

DAVE & PADVEKAR
ASSOCIATES

Tax Advisors and Advocates

408, Maker Bhavan No.3, 21, New Marine Lines, Churchgate, Mumbai- 400020.
Mob - +91 9969928137 / +91 9920066400 Tel- 022 22694678 Email: davepadvekar@gmail.com

To,
The Assistant Registrar,
Income Tax Appellate Tribunal,
Mumbai.

28th September, 2021

Sub: - Filing of Stay Application in the case of The Synthetic
& Art Silk Mills Research Association for the A.Y.2013-14.

Respected Sir,

We are hereby filing herewith Stay Application in the case of
The Synthetic & Art Silk Mills Research Association for the A.Y. 2013-14.
The Applicant is filing this Application for seeking Stay of assessment
proceedings, as the Applicant has challenged the legality of proceedings
u/s. 263 of the Act in ITA No. 693/M/2021, which was filed on 04/05/2021.
The said Appeal is pending its hearing.

Thanking you.

Yours faithfully,



(Tanzil R. Padvekar)

Advocate High Court

For Dave & Padvekar Associates



BEFORE THE INCOME TAX APPELLATE TRIBUNAL
BENCH - * __*, MUMBAI
Stay Application No. ____ of 2021
in
ITA No.693 /Mum/2021
A.Y.2013-14

The Synthetic & Art Silk Mills Research Association
Sasmira Marg, Worli, Mumbai - 25

.... Appellant

V/s.


CIT (Exemptions)
Mumbai

.... Respondents

INDEX

Sr. No.	Particulars	Date	Page No.
1	Stay Application		1-3
2	Affidavit		4-9
3	Assessment Order passed under Section 143(3) r. w. Section 147 of the Act. (Exhibit - 1)	14/11/2015	10-13
4	Show Cause Notice under Section 263 by CIT(E). (Exhibit - 2)	17/02/2021	14-16
5	Reply filed against Show Cause Notice under Section 263 of the Act. (Exhibit - 3)	25/02/2021	17-19
6	Order passed under Section 263 of the Act by CIT(E) (Exhibit - 4)	05/03/2021	20-23
7	Notice under Section 142(1) of the Act issued by the Assessing Officer. (Exhibit - 5)		24-25
8	Vakalatnama		




(Uttam Kumar Das)
Sr. Accounts Officer
The Synthetic & Art Silk Mills
Research Association

IN THE INCOME TAX APPELLATE TRIBUNAL
..... BENCH

01

Stay Application No. of 2021 in the case of

The Synthetic & Art Silk Mills Research
Association, Mumbai.

.... Appellant

V/s

CIT (Exemptions)
Mumbai

.... Respondent

for the **assessment year (s) 2013-14** under the Income Tax Act 1961 for
stay of Assessment Proceedings under Section 143(3) r.w.s. 263 of the
Act.

1. Name and address of the applicant : The Synthetic & Art Silk Mills
Research Association
Sasmira Marg, Worli,
Mumbai - 400 025.
2. Act under which the demand is raised (i.e. Income tax etc. for which stay application is moved) : NA
3. Assessment year(s) involved : 2013-14
4. Date of filing of appeal before the Tribunal and its number, if known : 04/05/2021
ITA No. 693/Mum/2021
5. From the demand give break up : NA
Tax : NA
Interest : NA
Penalty : NA
Fine : NA
Others : NA
- 6(a) Amount already paid : NA
- 6(b) Amount outstanding : NA
- 6(c) Amount which is not disputed out of (b) : NA

SA-131/m/2021

h

28/09/2021

Received appeal on
Income Tax Appellate Tribunal
Presidential Building 3rd Floor,
Mumbai - 400 020

Mund

7(a) Details of application for stay made to the revenue authorities.

1. AO 2. C.I.T.

: NA

(b) Result

: NA

8. * Reasons for seeking stay

: 1) The impugned Order u/s.263 by the Ld. CIT (IT) is under challenge before this Hon'ble Tribunal, which goes to the roots of the matter.

2) There is multiplicity of proceedings.

3) As per reasons stated in Affidavit.

: NA

9.(a) Whether the applicant is prepared to offer security

(b) If yes, in what form

: NA

10. Prayer stating exact amount sought to be stayed

: NA

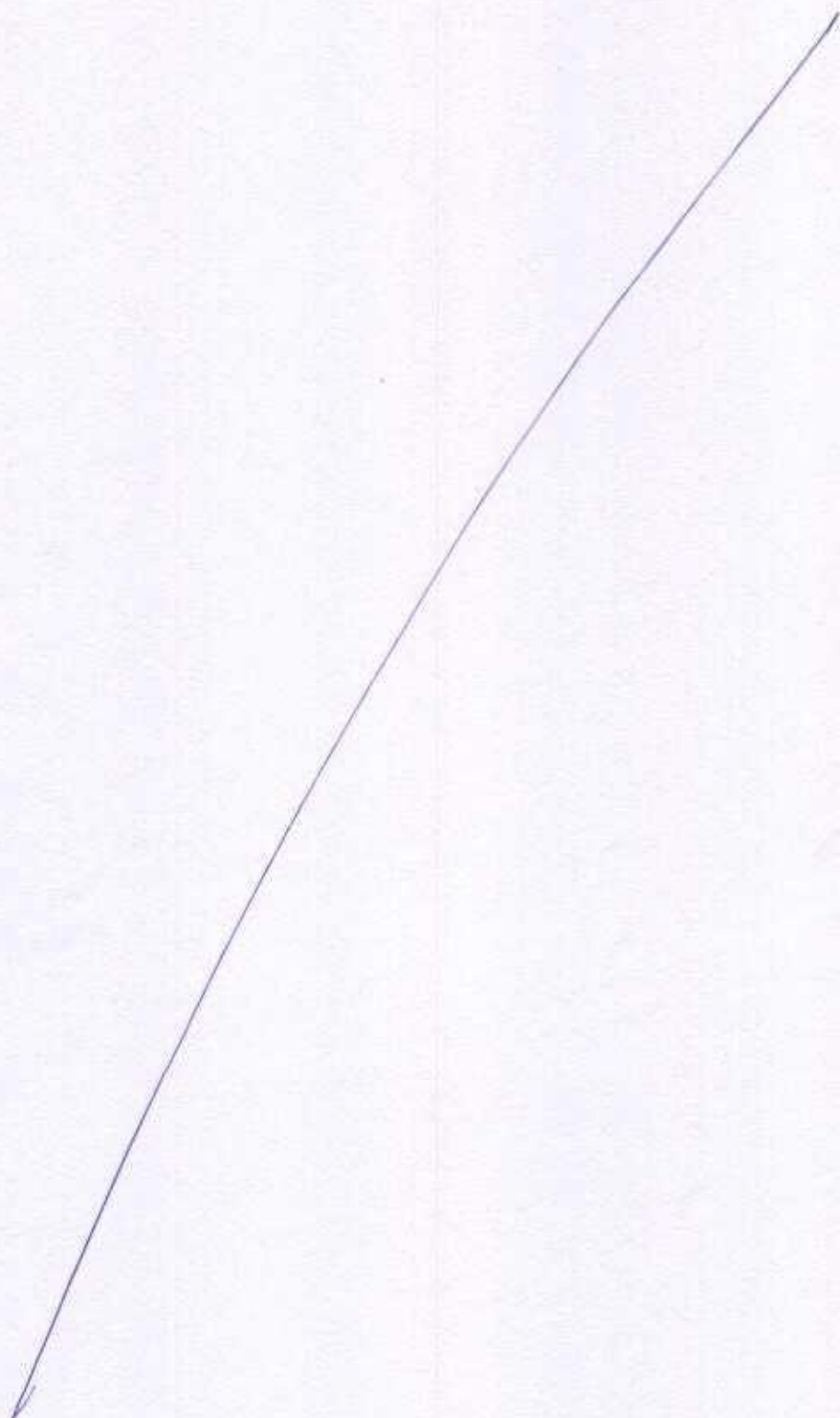
11. If stay is sought in relation to a matter pending before the High Court, give full particulars.

: NA



(Uttam Kumar Das)
Sr. Accounts Officer
The Synthetic & Art Silk Mills
Research Association

Date: 20 / 09 / 2021





BEFORE THE INCOME TAX APPELLATE TRIBUNAL

BENCH – '___', MUMBAI

Stay Application No. _____ of 2021

in

ITA No.693 /Mum/2021

A.Y.2013-14

The Synthetic & Art Silk Mills Research Association
Sasmira Marg, Worli, Mumbai - 25

.... Appellant


V/s.


CIT (Exemptions)
Mumbai


.... Respondents

AFFIDAVIT

I Uttam Kumar Das, Sr. Accounts Officer of The Synthetic & Art Silk Mills Research Association, Mumbai, having office at Sasmira Marg, Worli, Mumbai 400 025, do hereby, on solemn affirmation and state on oath as under:

- 
1. I state that, the Appellant is a registered Public Trust duly registered under Bombay Publication Act, 1950 and Society Registration Act, 1860.
 2. I state that, the Appellant is also registered as Research Association for the purpose of Section 35(1)(ii) of the Income Tax Act, 1961 vide Notification No.97/2007-F. No.203/36/2003/ITA(i) 28/03/2007. The Application Trust is also registered under Section 12A of the Income Tax Act.
 3. I state that, the Appellant Trust filed its Return of Income for A.Y.2013-14 on 25/09/2013. The Return of Income was processed under Section 143(1) on 31/03/2015.
 4. I state that, thereafter, a Notice under Section 148 r.w.s. 147 of the Income Tax Act, 1961 was issued on 28/03/2018, seeking to re-open Assessment under Section 147 of the Act for A.Y.2013-14.
 5. I state that, an order under Section 143(3) r.w.s. 147 was passed by the Assessing Officer on 14/11/2018, disallowing the benefit of Section 11 and at the same time allowing benefit of Section 10(21) of the Act, thereby raising NIL demand on the Appellant Trust. The Ld. Assessing Officer in its Order has stated that the reason for disallowing benefit of exemption under Section 11 as per Assessment Order of 2010-11, Order dated 31/03/2016 passed under Section 143(3) r.w.s. 147 of the Act, benefit has been disallowed therefore same has to be disallowed in this relevant Assessment Year as well.
(EXHIBIT – 1).

- 
6. I state that, a notice dated 17/02/2021 under Section 263 of the Act was issued by the Ld. CIT(E), seeking to revise the Order passed by the Ld. Assessing Officer on 14/11/2018 passed under Section 143(3) r.w.s. 147 of the Act. The Ld. CIT(E) invoked Section 263 of the Act. **(EXHIBIT – 2).**
7. I state that, as per the said Notice, the Ld. CIT(E) was of prima facie view that the Assessment Order passed under Section 143(3) r.w.s. 147 of the Act was erroneous is so far as it was prejudicial to the Interest of Revenue. As the Notice under Section 263 of the Act, the Ld. CIT(E) was of a view that income from Auditorium Hire Charges, Hoarding Site of service charges, License Fees/Rent totalling to Rs.2,35,79,791/- were in the nature of income from House Property or Income from Other Sources. Hence, it was not eligible for deduction under Section 10(21) of the Act. The Appellant Trust filed its preliminary reply to the Show Cause Notice to the Show Cause Notice under Section 263 of the Act on 25/02/2021 objecting to the said Notice **(EXHIBIT – 3)**, the Assessee Trust pointed out that there is no prohibition put by the Act under Section 10(21) of the Act. On carrying on of ancillary and incidental activities and that Auditorium Hire Charges, Hoarding Site and Service Charges are incidental to attainment appellant trust objects. On the basis preliminary reply the Ld. CIT(E) passed the impugned Order under Section 263 of the Act dated 05/03/2021. **(EXHIBIT – 4).**
8. I state that, in the Order passed under Section 263 of the Act, the Ld. CIT(E) has held the Assessee Order passed under Section 143(3) r.w.s. 147 of the Act dated 14/11/2018 is erroneous so far as it is prejudicial to the interest of the Revenue because according to



the Ld. CIT(E), the Appellant Trust has objects in Research and Development activities in Textile Sector and this is completely non-aligned to business of Auditorium hire, hoarding site and service charges. Therefore, income from such activities cannot be exempted under Section 10(21) of the Act.

9. I state that, being aggrieved by the Order passed under Section 263 of the Act, the Appellant Trust filed appeal before this Hon'ble Tribunal on 04/05/2021. The Appellant Trust has challenged the Jurisdiction of the Ld. CIT(E) to invoke his power under Section 263 of the Act, against the Appellant Trust.
10. I state that, Pursuant to the Order under Section 263 of the Act, the Ld. Assessing Officer has issued a Notice under Section 142(1) of the Act. The Ld. Assessing Officer through Faceless Assessment Centre has sought for justification of claim of the Appellant Trust regarding Auditorium Hire Charges, Hoarding Site & Service and Licence Fees. **(EXHIBIT – 5).**
11. I state that, it is stated and submitted that the Appellant Trust has challenged the Jurisdiction and legality of the proceeding under Section 263 of the Act before this Hon'ble Tribunal. The question and jurisdiction and illegality of the proceeding under Section 263 of the Act goes to the roots of the matter. It is stated that the time limit of completion of Assessment in its case ends on 31/03/2022 as per Section 153(3) of the Act.
12. I state that, the Appellant Trust is intends to comply and co-operate in the Assessment Proceedings. As these Assessment Proceedings are offshoot of the proceedings under Section 263 of the Act and

these Assessment Proceedings are causing multiplicity of the Assessment Proceedings. The Appellant Trust seeks to stay the Assessment Proceedings under Section 143(3) r.w.s. 263 of the Act till disposal of the Appeal.

13. I state that, the Appellant Trust reiterate that it has challenged the legality and Jurisdiction of the proceeding under Section 263 of the Act which goes to the roots of the matter. It is further stated that staying of Assessment Proceeding will not cause any prejudice to the Revenue and that such period shall be excluded for computation of time limit.

Prayer: The Appellant Company prays that the Assessment proceedings under Section 143(3) r.w.s. 263 may be stayed till disposal of ITA No.34/DDM/2019 in order to prevent multiplicity of proceedings.



Appellant

(Uttam Kumar Das)
Sr. Accounts Officer

The Synthetic & Art Silk Mills
Research Association

Place: Mumbai
Date: 20/09/2021

VERIFICATION

I Uttam Kumar Das, Sr. Accounts Officer of The Synthetic & Art Silk Mills Research Association, do hereby declare that the facts stated herein above are per the record maintained by the Appellant Trust and I believe the same to be true. Solemnly affirm on this 20th Sept 2021, at Mumbai.



Deponent

(Uttam Kumar Das)
Sr. Accounts Officer

The Synthetic & Art Silk Mills
Research Association

At: Mumbai

Date: 20/09/2021

27/9/2021



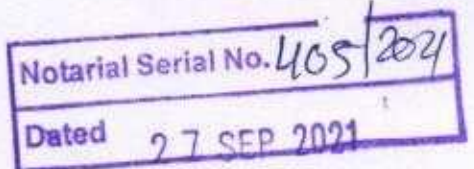
BEFORE ME

B. P. Sharma

B. P. SHARMA

B.Sc., L.L.B.

NOTARY
MAHARASHTRA
(GOVT. OF INDIA)
Reg. No. 10471



27 SEP 2021

Notice of Demand under Section 156 of the Income-tax Act, 1961

To

M/s. The Synthetic & Art Silk Mills
Research Association
Sasmira, Sasmira Marg,
Worli,
Mumbai - 400025.

PAN No : AAATT4271E
Status : TRUST(AOP)

This is to give you notice that for the assessment year 2013-14 a sum of Rs.NIL/- details of which are given on the reverse, has been determined to be payable by/to you.

2. The amount should be paid to the manager, authorised bank/State Bank of India, Reserved Bank of India at Mumbai within 30 days of the service of this notice. The previous approval of the Deputy Commissioner of Income-tax has been obtained for allowing a period of less than 30 days for the payment of the above sum. A challan is enclosed for the purpose of payment.
3. If you do not pay the amount within the period specified above, you shall be liable to pay simple interest at one and one-half per cent for every month or part of a month from the date commencing after the end of the period aforesaid in accordance with Section 220(2).
4. If you do not pay the amount of the tax within the period specified above, penalty (which may be as much as the amount of tax in arrear) may be imposed upon you after giving you a reasonable opportunity of being heard in accordance with Section 221.
5. If you do not pay the amount within the period specified above, proceedings for the recovery thereof will be taken in accordance with Section 222 to 229, 231 and 232 of the Income-tax Act, 1961.
6. If you intend to appeal against the assessment/fine/penalty, you may present an appeal under part A of Chapter XX of the Income-tax Act, 1961, to the Deputy Commissioner (Appeals) of Income-tax/Commissioner of Income-tax (Appeals) - 1 within thirty days of the receipt of this notice, in Form No. 35, duly stamped and verified as laid down in that form.
7. The amount has become due as a result of the order of the Deputy Commissioner (Appeals) of Income-tax/Deputy Commissioner of Income-tax/Commissioner of Income-tax (Appeals)/ Chief Commissioner of Income-tax _____ under section _____ of the Income-tax Act, 1961. If you intend to appeal against the aforesaid order, you may present an appeal under Part B of Chapter XX of the said Act to the Income-tax Appellate Tribunal _____ within sixty days of the receipt of that order, in Form No. 36, duly stamped and verified as laid down in that form.

Place: MUMBAI

Date: 14/11/2018



(V. K. MANGLA)

Dy. Commissioner of Income Tax(E)-2(1), Mumbai

NOTES :

1. Delete inappropriate paragraph and words.
2. If your wish to pay the amount by cheque, the cheque should be drawn in favour of the Manger, authorised bank/State Bank of India/Reserve Bank of India.
1. If you intend to seek extension of time for payment of the amount or propose to make the payment by installments, the application for such extension, or as the case may be, permission to pay by installments, should be made to the Assessing Officer before the expiry of the period specified in paragraph-2. Any request received after the expiry of the said period will be not be entertained in view of the specified provisions of Section 220(3).

INCOME TAX DEPARTMENT

Name of the Assessee	: The Synthetic & Art Silk Mill's Research Association
Address	: Sasmira, Sasmira Marg, Worli, Mumbai - 400 025.
PAN	: AAATT4271E
Ward/Circle/Range	: D.C.I.T. (Exemption) - 2(1), Mumbai.
Status	: A.O.P (Trust)
Assessment Year	: 2013-14
Whether Resident/Resident but not ordinarily resident/ Non resident	: Resident
Method of Accounting	: Mercantile
Previous Year ended on	: 2012-13
Dates(s) of hearing	: As per ITBA Notings
Date of order	:
Section and sub-section under which the assessment is made	: U/s.143 (3)r.w.s.147 of the I.T. Act

ASSESSMENT ORDER

The assessee filed its return of income on 25.09.2013 along with Audit Report in form No. 10B declaring income at Rs. NIL. The trust is registered as a Charitable Organization with DIT(E), Mumbai u/s 12A under vide Registration No.INS/15276 and with Charity Commissioner, Mumbai vide Registration No.F-121(BOM). The Assessee is also approved Research Organization approved u/s 35(1)(ii) of the Income Tax Act, 1961 vide Notification No. 97/2007-F.No.203/36/2003/ITA (i) dated 28th March 2007.

2. The case was reopened and notice u/s. 148 of the IT Act was issued on 28.03.2018. Return of income in response to notice u/s. 148 was filed on 28.04.2018. Accordingly, notices u/s. 143(2) was issued on 05.07.2018 and 142(1) was issued on 17.07.2018. On 31.10.2018, the return of income was revised.

3. In response to the said notices, the details filed have been filed and examined during the course of assessment proceedings

The trust is engaged in carrying on research activity in the field of textile industry. As per the records/details available for A.Y. 2010-11 (order dated





31.03.2016 passed u/s. 143(3) r.w.s. 147), it has been held that the case is hit by first proviso to section 2(15) and benefit of exemption u/s. 11 was denied in totality. The assessee is in appeal against the said order. The assessee was asked to explain as to how the facts of the case are different from the facts of the case for A.Y. 2010-11. The assessee in its submissions stated that assessee is approved vide notification dated 28.03.2007 for section 35(1)(ii) for research activities. Hence, its income are exempt u/s. 10(21) of the IT Act. Copy of notification is filed.

The reply filed is duly considered. It is notice that assessee is approved as above and thus its income are exempt u/s. 10(21) of the IT Act. The claim is allowed.

9. After discussion and subject to the above, total income of the assessee is computed as under:

Particulars	Rs.
Income as per ITR	16,76,45,950
Income exempt u/s.10(21)	16,76,45,950
TOTAL INCOME	NIL

6. Assessed accordingly u/s 143(3) of the I.T. Act, at **Rs. NIL/-**. Income computed, tax calculated and credit of prepaid taxes given as per ITNS-150 which forms part of this order. Notice of demand issued.



Copy to: The Assessee.

(V. K. MANGLA)
Deputy Commissioner of Income Tax
(Exemptions), 2(1), Mumbai.

Deputy Commissioner of Income Tax
(Exemptions), 2(1), Mumbai

ASSESSMENT DEMAND PROCESSING

Adjustments/Assessments Initial Details Revised Details Payment Details Refund Details Communication Address

Assessment Order PAN: AAAT4271E Asmt. Yr: 2013-14 Name: M/S THE SYNTHETIC & ART SILK MILLS RESEARCH ASSOCIAT

Section: 142(2) r/w: 142 Dt. Order Passed: 14/11/2019 Payment: 105000 Details

Adjustments: ☐ Do not Exist ☐ Exist Oth Payments: 0 Details

Assessed Inc: ☐ Agriculture Inc Rental Refund: 0 Details

National Return: ☐ Doesn't Exist ☐ Exist Total: 0

Gross Demand: ☐ Computed ☐ Not Specified Covered u/s 115(2)(a) Details

Gst. Tax: ☐ 0 ☐ File Cess ☐ 0 Addl Inc-tax-ent payable as distributed profits: 0

Tax Paid: ☐ 0 ☐ Tax Credit u/s 115-20 ☐ 0 Addl Inc. Tax and Inc. Paid: 0 Details

Surcharge: ☐ 0 ☐ Rebate ☐ 0 Tax Interest on distributed profits u/s 115-2(1)(15P): 0

Net Tax: ☐ 0 Tax & interest payable: 0

Interest u/s 234A: ☐ 0 ☐ Modified ☐ 0 Int. u/s 244A: ☐ 0

Interest u/s 234B: ☐ 0 ☐ 0 Payments of Int. u/s 244A: ☐ 0

Interest u/s 234C: ☐ 1010215 ☐ 0 Bal. amount u/s 244A: ☐ 0

Additional Tax: ☐ 0 ☐ 0 Int. u/s 234D: ☐ 0

Gross Demand: ☐ 0 ☐ Details Introduced u/s 234D: ☐ 0

Delay Attributable to Assessee u/s 244A: ☐ 0 ☐ 0 Bal. amount u/s 234D: ☐ 0

Delay From Dt: ☐ Delay To Dt: ☐ Interest u/s 220(2): ☐ 0

Refund Status: ☐ ☐ Remarks: ☐ 0 Payments of Int. u/s 220(2): ☐ 0

Refund Status: ☐ ☐ Remarks: ☐ 0 Bal. amount u/s 220(2): ☐ 0

DT. of Svc: 24/11/2018 R.C. Prd: 39 DT. Due: 24/12/2018 Net Amount payable: 0



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
CIT (Exemptions), MUMBAI

To,
THE SYNTHETIC & ART SILK MILLS
RESEARCH ASSOCIATION
SASMIRA SASMIRA MARG, WORLI
MUMBAI 400025, Maharashtra

PAN/TAN:
AAATT4271E

AY:
2013-14

DIN & Notice No :
ITBA/REV/F/REV1/2020-
21/1030726041(1)

Dated:
17/02/2021

NOTICE FOR THE HEARING

M/s/Mr/Ms

Subject: Notice for Hearing in respect of Revision proceedings u/s 263 of the **THE INCOME TAX ACT, 1961** – Assessment Year **2013-14**.

In this regard, a hearing in the matter is fixed on **25/02/2021** at **03:30 PM**. You are requested to attend in person or through an authorized representative to submit your representation, if any alongwith supporting documents/information in support of the issues involved (as mentioned below). If you wish that the Revision proceeding be concluded on the basis of your written submissions/representations filed in this office, on or before the said due date, then your personal attendance is not required. You also have the option to file your submission from the e-filing portal using the link: incometaxindiaefiling.gov.in

2. On verification and careful examination of the assessment records for the A.Y. 2013-14 in your case, wherein assessment was completed under section 143(3) r.w.s 147 of the I.T. Act, 1961 on 14.11.2018, I am of the prima facie view that the order passed by DCIT(E), Circle-2(1), Mumbai (hereinafter 'the Assessing Officer' or 'the AO') is erroneous in so far as it is prejudicial to the interest of revenue, in view of the following:

1. On- going through the case records, it is seen that the assessee has claimed to have engaged in the business of Research and registered as Charitable Organisation u/s 12A of the I.T. Act. Accordingly, it is claiming its entire income as exempt from taxation u/s 10(21) of the I.T. Act.

Perusal of details reveals that the assessee is in receipt of following income:

Note: If digitally signed, the date of digital signature may be taken as date of document.
ROOM NO:617,6th Floor, PIRAMAL CHAMBER, LAL BAUG, PAREL, MUMBAI, Maharashtra, 400012
Email: MUMBAI.CIT.EXMP@INCOMETAX.GOV.IN, Office Phone:02224167883

* DIN- Document Identification No.

Auditorium Hire Charges	Rs. 36,14,729/-
Hoarding Site & Service Charges	Rs. 79,84,044/-
Licence Fees/ Rent	Rs. 1,19,81,018/-
Total	Rs. 2,35,79,791/-

The above income is purely of the nature of Income from House Property as well as Income from Other Sources. Hence, this income is not eligible for exemption u/s 10(21) of the I.T. Act.

By way of allowing such exemption the income to the extent of Rs. 2,35,79,791/- has escaped assessment resulting into tax effect of Rs. 70,73,937/- and consequential interest component thereon.

The AO has passed order without the basic verification of the above transactions stated above and therefore the order is prejudicial to the interest of revenue

3. In view of the above, may I request you to show cause why the assessment order dated 14.11.2018 should not be set aside under section 263 of the Act with appropriate directions to the AO to redo the assessment. You are accorded an opportunity to attend in person or through an Authorized Representative before the undersigned on 25/02/2021 at 03.30 p.m. at my office. Personal appearance is not necessary, and you may alternatively file a written response to this show cause notice. You may further note that if nothing is heard from you at the appointed date, it will be presumed that you have no submissions to make. Necessary action on the matter will be taken without any further reference to you.

Kindly accord priority to the matter.

ANURAG SAHAY
CIT (Exemptions), MUMBAI

(In case the document is digitally signed please
refer Digital Signature at the bottom of the page)





ANDHORIKAR MEHRA MARU & ASSOCIATES

Chartered Accountants

APPREHEND
ADVISE
ACHIEVE

CA ANIRUDDHA ANDHORIKAR
M.Com., F.C.A.

AMMM/63/2020-21

Date: 25th February, 2021

To,
CIT(Exemptions)
Piramal Chamber,
Lalbaug, Parel
Mumbai - 400012

Name: The Synthetic & Art Silk Mills Research Association

PAN: AAATT4271E

AY: 2013-14

Sub: Response to revision proceedings under section 263 of the Income Tax Act, 1961
(hereinafter referred to as "the Act")

Ref: ITBA/REV/F/REV1/2020-21/1030726041(1)

Respected Sir,

The assessee trust objects to the notice issued as referred above initiating revision proceedings u/s 263 of the Act.

Without prejudice to the objection, assessee trust submits as follows under protest:

Background and facts of the case:

- 1) The assessee is registered under the Bombay Public Trust Act, 1950 and Societies Registration Act, 1860 as well.
- 2) The assessee is registered as Research Association for the purposes of Sec. 35(1)(ii) of the Income Tax Act, 1961 vide notification No. 97/2007- F. No. 203/36/2003/ITA(i) dt. 28/03/2007. The assessee trust is also registered as a charitable trust under section 12A of the Act with CIT (E), Mumbai vide Registration No. INS/15276 dated June 03, 1982.
- 3) Considering the assessee trust's contribution in textile education through the research activities, Ministry of Textile (MoT), Government of India (GoI) seeks help in various studies on textile education. Assessee trust as part of education activity conducts research activity and testing of textile and allied products and conducts research on such products referred by various government and private organizations.
- 4) During the year, the trust has carried on research and educational activities involving imparting knowledge through class room mode and practical trainings and incidental activities to attain the objects. Research activities are conducted in respect of textiles and allied sciences. The trust undertakes research, testing and training activities for various schemes of central government under Ministry of Textiles. The trust conducted practical

training and educational courses at its power-loom centres established through government grants.

- 5) The case of the assessee was selected for reassessment and notice under section 148 of the Act was issued. Accordingly, reassessment proceedings were completed and an order u/s. 143(3) r.w.s. 147 of the Act dated 14.11.2018 was passed. A.O. after due consideration of all activities and submissions had granted the benefit available under the provisions of section 10(21) of the Act and re-assessed the income as NIL.
- 6) The assessee would like to re-iterate the third proviso to Section 10(21) of the Act here under:

10(21).....

Provided also] that nothing contained in this clause shall apply in relation to any income of the [research association], being profits and gains of business, unless the business is incidental to the attainment of its objectives and separate books of account are maintained by it in respect of such business:]

..... (emphasis supplied)

From the above it can be understood that the activities carried on by the institution which are incidental to the attainment of its objectives shall fall in the purview of provisions of Sec.10(21) and accordingly are exempt.

- 7) It is humbly submitted that the following receipts are generated out of incidental activities of the trust and are fully utilised for attainment of the objectives of the trust for the year:

Auditorium Hire Charges	Rs. 36,14,729
Hoarding Site & services charges	Rs. 79,84,044
Licence Fees/ Rent	Rs.1,19,81,018
Total	Rs. 2,35,79,791

The research and development activities are carried out with view to make contribution in the textile and allied sciences. To attain the objects of the trust effectively and to support the expenditure required for the attainment of the objects, assessee trust has to generate the receipts to sustain and run the activities of the trust. Therefore, out of such incidental activities, trust was in receipt of hire charges during the year.

- 8) The incidental receipts become a source to sustain and bridge the gap and recoup the expenses required to attain the objects of the trust. The proceeds are fully utilized for attainment of the objects of the trust.
- 9) Therefore, as per the provisions of Sec.10(21) of the Act, the above receipts are covered and are exempt u/s 10(21) such being on account of incidental activities for the attainment of its objectives and same being utilized fully on such objects. Accordingly, the order for A.Y. 2013-14 dt.14/11/2018 u/s 143(3) r.w.s.147 is not erroneous or prejudicial to the interest of the revenue.

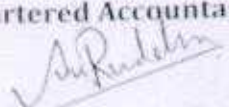
10) Assessee trust hereby humbly submits that the notice dt.17/02/2021 issued for revision proceedings u/s263 may kindly be dropped.

This submission is preliminary in nature and the Assessee trust wishes to submit further details, submissions and judicial pronouncement on the matter upon compilation of all the details. Kindly, therefore, grant a week's time to submit the same and till then your honor is requested not to conclude the proceedings & oblige.

For,

Andhorikar Mehra Maru & Associates,

Chartered Accountants


CA. Aniruddha Andhorikar

Partner



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
CIT (Exemptions), MUMBAI

To, THE SYNTHETIC & ART SILK MILLS RESEARCH ASSOCIATION SASMIRA SASMIRA MARG, WORLI MUMBAI 400025, Maharashtra	
--	--

PAN/TAN: AAATT4271E	AY: 2013-14	DIN & Order No : ITBA/REV/F/REV5/2020- 21/1031261039(1)	Dated: 05/03/2021
------------------------	----------------	---	----------------------

Order u/s 263 of THE INCOME TAX ACT, 1961

Instituted on 17/02/2021 from the order of EXEM. CIRCLE 2, MUMBAI dated 14/11/2018

Revision No	CIT (Exemptions), MUMBAI/Revision-263/100000184519/2021
Order No. for the order sought to be revised	
Section under which order sought to be revised was passed	143(3)r.w.s147
Date of Order sought to be revised	14/11/2018
Date of Hearing(s)	
Present for the Assessee	

M/s. The Synthetic & Art Silk Mills Research Association (*hereinafter 'the assessee' or 'the assessee trust'*) is a Public Charitable Trust registered u/s.12A of the I.T. Act, 1961 (*hereinafter 'the Act'*), vide registration No.INS/15276. The assessee trust is also certified u/s.35(1)(ii) of the Act. On verification and careful examination of the assessment records for AY.2013-14 wherein assessment was completed u/s.143(3) r.w.s. 147 of the Act on 14/11/2018, it was found *prima facie* that the order passed by the Dy.CIT-Cir.2(1), Mumbai (*hereinafter the 'AO' or 'the Assessing Officer'*) is erroneous in so far as it is prejudice to the interest of the revenue, in view of the following:

- (1) On going through the case records, it is seen that the assessee has claimed to have engaged in the business of Research and registered as Charitable Organization u/s.12A of the I.T. Act. Accordingly, it is claiming its entire income as exempt from taxation u/s.10(2) of the I.T. Act.

Auditorium Hire Charges	Rs.36,14,729/-
-------------------------	----------------

Note: If digitally signed, the date of digital signature may be taken as date of document.
ROOM NO:617,6th Floor, PIRAMAL CHAMBER, LAL BAUG, PAREL, MUMBAI, Maharashtra, 400012
Email: MUMBAI.CIT.EXMP@INCOMETAX.GOV.IN, Office Phone:02224167883

Hoarding Site & Service Charges	Rs.79,84,044/-
Licence Fees/Rent	Rs.1,19,81,018/-
Total	Rs.2,35,79,791/-

The above income is purely of the nature of Income from House Property as well as Income from Other Sources. Hence, this income is not eligible for exemption u/s.10(21) of the I.T. Act.

By way of allowing such exemption the income to the extent of Rs.2,35,79,791/- has escaped assessment resulting into tax effect of Rs.70,73,937/- and consequential interest component thereon.

The AO has passed order without the basic verification of the above transactions stated above and therefore the order is prejudicial to the interest of revenue.

2. In view of the above, *prima facie* findings, a notice was sent to the assessee on 17/02/2021 with DN & Notice No: ITBA/REVIF/REV1/2020-21/1030726041(1), according an opportunity to furnish response to the show cause on why the assessment order dated 14/11/2018 should not be set aside under Section 263 of the Act with appropriate direction to the AO to redo the assessment. It was clearly mentioned in the notice that, if nothing is heard from the taxpayer at the appointed date, it will be presumed that the trust did not desire to make any submissions. Hearing on the case was fixed on 25/02/2021 at 3.30 p.m..

3. In response to the notice, Shri Anirudha Andhorikar, ACA and Authorized Representative attended and made submissions vide letter No.AMMM/63/2020-21 dated 25/02/2021 which is reproduced as under:

".....

5. The case of the assessee was selected for reassessment and notice under section 148 of the Act was issued. Accordingly, reassessment proceedings were completed and an order u/s.143(3)(r.w.s.147 of the Act dated 14.11.2018 was passed. A.O. after due consideration of all activities and submissions had granted the benefit available under the provisions of section 10(21) of the Act and re-assessed the income as NIL.

6. The assessee would like to re-iterate the third proviso to Section 10(21) of the Act here under:

10(21)....

Provided also] that nothing contained in this clause shall apply in relation to any

income of the [research association], being profits and gains of business, **unless the business is incidental to the attainment of its objectives and separate books of account are maintained by it in respect of such business:]**

..[emphasis supplied]

From the above it can be understood that the activities carried on by the institution which are incidental to the attainment of its objectives shall fall in the purview of provisions of Sec.10(2) and accordingly are exempt.

7) It is humbly submitted that the following receipts are generated out of incidental activities of the trust and are fully utilized for attainment of the objectives of the trust for the year.

Auditorium Hire Charges	Rs.36,14,729/-
Hoarding Site & Service Charges	Rs.79,84,044/-
Licence Fees/Rent	Rs.1,19,81,018/-
Total	Rs.2,35,79,791/-

The research and development activities are carried out with view to make contribution in the textile and allied sciences. To attain the objects of the trust effectively and to support the expenditure required for the attainment of the objects, assessee trust has to generate the receipts to sustain and run the activities of the trust. Therefore, out of such incidental activities, trust was in receipt of hire charges during the year.

8) The incidental receipts become a source to sustain and bridge the gap and recoup the expenses required to attain the objects of the trust. The proceeds are fully utilized for attainment of the objects of the trust.

9) Therefore, as per the provisions of Sec.10(21) of the Act, the above receipts are covered and are exempt u/s.10(21) such being on account of incidental activities for the attainment of its objectives and same being utilized fully on such objects. Accordingly, the order for A.Y.201-14 dt. 14/11/2018 u/s.143(3) r.w.s. 147 is not erroneous or prejudicial to the interest of the revenue."

4. The matter is considered. On careful consideration of the written submissions filed by the assessee trust, I am not convinced that the Auditorium Hire Charges as well as Hoarding

Site and Service charges and licence fees/rent are incidental to the objectives of the trust. In this connection, it is seen that the objectives of the trust is to conduct research and development activities in the textile sector and Offering auditorium on hire as well as dealing in contracts for site, hoarding charges etc. are in no way intrinsically connected or incidental to the attainment of the objectives of the trust. During the course of hearing, the authorized representative made an oral argument that the revenue generated from these streams are utilized towards objectives of the trust. I am not convinced by these arguments as it is not the end use of the revenue generated that would decide the issue whether these businesses are incidental to the objects of the trust. It is clear that the assessee has different verticals of activities. The public charitable vertical of research and development activities in textile sector is completely non-aligned to the business verticals of auditorium hire, hoarding site and services charges or rental income. In view of the same, I am satisfied that the assessment done by the AO u/s.143(3) r.w.s. 147 dated 14/11/2018 is erroneous in so far as it is prejudicial to the interest of the revenue. Hence, this assessment order dated 14/11/2018 is set aside with the direction to the AO to redo the assessment after according the assessee reasonable opportunity of being heard.

ANURAG SAHAY
CIT (Exemptions), MUMBAI

Copy to:

CIT (Exemptions), MUMBAI
EXEM. CIRCLE 2, MUMBAI
Appellant - THE SYNTHETIC & ART SILK MILLS RESEARCH ASSOCIATION

ANURAG SAHAY
CIT (Exemptions), MUMBAI

(In case the document is digitally signed please refer Digital Signature at the bottom of the page)

This document is digitally signed

Signer: ANURAG S
Date: Monday, Mar 12 2:35 PM
Location: DIRECTORATE, India



**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
National Faceless Assessment Centre
Delhi**



To,
THE SYNTHETIC & ART SILK MILLS RESEARCH
ASSOCIATION
SASMIRA SASMIRA MARG, WORLI
MUMBAI 400025, Maharashtra

PAN:
AAATT4271E

Assessment Year:
2013-14

Date:
17/08/2021

DIN:
ITBA/AST/F/142(1)/2021-
22/1034922333(1)

Notice under sub-section (1) of Section 142 of the Income Tax Act, 1961

Dear Taxpayer,

Kindly refer to ongoing assessment proceedings in your case for A.Y. **2013-14** under Faceless Assessment Scheme, 2019.

2. We appreciate the anxiety and uncertainty that is facing all of us in the times of Covid-19. This communication is to assist you in ending one uncertainty, which is pending e-Assessment in your case for the Assessment Year **2013-14**.
3. You are requested and required to kindly furnish or cause to be furnished on or before **23/08/2021** by **11:00 AM**, the accounts and documents specified in the Annexure to this notice.
4. The accounts or documents, as mentioned above, are required to be submitted online electronically in 'E-proceedings' facility through your account in e-Filing website (www.incometaxindiaefiling.gov.in)

Yours faithfully,

Additional / Joint / Deputy / Assistant Commissioner of Income Tax,
National Faceless Assessment Centre,
Delhi

Note:- The website address of the e-filing portal has been changed from www.incometaxindiaefiling.gov.in to www.incometax.gov.in.

ANNEXURE

In connection with the **set-a-side assessment proceedings u/s 143(3) r.w.s 263 for the A.Y. 2013-14** you are hereby given an opportunity to produce evidences/submit explanations/ details in respect to the following issue/issues:-

It is observed that for AY 2013-14, the entire income has been considered as exempt from tax u/s 10(21) of the Act. However, the income derived from Auditorium Hire charges (Rs.36,14,729/-), Hoarding Site & Service charges (79,84,044/-) and Licensee Fees/Rent (Rs.1,19,81,018/-), totaling Rs.2,35,79,791/-, cannot be regarded as incidental to the objects of the trust which is to conduct research/development in the field of textiles. Therefore, the income derived from these activities cannot be claimed as exempt under the Act irrespective of the end use of the revenue generated from these activities.

In view of the above, you are required to justify the claim of the said exemption based on the facts of your case and the applicable provisions of law.

Yours faithfully,
Additional / Joint / Deputy / Assistant Commissioner of Income Tax/
Income-tax Officer,
National Faceless Assessment Centre,
Delhi



Certification signature by: **Prakash**
Digitally signed by **Prakash**
Date: 2021.08.13:59:18 IST