

IN THE INCOME TAX APPELLATE TRIBUNAL
"F" BENCH, MUMBAI
BEFORE SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER
AND
SHRI JAGADISH, ACCOUNTANT MEMBER

ITA No. 180/Mum/2026
Assessment Year: 2020-21
&
ITA No. 181/Mum/2026
Assessment Year: 2018-19

PAN: AAACF0723E

JM Financial Credit Solutions Limited 07 th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai- 400025 (Appellant)	Vs.	DCIT 3(2)(1) 5 th Floor, Aayakar Bhavan, MK Road, Churchgate, Mumbai - 400020 (Respondent)
Assessee by	Dr. K. Shivram, Sr. Adv. & Shri Rahul Hakani, Adv	
Department by	Shri Vivek Perampurna (CIT-DR)	
Date of Hearing	30.03.2026	
Date of Pronouncement	18.05.2026	

ORDER

Per: SHRI JAGADISH, A.M.:

1. These two appeals are filed by the assessee against separate orders passed by the Ld. Commissioner of Income Tax (Appeals), NFAC, Delhi both dated 10.12.2025 for A.Ys. 2018-19 and 2020-21 arising out of assessment orders passed u/s 143(3) of the Income Tax Act, 1961 ("the Act"). Since common issue is involved in both the appeals, they

were heard together and are disposed of by this consolidated order. For the sake of convenience, facts in ITA No.180/Mum/2026 for A.Y. 2018-19 are taken as lead case.

2. The assessee has raised various grounds challenging disallowance of deduction claimed u/s 80G of the Act in respect of donation forming part of CSR expenditure.
3. Brief facts of the case are that the assessee company had incurred CSR expenditure amounting to Rs.5,41,00,000/- in accordance with section 135 of the Companies Act, 2013. Out of the total donations made during the year, the assessee claimed deduction u/s 80G amounting to Rs.3,00,50,000/-, out of which deduction attributable to CSR donation worked out to Rs.2,70,50,000/-. The Assessing Officer held that CSR expenditure being mandatory in nature lacks voluntariness and therefore cannot qualify as donation eligible for deduction u/s 80G of the Act. Accordingly, deduction of Rs.2,70,50,000/- was disallowed.
4. Before the Ld. CIT(A), the assessee submitted that Explanation-2 to section 37(1) merely prohibits claim of CSR expenditure as business expenditure and does not bar deduction under Chapter VI-A. It was further submitted that the donee institutions possessed valid approval u/s 80G and therefore deduction could not be denied merely because the expenditure also qualified as CSR expenditure. Reliance was placed on various decisions of coordinate benches including *AluboundDacs India Pvt. Ltd. vs DCIT*, *Interglobe Technology Quotient Pvt. Ltd. vs ACIT*, *JMS Mining Pvt. Ltd. vs PCIT*, *HDFC Bank Ltd. vs DCIT* and *Axis Securities Ltd. vs PCIT*. However, the Ld. CIT(A) upheld the disallowance observing that CSR expenditure is mandatory in nature and therefore lacks the voluntary character necessary for claiming

deduction u/s 80G of the Act. Aggrieved, the assessee is in appeal before us.

5. The Ld. AR reiterated the submissions made before lower authorities and submitted that the issue is now squarely covered in favour of the assessee by series of decisions of coordinate benches of the Tribunal including decisions of Mumbai Benches. It was submitted that section 80G nowhere mandates that donation should be voluntary in nature and legislature itself has carved out only two exceptions under section 80G(2)(a)(iihk) and (iihl), namely contribution towards Swachh Bharat Kosh and Clean Ganga Fund. Therefore, other CSR donations made to eligible institutions continue to qualify for deduction u/s 80G of the Act.
6. The Ld. DR relied on the orders of the lower authorities.
7. We have heard the rival submissions and perused the material available on record. The short issue involved in the present appeal is whether deduction u/s 80G can be denied in respect of donation made to eligible institutions merely because such donation also constituted CSR expenditure incurred pursuant to section 135 of the Companies Act, 2013.
8. We find that the issue is no longer res integra. The coordinate benches of the Tribunal have consistently held that though CSR expenditure is not allowable as deduction u/s 37(1) in view of Explanation-2 inserted by Finance (No.2) Act, 2014, the same does not result in automatic denial of deduction u/s 80G of the Act if other conditions prescribed therein are fulfilled.
9. The Mumbai Bench of the Tribunal in the case of *AluboundDacs India Pvt. Ltd. vs DCIT* reported in *207 ITD 393* held that the legislature while inserting Explanation-2 to section 37(1) consciously restricted the

disallowance only to claim under section 37(1). The Tribunal further held that section 80G specifically excludes only contributions made towards Swachh Bharat Kosh and Clean Ganga Fund forming part of CSR expenditure and therefore other donations made to institutions covered u/s 80G continue to remain eligible for deduction.

10. Similar view has been taken by the Delhi Bench of the Tribunal in *Interglobe Technology Quotient Pvt. Ltd. vs ACIT* reported in 207 ITD 360 wherein it was held that merely because CSR expenditure is mandatory in nature, deduction u/s 80G cannot be denied once other statutory conditions are satisfied.
11. The Kolkata Bench of the Tribunal in *JMS Mining Pvt. Ltd. vs PCIT* reported in 130 taxmann.com 118 elaborately examined the statutory framework and held that Explanation-2 to section 37(1) operates only while computing business income under Chapter IV-D and cannot be imported into Chapter VI-A so as to deny deduction otherwise available u/s 80G of the Act.
12. We further note that the Mumbai Benches of the Tribunal in *HDFC Bank Ltd. vs DCIT* reported in 179 taxmann.com 268 and *Axis Securities Ltd. vs PCIT* reported in 175 taxmann.com 982 have reiterated the same principle and allowed deduction u/s 80G in respect of CSR donations made to eligible institutions.
13. In the present case, the Revenue has not disputed the genuineness of donation nor eligibility of donee institution u/s 80G of the Act. The only basis for disallowance is that the expenditure was incurred towards CSR obligation. In our considered opinion, in view of consistent judicial precedents on the issue, such reasoning cannot be sustained.

14. We also note that section 80G itself provides specific exclusion only in respect of contributions made towards Swachh Bharat Kosh and Clean Ganga Fund under section 80G(2)(a)(iiihk) and (iiihl). The donation made by the assessee admittedly does not fall within the said excluded categories. Therefore, deduction cannot be denied by importing restrictions not contemplated under the statute.
15. Respectfully following the decisions of coordinate benches referred supra, we hold that the assessee is entitled to deduction u/s 80G of the Act in respect of CSR donation made to eligible institution. The Assessing Officer is directed to allow the claim of deduction u/s 80G after routine verification of quantum and fulfillment of procedural conditions.
16. Since the facts and issue involved in ITA No.181/Mum/2026 for A.Y. 2020-21 are identical, our findings rendered hereinabove shall apply mutatis mutandis to said appeal also.
17. In the result, both appeals of the assessee are allowed.

Order pronounced in the open court on 18/05/2026.

Sd/-

(SANDEEP SINGH KARHAIL)
Judicial Member

Sd/-

(JAGADISH)
Accountant Member

Mumbai, Dated: 18/05/2026

Ashwani Rao
Sr. Private Secretary

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. The CIT
4. The CIT (Appeals)
5. The DR, I.T.A.T.

By order

(Assistant Registrar)
ITAT, Mumbai