst. CIT* *iii) 52 SOT 159 (Chen) R.K.P. Elayarajan vs. DCIT* *iv) 50 taxmann.com 176 (Pune) Smt. Neha Rajendra Bhoite vs. DCIT* *v) 50 SOT 96 (Del) ITO vs. Smt. Sapana Dimri* *vii) 135 TTJ 75 (Chen) P. Thirumoorthy vs. ITO* *viii) I TA No. 4648/Mum/2013 dated 06.11.2013 Anil Kumar Omkar Singh Aurora vs. ITO* *ix) 339 ITR 610 (P&H) CIT vs. Ms. Jagriti Aggarwal* *x) 259 CTR 388 (P&H) CIT vs. Jagtar Singh Chawla* *xi) 150 TTJ 444 (Mum) Kishore H. Galaiya vs. ITO*

		xii) 49 DTR 442 (Bang) P.R. Kulkarni vs. Addl. CIT *xiii) 172 ITD 1 (Ahd) Manilal Dasbhai Makwana vs ITO*

It is thus submitted that addition made is thus wholly unsustainable and, the learned Assessing Officer has proceeded to draw conclusions, which are not borne out from record and, also not in accordance with law.

9 TAKING UP SECOND OBJECTION THAT APPELLANT HAS ALSO VIOLATED THE PROVISIONS OF CLAUSE (D) OF FIRST PROVISO TO SECTION 13A OF THE ACT SINCE ASSESSEE HAS RECEIVED DONATION OF RS. 14,49,000/- IN CASH FROM VARIOUS PERSONS, EACH DONATION BEING MORE THAN RS. 2,000/- (PAGE 27 READ WITH PAGE 24 OF ORDER OF ASSESSMENT)

9.1 It is submitted that clause (d) was inserted to section 13A of the Act vide Finance Act, 2017, w.e.f. 1-4-2018; and it specifically provides that no donation exceeding two thousand rupees is received by such political party otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bond. It is submitted that appellant has not received any donation between 2,000/- to Rs. 20,000/- otherwise than by an account payee cheque/draft. It is submitted that legislature use the word "donation" not "voluntary contributions which has been used in clause (b)" of section 13A of the Act. It is submitted that appellant received sum of Rs. 11,49,000/- as "voluntary contribution" substantially from elected members (Member of Legislative Assembly ("MLA")/Member of Parliament ("MP")). It is submitted that such sums do not constitute "donation". There is a distinction between "voluntary contribution" and "donation". Moreover, the instant amendment in section 13A(d) of the Act has been made to bring transparency in source of funds to political parties and, address the concern of anonymity of the donor which aspect is absent on the facts of the appellant. All the donors are duly identifiable persons having PAN Nos and complete particulars including their addresses are available and tabulated in para 9.3 of this submission.

9.2 The memorandum explaining the Finance Bill" 2017 viz-a-viz the above amendment reported in 391 ITR 185 (St.) (pages 1-3 of JPB) reads as under:

"F. TRANSPARENCY IN ELECTORAL FUNDING

The existing provisions of section 13A of the Act, inter alia provides that political parties that are registered with the Election Commission of India, are exempt from paying income-tax. To avail the exemption, the political parties are required to submit a report to the Election Commission of India as mandated under sub-section (3) of section 29C of the Representation of the People Act. 1951 (43 of 1951) furnishing the details of contributions received by a political party in excess of Rs.20.000 from any person. However, under existing provisions of the Act, there is no restriction of

receipt of any amount of donation in cash by a political party. Secondly, a political party is also required to file its return of income under section 139(4B) of the Act, if its income exceeds the maximum amount not chargeable to tax (without considering the exemption under section 13A). However, filing of the return is not a condition precedent for availing exemption under the said section.

In order to discourage the cash transactions and to bring transparency in the source of funding to political parties. it is proposed to amend the provisions of section 13A to provide for additional conditions for availing the benefit of the said section which are as under:

(i) No donations of Rs.2000/- or more is received otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bonds.

(ii) Political party furnishes a return of income for the previous year in accordance with the provisions of sub section (4B) of section 139 on or before the due date under section 139.

Further, in order to address the concern of anonymity of the donors, it is proposed to amend the said section to provide that the political parties shall not be required to furnish the name and address of the donors who contribute by wav of electoral band.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to assessment year 2018-19 and subsequent years."

9.3 The details of contribution received along with names and PAN Nos is tabulated hereunder for the sake of convenience

Sr. No.	*Sr. No. of the list provided*	*Name and complete address of the contributing person/company*	*PAN (if any) & Income Tax Ward/Circle*	*Amount contribution (Rs.)*
i)	*155*	*Shri K.C. Venugupal, 34, Lodhi Estate, New Delhi*	*AJRPV0671N*	*1,08,000*
ii)	*298*	*Sint. Ajanta Neog, Baruagaon, Golaghat, Assam*	*AAYPN5643F*	*60,000*
iii)	*299*	*Dr. Motiur Rohman Mondal, Vill. Mahmaya Nagar, PO Fulerchar, P.S. South Salmara (Assam)*	*AYTPM9401G*	*60,000*
iv)	*321*	*Shri Janak Ram Verma, MLA Vill. Mudhipar, PO Maldi, Dist. Baludabazar*	*AJHPV2801N*	*50,000*
v)	*325*	*Shri Parash Nath Rajwade, MLA At, PO Batra, Distt. Surajpur*	*AZPPR1803A*	*30,000*
vi)	*328*	*Shri Bhaiya Lal Sinha MLA, Bazar Chowx, garur Distt. Balod*	*AJEPS8790*	*50,000*

vii)	329	Shri Mohan Markam , MLA, Bhelwapadar, Main Road, Kondagoan	AIBPM4508Q	50,000 i
viii)	330	Shri Amarjeet Bhagat, MLA, Shiv Shakti Bhawan, Kainabaoha, Ambikapur	ALFPB406D	1,30,000 ;
ix)	331	Shri Manoj Mandavi MLA Vill Pelgara PO Lakhanpuri, Distt. Kanker	ANFPN2695B	50,000
x)	336	Shri Daip Lahariya MLA, Vill, Dhanganwa, PO Okhar, Distt. Bilapur	AFBPL9623G	50,000
xi)	337	Smt. Tej Kanwar Nelam, MLA Vill. Singhabhedi, Amatola, Distt. Rajandgaon	AVLPN4494P	40,000
xii)	390	Shri Yograj Singh, Kothi No. 844, Opp. Jindal Hospital, Sector-17, HUDA, Jagadhari, Yamunagar	AWIPS4150M	50,000
xiii)	391	Smt. Pushpa Rani, 844, Sector-17, HUDA	AQLPR0220Q	50,000
xiv)	392	Shri Rajesh Rana, Kothi No. 844, Sector-17, HUDA	AIWPR3248M	50,000
xv)	393	Shri Bhipendra Rana, Kothi No. 844, Sector-17, HUDA	AIWPR3250	50,000
xvi)	676	Mrs. P.W. Khongje Sohra East Khasi Hills District	ASTPK1503D	45,000
xvii)	677	Smt. Bluebell R. Sangma, vill Dobogra PO Chokput South Garo Hills.	DSDPS0601R	60,000
xviii)	712*	*Goa Carbon Ltd. , Dempo House, A		3,00,000*
*		Campat, Panjim Goa,		RTGS
xix)	725	Smt. Geeta Khatan, 65, Bhagwati Kartarpura, Jaipur	ACBPK5667Q	27,000
xx)	726	Smt. Shankuntala Rawat, B-107, Karamchari Colony, Alwar	CBVPS0010P	30,000

xxi)	729	Shri Nakul Singh, VPO Muroli.The, Rashmi, Distt. Chttorgarh	AWBPB7876J	27,000
xxii)	731	Smt. Manjula Devi Raut, VPO Mordii, The, Jothir Dungarpur	APMPR1373Q	27,000
xxiii)	740	Smt. Naseem Akhtar, Makadwati Road, Pushkar, Ajmer	AABPU3507H	27,000 :
xxiv)	742	Smt. Saroj Devi, VPO Rashidpur, Rupwas, Bharatpur.	HLPCS2729Q	27,000
		Total		**14,49,000**
		***Less** RTGS No. x Amount received through from Goa Carbon Ltd. at Sr. viii*		**3,00,000**
		Net Total		**11,49,000**

**Amount Rs.3,00,000/- received from Goa Carbon Ltd. vide RTGS No. BKIDR520180216001807 on dated 16.2.2018. Copy of bank account is annexed to this reply (page no. 255 of Paper Book)*

9.4 It is thus reiterated that since complete details in the shape of name, address and PAN Nos is available of the persons who have contributed and therefore no adverse inference may kindly be drawn.

10. It is further stated, that there is a distinction that the legislature has used two different words in the first proviso to Sec 13A of the Act- In Re voluntary contribution and Donation. It is a well-established principle of law that each word of the legislature has to be given a meaning and a legislature does not use words in surplus. Thus, the words voluntary contribution and donation both need to be given their respective meanings. Voluntary contribution cannot be used interchangeably with the word donation. ;

10.1 The word contribution has not been defined in the Act, thus one would have to turn to the common sense meaning of the word contribution. Ramanathan Aiyer's Law Lexicon IIIrd Ed. defines the popular meaning of Contribution as "In a popular sense it is an act of giving to J common stock, or in common with others, that which given to common stock or purpose". Thus, from this it is clear that the word contribution is usually used in the context of members of a club, society, or political party who associate together i for a common purpose. For .example, subscription. Fees paid for membership would be a contribution in return for. It is not gratuitous, it results in a certain return.

10.2 A voluntary contribution on the other hand would be gratuitous where no return is expected. Reference to be made to Savoy Oversees v. Art Union of London (1896) AC 296.

In the instant case, the contributions which have been listed out are not part of any subscription drive but have been voluntarily. In the instant case, the contributions which are the subject matter of assessments have been made by members of the party themselves. It is not linked to any subscriptions etc. and therefore would appropriately be termed as voluntary contribution

10.3 The word donation has not been defined under the Income Tax either. Donation has been defined under Black Law's Diet, as "/I gift, esp. to a charity; something, esp. money, that someone gives to a person or an organisation by a way of help". In the case of E.T. Commissioner v. P.V.G. Raju AIR 1976 SC 140, 142. a donation was described as an owner of a thing who voluntarily transfers the title or possession of the same from himself to another without consideration.

10.3.1. Unlike a contribution, a donation is not linked to a particular purpose and it can be given by any person without specifying any objective. It is a very wide term.

10.4 In view of the above differences, the level of transparency in case of a donation required is much higher under Section 13A of the Act under which it has to be made by a cheque, a draft or an electronic clearing system. The same rigor is not there in case of voluntary contribution which can be made by way of cash. This is not surprising considering it is made from the members themselves.

10.5 The argument of the department that in the accounts, these contributions were characterized as donations but at the time of assessment they were shown as voluntary contributions, is a red herring argument. It is well established that accounting heads are not determinant of the actual transactions. (See CIT v. Arvind Kumar Jain (2012) 205 Taxmann 44 (Del.), Para 7)

11. Without prejudice to above it is further submitted that if voluntary contributions in cash from its members are chargeable to tax u/s 13A of the Act, then too only surplus after deduction of expenditure is includible as income under the Act, since expenditure incurred by the appellant for attaining the aims and objects of the political party is a legitimate, allowable and reasonable claim, particularly when authenticity and genuineness is not disputed.

11.2 It is submitted that during the year under consideration surplus was only of Rs. 1,71,65,088 /- as is tabulated hereunder:

Sr. No.	*Particulars*	*Amount (in Rs.)*
i)	*Receipts during the year under consideration (I)*	*199,15,26,560*
ii)	*Expenditure (II)*	*197,43,61,472*

iii)	*Balance being excess of Income over expenditure transferred to General Fund (III=I-II)*	*1,71,65,088*
iv)	*Balance being excess of Expenditure over receipt Transferred to General Fund in financial year 2017-1 8 relevant to assessment year 2018-19*	*(96,30,18,572)*
	Net Deficit	*(94,58,53,484)*

11.2 It is submitted that assuming for sake of an argument that voluntary contributions are chargeable to tax u/s 13A of the Act then too the entire receipts by way of voluntary contribution is not taxable.

11.3 It is submitted that section 13A of the Act provides that any income by way of voluntary contribution receipts by political party is not includible in income of political party.

11.4 It is thus submitted that any income by way of voluntary contribution connotes "surplus" arising after reducing the expenditure from the receipts by way of voluntary contribution.

11.5 It is submitted that voluntary contributions postulate that there is there is an „inbuilt legal obligation" on the contributory to the contributor, who makes voluntary contributions and if so, the situation is akin to being a trust created in favour of contributory, in the light of the judgment of Apex Court in the case of Bijli Cotton Mills reported in 116 ITR 60 (pages 5-14 of JPB)

11.6 It is submitted that in the case of CIT vs. Bijli Cotton Mills Pvt. Ltd. reported in 116 ITR 60 (SC) (pages 5-14 of JPB) an assessee had received amount over and above the price of the goods sold, as a sum by way of dharmada. It was held that, despite the fact that legal ownership over the amount deposited as "dharmada" vested in the appellant, i.e. Bijli Cotton Mills, its position is that of a trustee. In fact, it was further held by the Court at page 74 as under:

"Further, the fact that, the assessee would be having some discretion as regards the manner in which and the time when it should spend the dharmada amounts for charitable purposes would not detract from the position the assessee held qua such amounts namely, that it was under an obligation to utilize them exclusively for charitable purposes. It is true that the assessee did not keep these amounts in a separate bank account but admittedly a separate dharmada account was maintained in the books in which every receipt was credited and payment made there out on charity was debited and the High Court has clearly found that these amounts were never credited in the trading account nor were carried to the profit and loss statement."

(Emphasis supplied]

11.7 In the aforesaid case, the Hon"ble Court further held that, the fact amount received as dharmada from the customers was not credited to separate account could not be a basis to hold that a trust had not been created in favour of the purchasers.

11.8 With the parity of the aforesaid reasons in the instant case hereto, when a „ voluntary contribution" was made, there is an implied legal obligation on the part of the contributory (i.e. a political party for the purpose of section 13A of the Act) to incur the expenditure for which the contribution made and received thus the entire receipt by itself by way of income cannot be brought to tax, without deducting such amount which has been spent by the contributory to achieve the purpose, even if it is held that, there has been non-compliance of provisions of section 13A of the Act.

11.09 It is the case of the assessee that, had there been an excess of receipts over the expenditure for which contributions were made as voluntary contributions by the contributors, then such a sum could have been treated to be income liable for assessment and in case there was no such excess of receipt over the expenditure, said sum could not be regarded as an income but merely represented merely a receipt, which in terms of section 13A of the Act cannot be regarded as an income liable to be taxed as such.

11.10 The appellant in support seeks to place reliance on the following judgments:

i) 362 ITR 225 (Del) DDIT (E) vs. Petroleum Sports Promotion Board (pages 23-26 of JPB)

"The objection of the learned standing counsel for the revenue that since the grants 4ere assessed under the residual head, there was no scope for allowing the expenditure incurred on the promotion of the sports activities is not acceptable since even under Section 57(iii), any expenditure incurred for the purpose of making or earning the income is allowable as a deduction. It is open to the income-tax authorities to deny the exemption under Section 11 of the Act in the absence of registration under Section 12A and if they do so, then the assessment has to be completed in accordance with the provisions of the Income Tax Act; if the income is assessed under the residual head full play must be allowed to Section 57(iii). Though prima facie it would appear that the phraseology employed in Section 57(iii) is different from Section 37(1), it has been held by the Supreme Court in CIT v. Rajendra Prasad Moody, [19781 115 ITR 519 that Section 57(iii) must be construed broadly and the somewhat wider language of Section 37(i) should not affect the interpretation of Section 57(iii). The assessee in the present case was created in 1979 with the object of promoting sports; there was no other object and all its constituents were giving grants/ funds only for that purpose. In truth and reality, the assessee was merely acting as a custodial or conduit to the constituents for the purpose of promoting sports activity inside and outside the country. The expenditure incurred by the assessee is only for the purpose of promoting the sports events and activities and in this respect there is no challenge to the finding of fact recorded by the Tribunal. If such expenditure is not allowed, it may amount to taxing the gross receipts of the assessee and not the income, which is not permissible under the income tax law. Moreover, upto the assessment year 2002-03 the assessee was exempt from tax under Section 10(23C); from the assessment year 2006-07 it has been granted registration or a

charitable institution under Section 12A making it eligible for the exemption under Section 11."

ii) ITA No. 121/204 dated 1.4.2014 CIT vs. M/s Girnar Infrastructure (P) Ltd. (pages 21-22 of JPB)

"The Tribunal was of the opinion that when development rights are transferred it has a cost and when the receipt is taxed and the corresponding cost has to be allowed as expenditure. This view is in conformity with the fundamental principle in taxation that the gross receipt cannot be brought to tax, and only the profits can be which means that the cost has to be allowed as deduction"

iii) Instruction No. 1988 dated 19.10.2000 issued by CBDT dated 31.3.2014 (page 31 of JPB)

"1. The Board have received representation regarding the applicability of sections 44 AB and 27IB of the Income-tax Act, in the case of political parties.

2. The Board consulted the Ministry of Law and Justice and have been advised that:

(i) the idea of profession arises from a profit motive. In a political party, as in any charitable institution, there is no private profit motive nor a possibility of distribution of income among the members.

(ii) Having kept such income of political parties, out of the total income, under section 13A of the Act, the same income cannot be brought to tax or penalty under some different provisions, nor a political party can be put to restrictions other than those mentioned in the exemption clause, i.e., section 13 A of the Act.

3. Thus, the Board are of the view that the income of the political parties are governed by the special provisions i.e. section 13A of the Income-tax Act, 1961, and accordingly the provisions of Chapter IVD which are applicable for profits and gains of business or profession cannot be applied in the cases of political parties. Income of political parties from voluntary contribution cannot be said to be income from profession so as to attract section 44AB or 27 IB of the Income-tax Act.

4. However, the political parties will have to fulfil the requirement of maintaining the accounts and getting them audited by an accountant, as provided m section 13A of the Act to claim the benefit of exemption."

iv) 115ITR 519 (SC) CIT v. Rajendra Prasad Moody (pages 27-30 of JPB)

"It is also interesting to note that, according to the revenue, the expenditure would disqualify for deduction only if no income results from such expenditure in a particular assessment year, but if there is some income, howsoever small or meagre, the expenditure would be eligible for deduction This means that in a case where the expenditure is Rs. 1,000, if there is income of even Re. 1, the expenditure would be deductible and there would be resulting loss of Rs. 999 under the head "Income from other sources". But if there is no income, then, on the argument of the revenue, the expenditure would have to be ignored as it would not be liable to be deducted. This would indeed be a strange and highly anomalous result and it is difficult to believe that the legislature could have ever intended to

produce such illogicality. Moreover, it must be remembered that when a profit and loss account is cast in respect of any source of income, what is allowed by the statute as proper expenditure would be debited as an outgoing and income would be credited as a receipt and the resulting income or loss would be determined. It would make no difference to this process whether the expenditure is X or Y or nil, whatever is the proper expenditure allowed by the statute would be debited. Equally, it would make no difference whether there is any income and if so, what, since whatever it be, X or Y or nil, would be credited. And the ultimate income or loss would be found. We fail to appreciate how expenditure which is otherwise a proper expenditure can cease to be such merely because there is no receipt of income. Whatever is a proper outgoing by way of expenditure must be debited irrespective of whether there is receipt of income or not. That is the plain requirement of proper accounting and the interpretation of s. 57(zz'z) cannot be different. The deduction of the expenditure cannot, in the circumstances, be held to be conditional upon the making or earning of the income."

v) 358ITR 295 (SC) CIT v. Excel Industries Ltd. (pages 15-20 of JPB) "27 Applying the three tests laid down by various decision of this court, namely whether the income accrued to the assessee is real or hypothetical; whether there is a corresponding liability of the other party to pass on the benefits of duty free import to 1he assessee even without any imports having been made; and the probability or improbability of realization of the benefits by the assessee considered from a realistic and practical point of view (the assessee may not have made imports), it is quite clear that in fact no real income but only hypothetical income had accrued to the assessee and section 28(iv) of the Act would be inapplicable to the facts and circumstances of the case. Essentially, the Assessing Officer is required to be pragmatic and not pedantic."

12. It is further submitted that excess expenditure of Rs. 96,30,18,572/- incurred by appellant in earl; er assessment year is also allowable to be set off against income of year under consideration:

12.1 Reliance is placed on following judicial pronouncements:

i) 53 taxmann.com 463 (Del) DIT(E) vs. Indraprastha Cancer Society ii) 415 ITR 361 (Karnataka) PCIT(Exemptions) vs Manipal Academy of Higher Education

iii) ITA No. 3033/D/2015 dated 13.12.2018 M/s KSD Charitable Trust vs. ACIT (extracted at page 276 of Paper Book)

iv) 42 ITR (T) 58) (Bangalore-Trib.) ACIT vs. City Hospital Charitable Trust (extracted at pages 276-277 of Paper Book)

v) 60 taxmann.com 165(Bangalore-Trib.) DDIT(E) vs. Jyothy Charitable Trust

vi) 173 ITD 297 (Bangalore-Trib.) ITO vs. Namma Sangha

vii) 43 ITR (T) 746 (Mumbai) ACIT(Exemption) vs. Dawat E. Hadiyah viii) 68 taxmann.com 5 (Mumbai-Trib.) ACIT(E) vs. K.J. Somaiya Trust ix) 185 ITD 543 (Ahmedabad-Trib.) dated 19.8.2020 Gnyan Dham vapi

Charitable Trust (extracted at pages 277-278 of Paper Book)
13 Without prejudice to above it is submitted that appellant has received "voluntary contribution" of Rs. 11,49,000/- in cash. It is thus submitted that in any case in respectful submission of appellant at-best though it is seriously disputed then too disallowance can be made to the extent of Rs. 11,49,000/-; and no more.
13.1 It is here also respectfully submitted that the voluntary contributions received by the political party cannot be taxed as "income" as there is no such head of income income under section 14 and it is also not included within the meaning of section 2(24(iia) of the Act. Furthermore, there is no mechanism provided for computing income from voluntary contributions. Reliance is placed in this regard on the judgments of Hon"ble Apex Court in the case of Commr. of Expenditure Tax v. P.V.G. Raju reported in (1976) 1 SCC 241 and CIT v. Harprasad & b. (P) Ltd. reported in (1975) 3 SCC 868. In fact voluntary contributions received by a political party are in the nature of "capital receipts" and not "income from other sources" and cannot be taxed unless specifically made taxable by law. It is submitted that all receipts are not „income". Reliance is also placed in this regard on the judgment of Hon"ble Apex Court in the case of Parimisetti Setharamamma vs. CIT reported in 57 ITR 532. It is submitted that voluntary contributions are not attributable to the assessee but to the will and pleasure of the contributors who are fluctuating and uncertain. It is also submitted that there is also no profit motive in receiving such voluntary contributions and thus voluntary contributions even otherwise cannot be taxed as income
14 In view thereof it is submitted that appellant has not made violation of section 13A of the Act so as to allege and conclude that it has received donations in excess of Rs. 2,000/- otherwise than by an account payee cheque drawn on a bank of account payee bank draft or use of electronic clearing system through a bank account or through electoral bonds. Without prejudice even, even otherwise no disallowance is tenable since there is no excess of expenditure over receipts. considering the deficit of Rs. 96,30,18,572/- in the preceding year. In any case and at-best disallowance be restricted to Rs. 11,49,000/- which too is not tenable since voluntary contribution received by political party cannot be taxed as „income" under the Act.
15 Before concluding it is submitted that during the course of assessment proceedings, the
appellant had filed following replies and submitted as under:

i)Reply dated 2.10.2020 (page 70 of Paper Book)
ii)Reply dated 3.2.2021 (pages 75-76 of Paper Book)
iii) Reply dated 17.3.2021 (pages 83-97 of Paper Book)

16 In view of the aforesaid submission that appellant is eligible for claim of exemption of Rs. 199,15,26,560/- u/s 13A of the Act
17 Ground 4 is regarding levy of interest of Rs. 3,51,83,040/- u/s 234A of the Act, interest of Rs. 28,14,€4,320/- u/s 234B of the Act and interest of Rs. 3,55,81,089/- u/s 234C of the Act and also fees of Rs. 10,000/- u/s

234F of the Act which are not leviable on the frets and circumstances of the case of the appellant.
18 It is therefore, prayed that the denial of exemption u/s 13A of the Act made and sustained by the learned Commissioner of Income Tax (Appeals) alongwith interest levied may kindly be deleted and appeal of the appellant be allowed."

6. Mr. Zoheb Hossain appearing as the Revenue's special counsel has placed on record its following synopsis of submissions:

"1. The present Appeal was filed by the Appellant/assessee challenging the Order of the Ld. CIT(A) dated 28.03.2023 (at Pg. 158 of Written Submission/1st Compilation of Revenue) dismissing the Appeal of the assessee for AY 2018-19 and upholding the Assessment Order r/s 143(3) of the Income Tax Act, 1961 (hereinafter referred to as the "Act") dated 06.07.2021 passed in the case of the assessee for AY 2018-19.
2. For AY 2018-19, the due date for filing of Income Tax Return u/s 139 of the Act was 30.09.2018. This date was extended to 31.12.2018. The assessee filed its Return for AY 2018-19 on 02.0\|2.2019 declaring Nil income (at Pg. 22 of Written Submission/lst Compilation of Revenue). The case of the assessee was selected for scrutiny and a Notice u/s 143(2) of the Act was issued on 23.09.2019.
3. On 06.07.2021, an Assessment Order u/s 143(3) was passed (at Pg. 54 of Written Submission/lst Compilation of Revenue), finding that the assessee was not eligible for exemption u/s 13 A of the Act for the relevant AY and therefore assessing the total income of the assessee for AY 2018-19 at Rs. 199,15,25,560/-. The said addition was made by the AO on arriving at the following findings:-
i) The assessee received donations exceeding Rs. 2000/- otherwise than by way of an account payee cheque or an account payee bank draft or use of electronic system through a bank account or through a prescribed electronic mode or through electoral bond, in violation of clause (d) of the first proviso to Section 13A of the Act;
(ii) The assessee filled to furnish a return of income for the previous year in accordance with the provisions of sub-section (4B) of Section 139 of the Act, on or before the due date u/s 139 and thereby failed to fulfil the requirement of the third proviso to Section 13A of the Act; and
(iii) Expenses incurred by the assessee for achieving its objects are not allowable as deduction.
4. Aggrieved by the assessement order u/s 143(3) dated 06.07.2021, the assessee approached the CIT(A) who by way of the impugned Order dated 28.03.2023 upheld the findings of the AO in the assessment order and dismissed the appeal of the assessee.
5. Aggrieved by the Order of the CIT(A) dated 28.03.2023, the assessee approached this Hon'ble Tribunal ty way of the present Appeal.

6. The Respondent/Revenue has already filed detailed submissions vide its Status Report/Written Submissions dated 21.02.2024. The present synopsis maybe read in addition to the same.

Assessee has failed to fulfil the requirement of the third proviso to Section 13A of the Act

7. As stated above, the due date for filing of Income Tax Return u/s 139 of the Act for AY 2018-19 was 30.09.2018. This date was extended to 31.12.2018. The assessee filed its Return for AY 2018-19 on 02.02.2019 i.e., after the "due date". Hence, failed to fulfill the requirement of the third proviso to Section 13A of the Act and is therefore not entitled to the benefit of the exemption u/s 13A of the Act.

8. Section 13A of the Act provides for a special dispensation for political parties. It is well settled that special dispensation will prevail over general dispensation.

9. Reliance is placed on the Judgment of the Hon'ble High Court of Delhi in the assessee's own case for AY 1994-95 which has been reported as Commissioner of Income Tax vs. Indian National Congress (2016) 383ITR 99 (Delhi) (at Pg. 225 of Written Submission/l81 Compilation of Revenue), wherein it is held at Para 77 that if the assessee fails to satisfy the conditions specified in Section 13A, its voluntary contributions would be included in its taxable income.

10. The 3rd proviso to Section 13A of the Act was inserted vide Finance Act, 2017. It is well-settled that a proviso added by way of amendment, is the last will of the legislature as per the judgment of Supreme Court in Mohan Kumar Singhania vs. Union of India (1992) Supp 1 SCC 594 at Para 69 (at Pg. 162 of 2nd Compilation of Revenue). Further, a provision starting with proviso introduced by way of an amendment is often construed as a non-obstante clause (See Georgia Railroad Banking Co. vs. Smith, (1888) SCC Online US SC 288 at Pg. 234 of 2nd Compilation of Revenue; McDonald et al. vs. United States (1948) SCC Online US SC 116 at Pg. 237 of 2nd Compilation of Revenue).

11. Terminal point under the third proviso for filing of return for getting the benefit of Section 13A is "on or before the due date". The term "due date" is defined specifically in Explanation- 2 to Section 139(1).

12. Legislature does not use words which are surplusage (See Ashwini Kumar Ghose vs. Arabinda Bose (1952) 2 SCC 237 at Para 26 (at Pg. 1 of 2nd Compilation of Revenue); Hardeep Singh vs. State of Punjab (2014) 2 SCR 1 at Para 41 (at Pg. 92 of 2nd Compilation of Revenue)).

13. Once a word has been defined in a statute, the same meaning has to be accorded to the word when it is use! in more than one place, else the object of the definition clause would be defeated (Bhagwati Developers Pvt. Ltd., vs. Peerless General Finance and Investment Company Ltd., & Anr., (2013) 9 SCC 584 at Para 30 (at Pg. 10 of 3rd Compilation of Revenue)).

14. Further, a proviso cannot be interpreted in a manner which renders it otiose (See Kaviraj Pandit Durga Dutt Sharma vs. Navratna Pharmaceuticals Laboratories (1964) SCC Online SC 14 at Para 21 (at Pg. 217 of 2nd Compilation of Revenue)).

15. Reliance is placed on the Judgment of the Hon'ble Supreme Court in PCIT v. Wipro Limited (2022 SCC Online SC 831) (at Pg. 1 of 3rd Compilation of Revenue) which arose in the context of Section 10B(8) of the Act. In the case the Hon'ble Supreme Court was pleas ed to hold as follows:-

> *"15. On a plain reading of Section 10-B(8) of the IT Act as it is i.e. "where the assessee, before the due date for furnishing the return of income under sub-section (1) of Section 139, furnishes to the cssessing officer a declaration in writing that the provisions of Section IO-B may not be made applicable to him, the provisions of Section 10-B shall not apply to him for any of the relevant assessment years ", we note that the wording of Section 10-B(8) is very clear and unambiguous.*
>
> *16. For claiming the benefit under Section 10-B(8), the twin conditions of furnishing the declaration to the assessing officer in writing and that the same must be furnished before the due date of filing the return of income under sub-section (1) of Section 139 of the IT Act are required to be fulfilled and/or satisfied. In our view, both the conditions to be satisfied are mandatory. It cannot be said that one of the conditions would be mandatory and the other would be directory, where the words used for furnishing the declaration to the assessing officer and to be furnished before the due date of filing the original return of income under sub-section (1) of Section 139 are same/similar. It cannot be disputed that in a taxing statute the provisions are to be read as they are and they are to be literally construed, more particularly in a case of exemption sought by an assessee. "*

16. The assessee in its synopsis dated 26.11.2024, at Para 2.2 while providing a chronological sequence of events states as follows at SI. No. (v):-

"v) 31.3.2019 - Due date u/s 139(4) of the Act"

17. There is no concept of due date u/s 139(4). Due date is a specifically defined term and cannot be tinkered with.

18. The assessee relies or the following observation from the Memorandum to the Finance Act, 2017 (at Pg. 1 of 1st Paperbook of assessee) -

> *"Secondly, a political party is also required to file its return of income under section 139(4B) of the Act, if its income exceeds the maximum amount not chargeable to tax (without considering the exemption under sectionl3A). However, filing of the return is not a condition precedent for availing exemption under the said section. "*

19. The aforesaid observation records the position as it stood prior to the amendment made by way of the Finance Act, 2017.

20. The assessee has completely misread the explanatory notes, by relying on the verymischief which the legislature wanted to cure or rectify.

21. The assessee has fulher relied upon a CBDT Circular bearing F. No. 173/193/2019- ITA-I dated 23.04.2joi9. This Circular however deals with filing of Charitable Trusts in accordance with Section 12A of the Act.

22. In Section 12A(ba) of the Act which is a dispensation applicable to charitable institutions, the Legislature consciously does not use the phrase "due date". Section 12A(ba) uses the pl rase "time allowed under that section" which is different from the word "due date'' used in Section 139(4). When a situation has been differently expressed, the legislature must be taken to have intended to express a different intention (CIT vs. fr.7s East West Import and Export (1989) 1 SCC 760 at Para 7 (at Pg. 26 of 3rd Compilation of Revenue)).

23. The expression "due date" used in the last proviso to Section 13 A would be rendered otiose if the interpretation sought for by the assessee is accepted.

24. Section 13 Auses the word "due date". There is an intelligible differentia adopted by the Legislature betwe en the words used for the terminal points u/s 12A(ba) and 13 A. The terminal point for filing return is consciously expressed differently by the legislature for charitable organizations and political parties.

25. Charitable organization and political parties cannot be compared as the provisions and dispensation applicable to both are different.

26. The Assessee relies on Circular bearing F. No. 173/193/2019-ITA-I dated 23.04.2019, to seek parity with charitable organizations. Firstly, the relief of parity sought by a political f arty with a charitable organization is akin to seeking a Writ of Mandamus which cannot be issued by a Tribunal. The assessee has not invoked Article 226 to seek any such mandamus. Further, the statutory provisions have not been challenged by the assessee under Article 14 of the Constitution claiming any discrimination.

27. With respect to Section 139(4B) of the Act, it is submitted that the interpretation by assessee that it allows the assessee to file return by end of assessment year is incorrect. Section 139/4B) provides only for the eligibility and procedure. It does not prescribe time limit. Section 139(4B) nowhere denudes the effect of the proviso to Section 13A. Both provisions will have to operate simultaneously.

28. Reliance placed by the assessee on Para 94 of the Judgment of the Hon'ble High Court of Delhi in Indian National Congress (supra) is completely misplaced. The third proviso which the assessee has violated, was not there at the time when the judgment was rendered. Section 13 A of the Act has to be read as a whole. At the relevant time, the third proviso was not in place and hence the aforesaid Judgment never intended to deal with Finance Act, 2017. Hence, reliance placed on para 94 of the said Judgment is not sustainable.

29. It is an undisputed fact that the assessee filed its return of income for the relevant AY on 02.02.2019 whereas the due date for filing of return expired on 31.12.2018 as per Section 139(4B).

Assessee has failed to meet with the requirement of clause (d) of the first proviso to Section 13A of the Act

30. The assessee received donations exceeding Rs. 2000/- otherwise than by way of an account payee cheque or an account payee bank draft or use of electronic system through a bank account or through a prescribed

electronic mode or through electoral bond, in violation of clause (d) of the first proviso to Section 13A of the Act.

31. The assessee contends in this regard that there is a distinction between "voluntary contribution" and "donation" and that the sum of Rs. 11,49,000/- received by it was "voluntary contribution" and not "donation".

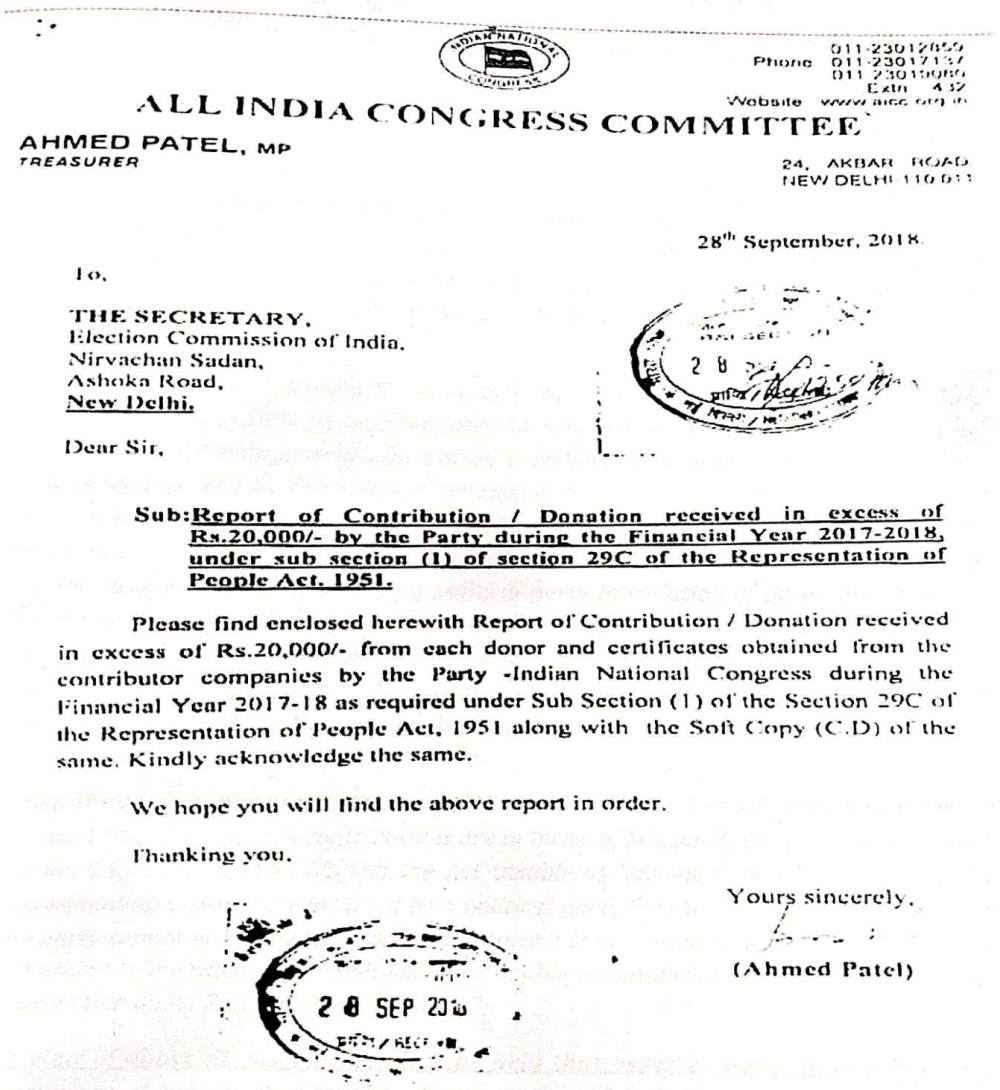
32. However, the assessee itself made no distinction in law or in fact regarding the donation and contribution. This is evident from a reading of the findings at Para 10.2 of the assessment order and the extract of balance sheet at the end of the said Para (at Pgs. 77-78 of Written Submission/ 1st Compilation of Revenue).

33. The aforesaid extract from the balance sheet of the assessee is reproduced hereinbelow: -

Note No.12		
GRANTS DONATIONS AND CONTRIBUTIONS		
Individual Donors		
Donation	205,078,647	166,522,229
Donation Congress fund.	688,500	-
Donation From AICC Members	47,000	2,400
Donation From MPs	4,876,005	4,554,000
Donation Application Fee	-	200,000
Donation (Souvenir)	-	-
Donation From Sympathisers	843,200	312,000
Volluntary fund from PCC/FO	-	-
Ald from AICC	-	-
Electoral Bond	50,000,000	-
Company Donors		
Donation	9,910,000	162,165,000
Building fund	-	1,955,000
Electoral Trust & Foundation	40,000,000	162,254,000
Other Donations	13,065,814	8,300,000
Total	324,509,166	506,264,629

34. It would also be gainful to refer to Para 10.3 of the assessment order which extracts a Letter dated 28.09.2018 issued to the ECI by the assessee (at Pgs. 78-79 of Written Submission/ lst Compilation of Revenue). This letter has statutory flavour as it is a Report submitted u/s 29C of the Representation of People Act, 1951. The said letter makes no distinction between 'voluntary contribution' and 'donation'. Further, it admits to the amounts received in cash.

35. The aforesaid letter of the assessee to the ECI dated 28.09.2018 is extracted hereinbelow:-



ALL INDIA CONGRESS COMMITTEE

AHMED PATEL, MP
TREASURER

24, AKBAR ROAD
NEW DELHI-110 011

Phone 011-23012659
011-23017137
011-23015080
Extn 432
Website www.aicc.org.in

28th September, 2018

To,

THE SECRETARY,
Election Commission of India,
Nirvachan Sadan,
Ashoka Road,
New Delhi.

Dear Sir,

Sub: Report of Contribution / Donation received in excess of Rs.20,000/- by the Party during the Financial Year 2017-2018, under sub section (1) of section 29C of the Representation of People Act, 1951.

Please find enclosed herewith Report of Contribution / Donation received in excess of Rs.20,000/- from each donor and certificates obtained from the contributor companies by the Party -Indian National Congress during the Financial Year 2017-18 as required under Sub Section (1) of the Section 29C of the Representation of People Act, 1951 along with the Soft Copy (C.D) of the same. Kindly acknowledge the same.

We hope you will find the above report in order.

Thanking you.

Yours sincerely,

(Ahmed Patel)

28 SEP 2018

36. As evident from the: above, in the Report of the assessee u/s 29C of the Representation of People Act, 1951, voluntary contribution includes donation. Section 29C is relevant because 2nd proviso to Section 13A makes reference to Section 29C. Section 13A is a special dispensation which refers to the concerned law under Section 29C.
37. The terms donation and voluntary contribution are inter-changeable.
38. In this regard it is pertinent to refer to the Judgment of the Hon'ble Supreme Court in Excel Corp Care vs. Competition Commission of India (2017) 8 SCC 47 at Paras 41-42 fat Pg. 31 of 3rd Compilation of Revenue), wherein it was noted by referring to the well-settled principle of Noscitur-a-sociis that when two or more words which are susceptible to analogous meanings are coupled together, the words can take colour from each other. Further, it was held that if expressions are overlapping, then they are interchangeable.

39. Argument of the assessee is to be rejected as voluntary contributions would subsume donations.
40. It is also germane to refer to Dictionary meaning of the word "donation". The Synonyms of the word "donation" as per the Cambridge English Thesaurus at Pg. 100 of 3rd Compilati on of Revenue, include "contribute".
41. Reliance is placed on the Judgment of the Hon'ble High Court of Madras dated 31.10.2022 in CIT vs. MAC Public Charitable Trust Tax Case Appeal no. 303 of 2022 (at Pg. 102 of 3rd Compilation of Revenue). At Para 65 of the said Judgment @ Pg. 217, the Hon ble High Court discusses the meaning of the term Voluntary Contribution. In this context it was held by the Hon'ble Court that voluntary contribution cannot he in exchange for membership etc. Capitation fee which was collected in the name of "donation" was held to not amount to voluntary contribution. In this regard it was held at Para 64 at Pg. 216 of 3rd Compilation of Revenue that "The fact that a long-winding and indirect route has been adopted for capitation fee to reach the institution cannot change the character of the payment from an illegal capitation fee to a voluntary contribution/ donation. " Clearly the two words are used interchangeably even by the Hon'ble Courts.
42. Another clue lies in Section 115BBC(3) according to which donation means any voluntary contribution.
Claim for deduction of expenses from voluntary contribution received in cash is unsustainable in law
43. Expenses incurred by the assessee for achieving its objects are not allowable as deduction.
44. Reliance is placed on the judgment in the assessee's own case for prior AY i.e., 1994- 95 reported at Commissioner of Income Tax vs. Indian National Congress fat Pg. 225 of the 1st Compilation of Revenue). Though the said judgment has been assailed before the Hon'ble Supreme Court, there is no stay as on date.
45. There are two paras from the said Judgment relevant to this issue of whether a political party non-compliant with 13A can claim deductions. These are Paras 123 and 124 which read as follows (at Pg. 261 of Written Submission/lst Compilation of Revenue):-

> *"123. Here it is important to address another submission made on behalf of the Revenue which finds favour with the court. Under the head "Income from other sources", no expenditure can be allowed as a deduction on the ground that the expenditure has been incurred by a political party for attaining the aims and objects of political party. As rightly pointed out, the only deduction is under section 57(iii) of the Act and this cannot be granted since the Indian National Congress (I) did not place on record the factual basis for such a claim.*
> *124. The legal position is that no deduction can be allowed with respect to the expenditure incurred by the political party for any purpose whatsoever if it fails to comply with the basic requirements of section 13A of the Act. "*

46. Whatever the assessee feels about the aforesaid judgment it is binding on it. The Judgment was passed by the jurisdictional High Court and involves the same parties and hence, will have to apply to this case.
47. The assessee's own understanding of the aforesaid judgment is that as a result of the same, it would not be entitled to claim for deduction on expenses if it is non- compliant with Section 13A unless the said judgment is stayed. This is evident from the Application filed by the assessee before the Hon'ble Supreme Court being IA No. 51869 of 2024 in CANo. 64-65 of 2018 whereby the assessee has sought for a stay on the operation of the aforesaid Para 124 of the Judgment of the Hon'ble High Court in the assessee's case for AY 1994-95 failing which the assessee contends before the Hon'ble Supreme Court that its expense would have to be disallowed. The relevant submissions of the assessee before the Hon'ble Supreme Court are extracted hereinbelow:-

> *"7. The Hon'ble Delhi High Court, in Para 124 of the impugned judgment has declared as a matter of law that:*
>
> > *"124. The legal position is that no deduction can be allowed with respect to the expenditure incurred by the political party for any purpose whatsoever if it fails to comply with the basic requirements of Section 13A of the Act. " [hereinafter referred to as the impugned finding]*
> >
> > *8. This finding, as elaborated below, is contrary to the scheme of the Income Tax Act. It has no foundation in the Us and in the questions that arose for the High Court's adjudication. The Hon 'ble High Court has erroneously held that if a political party fails to comply with the conditions laid down in Section 13A, then not only is it not entitled to claim exemption under that Section, but also that it cannot claim any expenses incurred by it on its political activities during the year in question.*
> >
> > ***
> >
> > *11. The impugned finding was recently relied upon by the Income Tax Authorities in upholding a tax demand for Rs. 105.17 crores for AY 2018-19, after disallowing the expenses of Rs. 197.43 crores legitimately incurred by the appellants in that year.*
> >
> > ***
> >
> > *14. The net effect of this absurd interpretation of the Income Tax Act, which is based on the impugned finding, is that the appellant, even though it had a surplus of income over expenses of only Rs.1.71 crores, has been saddled with a tax demand of Rs. 135.06 crores. This is the direct and inevitable effect of the impugned finding on the appellant in income tax proceedings for subsequent years, while the impugned judgment is under a cloud in these appeals. It is submitted that without a final adjudication on the correctness and validity of the impugned judgment, the appellant is suffering grave and irreversible consequences, which has necessitated the filing of the present application. "*

48. Section 57(iii) of the Act on the basis of which deduction on expenses is sought to be claimed by the assessee, uses the words "wholly and exclusively". Even the factual basis for making a claim u/s 57(iii) has not been made out by the assessee. In its return of income, the assessee has not claimed any deduction u/s 57(iii) (Pg. 42 of Written Submission/!8 Compilation of the Revenue).*
49. Even if such expenses were claimed, the assessee would have had to show that they were expending wholly and exclusively for earning such income.
50. S. 57(iii) requires that the assessee has to demonstrate that expenditure is laid out for earning such income. The moment the assessee says that they have to spend money to earn voluntary contribution, the receipt no longer retains the character of a voluntary contribution.
51. The onus lies on the assessee to show that expense incurred by it was wholly and exclusively for the purposes of earning the income. Reliance is placed of the Judgment of the Hon'ble Supreme Court in Padmavati Jaikrishna v. Addl. CIT, (1987) 3 SCC 448 ai Para 5 (Pg. 307 of Written Submission/lst Compilation of the Revenue).
52. It is submitted for a claim of deduction u/s 57(iii) to be maintainable, there has to be an inextricable nexus between expense incurred and the income earned. Reliance in this regard is placed on the Judgment of this Hon'ble Tribunal in Bank of India Retired Employees Medical Assistance Trust vs. Income Tax Officer 2018 SCC Online ITAT 24170 at Para 15 (at Pg. 312 of Written Submission/lst Compilation of the Revenue).
53. Further, for an expense to be eligible for deduction u/s 57(iii), the dominant purpose for incurring such expense has to be the earning of the income. Reliance in this regard is placed on the Judgment of the Hon'ble High Court of Gujarat in Sarabhai Sons (P.) Ltd. v. Commissioner of Income-Tax, (1993) 201ITR 464 at Para 9 (at Pg. 320 of Written Submission/lst Compilation of the Revenue) and the Judgment of the Hon'ble Higi Court of Bombay in Commissioner of Income-Tax v. Amritaben R. Shah, (1999) 238 ITR 777 at Para 8 (Pg. 326 of Written Submission/lst Compilation of the Revenue).
54. The claim of the assessee that they should be treated as an ordinary assessee and expense should be allowed, is not factually or legally borne out.
55. Reference may be made to Para 10.5 of AO's order at Pg. 80 of Written Submission/lst Compilation of the Revenue. Even before the AO it is not the assessee's case that they have spent the amount on which deduction is now claimed, to earn the voluntary contribution. Their case is that they have spent it to meet objects of the political party. They never set up a case under Section 57(iii).
56. The Assessee relies on the Judgment of CIT u Fr. Mullers Charitable Institutions (2014) 363 ITR 230 (Pg. 79 of Assessee's Paper Book-2). This is a Karnataka Hight Judgment. In this, the question before the Hon'ble High Court may be seen at Para 4 SI. (ii) i.e., whether :n a case of violation of Section 13(l)(d), maximum marginal rate of tax is to be levied on income

only to the said extent. The said case clearly arose in the context of a violation of Section 13(l)(d) of the Act and not 13A. What we are concerned with is denial in toto for the relevant AY because the breach of conditions u/s 13 A leads to denial of the entire exemption. In the present case which deals with Section 13 A, there is no carve out possible as was possible in Fr. Muller (supra) as the violation was with respect to a portion of the income.

57. It maybe pertinent to 'efer to Instruction No. 1988 at Pg. 31 of 1st Paperbook of the assessee. This is vital because, today the assessee seeks parity with a private entity under the IT Act. Such an approach is impermissible since the law provides for a special dispensation tor political party.

58. Reference is also made to the finding of the Hon'ble Tribunal at Para 33 in its interim order rejecting Stay dated 08.03.2024.

59. For the aforesaid reasons, the present Appeal is devoid of merits and deserves to be dismissed."

7. We further wish to make it clear that all this followed the assessee's rejoinder submissions as well dated 25th March, 2025 running into 13 pages reiterating its earlier stand. The same are duly taken on record. It is in the above factual backdrop following three issues arise for the tribunal's apt adjudication:

(i) Whether in the facts and circumstances of the case, the assessee's return filed on 2nd February, 2019 is a time barred one in light of section 13A (3rd Proviso) inserted by the Finance Act, 2017 w.e.f. 01.04.2018 r.w.s. 139(4B) r.w.s. 139(1) of the Act or not?

(ii) In case the above first question is adjudicated in assessee's favour, whether it's impugned claim of section 13A exemption is hit by first proviso r.w.s. clauses (b) and (d) or not?

(iii) Whether the assessee's gross receipts herein are liable to be assessed on netting basis thereby allowing it's expenditure or not?

8. We have given our thoughtful consideration to the assessee's and the Revenue's foregoing rival submissions. We now advert to the above first issue between the parties as to whether the

assessee's impugned return dated 02.02.2019 would be held as the one filed within the "due" date or not. There would be hardly any dispute between the parties that the assessee; a political party, is granted exemption under section 13A of the Act subject to certain conditions enumerated therein; and, one of them is the third statutory proviso thereto (inserted by the Finance Act, 2017 w.e.f. 01.04.2018) that a return has to be furnished in accordance with the provisions of sub-section 139(4B) of the Act. There would be again no quarrel that section 139(4B) of the Act envisages the authorized person of such a political party to "furnish a return of such income…… in the prescribed form and verified in the prescribed manner……" and "all the provision of this Act, shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1)". We further deem it appropriate to observe that section 139(1) of the Act in explanation 2 prescribes the "due" date for various categories of persons; all upto 31st October of the concerned assessment year, as the last day only. It is in this factual backdrop that the assessee's endeavour before us is to invoke section 139(4) of the Act that the same enables a non-filer who had missed the above "due" date under section 139(1) of

the Act to furnish it's return very well past 31st October "before the end of the relevant assessment year or before completion of the assessment; whichever is earlier. The assessee accordingly states that the above return dated 02.02.2019 has been filed very well before either of the twin situations i.e. end of the relevant assessment year or completion of the assessment, as the case may be.

9. All these assessee's vehement submissions fail to evoke our concurrence. This is for the precise reason that so far as an interpretation of such an exemption provision in a fiscal statute is concerned, not only the hon'ble jurisdiction high court's decision dated 23rd March, 2016 in the assessee's case itself for assessment year 1994-95 in para 95 has made it clear that section 13A has to be strictly complied with but also hon'ble apex court's landmark decision in Commissioner Vs. Dilip Kumar & Co. (2018) 9 SCC 1 (SC) (FB) has settled the issue that it is not liberal but stricter interpretation only in a taxing statute which has to be employed in an exemption claim. That being the case and in light of the fact that even section 139(4B) has stipulated filing of return within the "due" date i.e. required to be furnished u/s 139(1), we are of the considered view that the above former clause in fact restricts any further liberalism herein as clearly incorporating the expression of

"due" date; and, therefore, the moment there is violation of such a "due" date, section 13A 3rd proviso gets attracted, so as to result in denial of exemption to the political party concerned. We thus conclude that the assessee's return filed on 02.02.2019 is not within the "due" date to make it eligible for the impugned exemption. It's further plea that we ought to go by the alleged corresponding *pari materia* provision in section 12A(1)(ba) hereinabove, it is manifestly clear that the legislature has incorporated the statutory expression therein as "within the time allowed under that section" i.e. section 139(1) as well as u/s 139(4) than section 13A 3rd proviso r.w.s. 139(4B) r.w.s. 139(1) and Explanation (2) applicable herein (supra). We thus reject the assessee's instant first and foremost substantive grievance in very terms and decide the above first question framed between the parties; in the department's favour.

10. So far as the above second question as to whether the assesse's impugned section 13A exemption claim violates clauses (b) and (d) of the 1st proviso thereto; is concerned, we hold that the given the fact we have already held its above return filed on

02.02.2019 as a time barred one, the same stands rendered academic. Rejected Accordingly.

11. Lastly comes the above third question framed between the parties wherein the assessee seeks to assess itself on "netting" basis after claiming the corresponding expenditure, we find that the hon'ble jurisdiction high court's decision (supra) has concluded the very issue in department's favour in para 124 thereof as under:

> *"124. The legal position is that no deduction can be allowed with respect to the expenditure incurred by the political party for any purpose whatsoever if it fails to comply with the basic requirements of section 13A of the Act."*

12. We thus conclude that given the fact that the assessee has been held to have violated section 13A 3rd proviso in not filing its return within the prescribed "due" date, its impugned netting claim also deserves to be declined in very terms. Ordered accordingly.

13. We further make it clear before parting that both parties' respective detailed synopsis have been duly considered but not discussed in the order being repetitive in nature.

14. This assessee's appeal is dismissed.

Order pronounced in the open court on 21st July, 2025

Sd/-	***Sd/-***
(M. BALAGANESH)	**(SATBEER SINGH GODARA)**
ACCOUNTANT MEMBER	**JUDICIAL MEMBER**

Dated: 21st July, 2025.
RK/-

Copy forwarded to:
1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi