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Report of the Comptroller and Auditor General of India

Allowance of deduction to the assessees engaged in infrastructure development

Union Government
Department of Revenue - Direct Taxes
Report No. 28 of 2016

Report of the
Comptroller and Auditor General of India

for the year ended March 2015

Performance audit

of

Allowance of deduction to the assessees engaged in infrastructure development

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Preface

This Report for the year ended March 2015 has been prepared for submission to the President under Article 151 of the Constitution of India.

The Report contains significant results of the performance audit of Allowance of deduction to the assessees engaged in infrastructure development of the Department of Revenue – Direct Taxes of the Union Government in 2012-13 to 2014-15.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2012-13 to 2014-15 conducted during July to October 2015.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Audit wishes to acknowledge the cooperation received from the Department of Revenue - Central Board of Direct Taxes at each stage of the audit process.

Executive Summary

Large investment in infrastructure sectors such as power generation, railways, roads, ports, airports, irrigation, water supply and telecommunications services during the last decade or so has helped India to emerge as one of the fastest growing economies in the world. Infrastructure development has also provided a better investment climate in India. Provision of tax holidays for Industrial Undertakings and Enterprises have significantly enhanced the investment in ''infrastructure development'' in the last two decades. Section 80IA provides for deductions in respect of profits and gains of industrial undertakings or enterprises engaged in ''infrastructure development'' or "eligible business'' at hundred percent for a certain period subject to fulfillment of conditions provided in the section.

We conducted performance audit of the Income Tax Department (ITD) with the objectives of verifying whether

(a) the deduction under section 80IA has been allowed by the ITD only to the eligible assessees/businesses in compliance with the provision of the Act/Rules/Circulars /Instructions;

(b) adequate internal control mechanism exists for monitoring the allowance of deduction under section 80IA in general and specific circumstances;

(c) there are lacuna/ambiguities in the provision of the Act in the administration of the policy relating to allowance of deduction that accentuates litigation; and

(d) the objective of tax holiday or extension thereof has been achieved.

This performance audit covered assessments completed by the Assessing officers (AOs) during financial years 2012-13 to 2014-15 and up to the date of audit. Wherever necessary, assessment records of the selected assesses of previous assessment years were also examined.

The ITD irregularly allowed deduction to assessees in 33 cases across 13 states in respect of infrastructure developed by joint venture formed by collaboration with foreign companies, undertakings owned by Association of persons (AOPs), assessees who did not enter into agreement with the Government, non-compliant Industrial park and excluded works contractors. This resulted in underassessment of income involving tax effect of ₹ 205.84 crore.

[Para 2.2]

The ITD irregularly allowed deduction to assesses in 16 cases in eight states where the business of the assessees such as sale of plots, projects not covered under infrastructural facilities, conversion charges, development/maintenance of park etc, were not eligible for the deduction. This resulted in underassessment of income involving tax effect of ₹ 174.35 crore.

[Para 2.3]

The ITD irregularly allowed deduction to assessees in 19 cases in eight states in respect of income earned through sale of carbon credit which involved tax effect of ₹ 34.77 crore.

[Para 2.8]

The ITD irregularly considered additions made on account of treatment of expenditure as revenue, sale of fixed assets, disallowance made u/s 40A(3) 14A, 40(a) etc., for deduction in nine cases in five states. Consequently, the allowances were more than the amount claimed by the assessee involving consequential tax effect of ₹ 74.66 crore.

[Para 2.9]

The ITD irregularly allowed deduction to assessees in eight cases in two states in respect of profits derived from 'Railway Sidings/Jetties' constructed and operated by the assessees for their private purposes, which did not qualify to be treated as infrastructure facilities in terms of Explanation to section 80 IA(4). Irregular allowance of deduction attracted tax effect of ₹ 2066.70 crore.

[Para 2.10]

The ITD did not disallow deduction in 11 cases in six states despite belated filing of return which resulted in underassessment of income involving tax effect of ₹ 80.49 crore.

[Para 3.2]

The ITD irregularly allowed deduction to assessees in six cases in four states for the period beyond the permissible limit of 10 consecutive assessment years, starting from the declared initial assessment year. Incorrect allowance of deductions resulted in underassessment of income involving tax effect of ₹ 859.47 crore.

[Para 3.3]

The ITD irregularly allowed deduction to assessees in 15 cases in eight states where the assessee did not apportion the common expenses between eligible and non eligible units properly which resulted in excess allowance of deduction involving tax effect of ₹ 224.47 crore.

[Para 3.4]

The ITD irregularly allowed deduction to assessees in seven cases in four states in respect of the profits related to the enterprises or undertaking which were transferred in a scheme of amalgamation/demerger, even though such amalgamation/demerger was effected on or after 01.04.2007. Incorrect allowance of deduction resulted in underassessment of income involving tax effect of ₹ 376.10 crore.

[Para 3.5]

The ITD irregularly allowed deduction to assessees in 43 cases in 10 states due to mistake in calculation of income/tax, depreciation, double deduction allowed, deduction allowed on other head of income etc. Omission to disallow the deduction on these cases resulted in under assessment of income involving tax effect of ₹ 143.65 crore.

[Para 3.6]

The ITD irregularly allowed deduction to assessees in six cases in four states in the case of captive consumption of electricity where the assessees claimed excess deduction by adopting a rate higher than the market rate. The Assessing Officers (AOs) did not invoke the provisions of section 80 IA(8) to arrive at the correct amounts of eligible deduction in these cases which resulted in excess allowance of deduction involving tax effect of ₹ 15.10 crore.

[Para 3.7]

The ITD irregularly allowed deduction to assessees in 11 cases in six states though the plant and machinery being used were old or a pre-existing infrastructure facility or undertakings being formed by splitting up of business already in existence. Irregular allowance of deduction involved tax effect of ₹ 40.51 crore.

[Para 3.8]

The ITD irregularly allowed deduction to assessees in 27 cases in 12 states on interest receipts, sale of import license, insurance claim etc. that, inter alia, included the profit of the eligible business. Excess allowance of deduction attracted tax effect of ₹ 227.87 crore.

[Para 3.10]

The ITD irregularly allowed deduction to assessees in 65 cases in 11 states without verifying the information contained in the requisite audit report/certificate in Form 10CCB along with the profit and loss account and the balance sheet.

[Para 4.4]

The CBDT did not have any established mechanism to assess the impact of revenue foregone on account of deduction under section 80 IA on the economic and industrial growth of the country. There is no existing system to ascertain from the sponsoring ministries as to whether the tax holidays have had the desired impact on the growth of the economy. Therefore, the audit is unable to ascertain whether the very purpose of introducing the deductions in the Act has been achieved. The CBDT has also failed to produce any records to give an assurance that Government has put in any system to do the cost-benefit analysis of the scheme so as to assess the benefits to the society derived out of the concessions/disallowances given to the assessee companies.

Summary of Recommendations

With reference to systemic issues

(i) The CBDT may evolve a suitable mechanism to determine the value of transient products during currency of business where the market price of such products is indeterminable.

[Para 2.5]

(ii) Taking into account the nature of business in various sectors like power generation through windmill, power generation by cogeneration plants, the CBDT may consider defining the term 'undertaking' appropriately within the section.

[Para 2.6]

(iii) The CBDT may modify the provisions of section 80 IA(5) so that a uniform stand is taken by all AOs on the treatment of setting off brought forward loss(es) pertaining to the period prior to initial assessment year.

[Para 2.7]

(iv) The CBDT may consider taxing the income from the sale proceeds of carbon credit as income from other sources.

[Para 2.8]

(v) The CBDT may consider incorporating provisions similar to first proviso to section 92C(4) stipulating that no deduction under section 10A, 10AA, 10B or under chapter VI-A to be allowed in respect of amount of income enhanced on the additions made by the AO during assessments.

[Para 2.9]

Issues relating to mistake in assessments

(vi) The CBDT may ensure that mistakes in assessments pointed out by Audit have been duly taken care of with a view to avoiding the loss of revenue.

[Para 3.2 to 3.12]

Issues relating to Internal control

(vii) The CBDT may evolve a mechanism for proper linkage between tax benefit allowed by the ITD with the actual investment made by the assessee as per records of the Government of India, Department of Economic Affairs thereagainst to assess the impact of tax holiday.

[Para 4.2.1]

(viii) DG (Systems) may generate MIS containing following information for use by the CBDT and field formations regularly:

- Nature of business like development of infrastructure roads, ports, generation of power etc., year of commencement of the eligible business together with the Initial assessment year from which deduction was claimed by the assessee and loss suffered by the assessee in the eligible business in relevant PYs in which such deduction was claimed.

- Deduction allowed and if deduction disallowed in original assessment whether the same was allowed by CIT(Appeal), ITAT, High Courts & Supreme Court;

[Para 4.3]

(ix) The CBDT may consider revision of Form 10CCB to include columns for allowable depreciation together with brought forward losses/unabsorbed depreciation of the eligible unit showing year wise breakup.

[Para 4.6]

(x) The CBDT may consider certification of the infrastructure activity for each sector separately, by a technically competent authority viz sector regulator.

[Para 4.9]

Chapter I : Introduction

1.1 Introduction

A sound infrastructure is a *sine qua non* for economic development. Large investment in infrastructure sector such as power generation, railways, roads, ports, airports, irrigation, water supply and telecommunication services during the last decade or so has helped India to emerge as one of the fastest growing economies in the world. Infrastructure development has also provided a better investment climate in India.

Government alone cannot fulfill all the requirements of providing sound infrastructure. Therefore, private sector is also invited for the development of infrastructures within the country by providing tax holidays. The Finance Act, 1999 substituted section 80IA of the Income Tax Act (the Act) with a new section 80IA and section 80IB. Section 80IA provides for deductions in respect of profits and gains of industrial undertakings or enterprises engaged in ''infrastructure development'' or "eligible business'' at hundred percent for a certain period subject to fulfillment of conditions provided in the section.

The provisions of section 80IA are briefly discussed in **Appendix 1**. The primary provisions of Sections 80A, 80AB, and 80AC, applicable to chapter VIA, are also applicable while allowing deduction under section 80IA. Rates of depreciation as per Appendix 1A read with 32(1)(i) are exclusively applicable to Power sector companies for which tax incentive under section 80IA is allowed.

1.2 Organisational set up

Central Board of Direct Taxes (CBDT) as a part of Department of Revenue, Ministry of Finance, Government of India is the Apex Body, charged with administration of Direct Taxes. CBDT is headed by a Chairperson and comprises six Members. In addition to their functions and responsibilities, the CBDT is responsible for exercising supervisory control over the field offices of the CBDT. The Principal Chief Commissioners of Income Tax (Pr.CCIT)/Chief Commissioners of Income Tax (CCIT)/Directors General of Income Tax (DsGIT) head the field offices. Each Pr.CCIT/CCIT/DGIT is assisted by Pr.CsIT/ CsIT/DsIT, Additional/Joint CsIT, Deputy CsIT/DDsIT, Assistant CsIT/ADsIT and ITOs.

1.3 Why we chose the topic

According to the annual statement of revenue forgone under Central Tax System presented along with the Union budget by the Ministry of Finance, deductions under section 80 IA of the Income Tax Act for the financial year 2013-14 attributed to almost 16.5 *per cent* of the total revenue forgone/tax expenditure under direct taxes. Besides, other grounds to select the topic for performance audit are as under:

- Section 80-IA provides a 10-year tax holidays for infrastructure projects. The provisions in this section have evolved over the last two decades in line with the changing dynamics of Public-Private Partnerships (PPPs) in the infrastructure sector. While Build, Operate and Transfer (BOT) and Build, Own, Operate and Transfer (BOOT) are the most common models in PPP projects, slightly different variants of these are Build and Transfer (BT) and Build, Operate, Lease and Transfer (BOLT) which require an examination in the context of defining 'eligible business' engaged in infrastructure development.
- The provisions of section 80IA have led to tax disputes and a considerable debate on the scope and eligibility criteria for the tax holidays. In most of the cases, Courts and Tribunals have taken a liberal view keeping in mind the larger legislative intent behind a tax incentive provision, which also require an indepth examination in terms of their implementation.
- It was considered necessary to ascertain whether the systems issues/deficiencies in compliance of provisions relating to section 80IA pointed out earlier in Chapter III of C&AG's Report No.PA 7 of 2008, have been adequately addressed at appropriate levels since then.

1.4 Audit objectives

This performance audit is intended to seek an assurance through examination of selected scrutinized income tax returns of assessee companies that

(i) deduction has been allowed by the Department only to the eligible assessees/ businesses in compliance with the provision of the Act/Rules/Circulars/Instructions;

(ii) adequate internal control mechanism exists for monitoring the allowance of deduction under section 80IA in general and specific circumstances;

(iii) there are no lacuna/ambiguities in the provision of the Act in the administration of the policy relating to allowance of deduction that accentuates litigation; and

(iv) the objective of tax holidays or extension thereof under section 80IA has been achieved;

1.5 Audit scope

This performance audit covered cases of scrutiny assessments, revisions and rectifications made in the selected units during the financial years (FY) 2012-13 to 2014-15 and up to the date of audit. Wherever required, assessment records of previous assessment years were also examined.

1.6 Audit Sample

The Director General of Income Tax (Systems), New Delhi furnished details of deduction under section 80-IA claimed by the assessees comprising 4,977 records relating to AYs 2010-11 to 2012-13 as shown in the table below.

Details of deduction claimed as furnished by DGIT (Systems) (₹ in crore)		
Assessment Year	**No. of cases**	**Deduction claimed**
2010-11	1,516	40,740.00
2011-12	1,752	36,504.00
2012-13	1,709	32,220.00
Total	**4,977**	**1,09,464.00**

Assessment records of all these cases were taken up for audit. Besides, assessment records in respect of assessees claiming deductions under section 80-IA, if any, found during the course of audit and not included in the list provided by the DGIT (Systems) New Delhi, were also examined. Summary cases, if any, of the selected assessees were also examined, if considered necessary.

1.7 Acknowledgement

The Income Tax Department did not produce all the records requisitioned by audit. Out of 5,227 records requisitioned by audit, 4,153 records only were produced. Non production of records worked out to 20.55 *per cent*. **Appendix 2** depicts the details of non-production of records.

We however acknowledge the cooperation of ITD[1] in facilitating the audit by providing records and information in connection with the conduct of performance audit. We held an entry conference with CBDT on 5 August 2015 wherein we explained the audit objectives, scope of audit and the main focus areas of audit examination.

We issued draft performance audit report to the CBDT in April 2016 for their comments. After receipt of reply to the summary of recommendations of draft audit report from the CBDT in June 2016, we held an exit conference on 27 June 2016 to discuss audit findings and recommendations vis-à-vis the reply of the CBDT. We have included the CBDT's reply to the recommendations in this report together with audit comments thereon.

[1] Income Tax Department

Chapter 2 : Systemic issues

2.1 Introduction

We have come across 229 cases where unintended benefits were given to the assessees engaged in infrastructure development due to certain provisions of the Act being deficient, unclear and ambiguous which further lead to avoidable litigation. The present chapter deals with systemic issues relating to allowance of deduction to the assessee companies under section 80IA of the Act.

Systemic issues noticed in audit are briefly shown in Table 2.1 below:

Para No.	Table 2.1 : Nature of Mistakes	Cases	Tax effect (₹ in crore)
2.2	Deduction allowed to ineligible assessees	33	205.84
2.3	Deduction allowed to the business not specified in the Act	16	174.35
2.4	Incorrect computation of Minimum Alternative Tax (MAT)	10	14.12
2.5	Valuation of transient goods	15	0
2.6	Aggregation of income/loss of business vs undertaking	9	27.15
2.7	Inconsistency in setting off brought forward losses and unabsorbed depreciation relating to eligible units	110	119.20
2.8	Treatment of receipts from sale of carbon credits	19	34.77
2.9	Allowance of deduction on additions made during scrutiny assessment	9	74.66
2.10	Deduction on Infrastructure facility developed for captive/private use	8	2066.70
	Total	**229**	**2716.79**

2.2 Deduction allowed to ineligible assessees

Section 80IA(4) of the Income Tax Act provided that

- the enterprises should be owned by Indian company or by a consortium of such companies or by an authority or a board or a corporation or any other body established or constituted under any Central or State Act to be eligible for the deductions.
- the enterprise has to enter into an agreement with a government entity (viz. Central Government, State Government or local authority or any other statutory body). In cases where the infrastructure facility is transferred by an enterprise which developed such infrastructure

facility to another enterprise for the purpose of operating and maintaining an infrastructure facility on its behalf in accordance with the agreement with the Government or Statutory Body then the transferee enterprise would also be entitled to deduction for the unexpired period of the contract.

- In the case of Telecommunication services, any undertaking which started providing telecommunication services on or after 1 April 1995 but before 1st April 2005 shall be eligible for deduction under section 80IA.
- In the case of Industrial Park/Special Economic Zone, the compliance with conditions prescribed in the notification issued by the Ministry under the Industrial Park scheme is a mandatory requirement.

The Government, for the purpose of deduction, excluded[2] the business in the nature of a works contract awarded by any person (including the Central or State Government) and executed by the undertaking or enterprise as the case may be. It has been judicially held[3] that the explanation must be read into the main provision with effect from the time that the main provision came into force.

We found that in 33 cases across 13 states[4], the ITD allowed deduction to assessees in respect of infrastructure developed by joint venture formed by collaboration with foreign companies, undertakings owned by AOPs, assessees who did not enter into agreement with the Government, non-compliant Industrial park and excluded works contractors, which resulted in underassessment of income involving tax effect of ₹ 205.84crore **(Appendix 3).**

Box 2.1: Illustrative cases where deduction allowed to ineligible assessees

a. Charge : Pr. CIT-14, Mumbai
Assessee : M/s. Maharashtra State Electricity Transmission Co. Ltd.
Assessment Year : 2010-11 to 2012-13
PAN: AAECM2936N

The AO allowed deduction of ₹ 27.12 crore, ₹ 42.52 crore and ₹ 65.85 crore to the assessee for electricity transmission business for above assessment years respectively. We observed that the assessee company claimed deduction on the income arrived notionally at 14 *per cent* on the basis of "return of equity" on the new additions to fixed

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2 Inserted explanation with retrospective effect from 1 April 2000 by amendments made through the Finance Act of 2007 and 2009

3 (Sedco Forex International Drill. Inc. & Others *vs* CIT, Dehradun & Anr dated 17 November 2005-SC, Appeal (Civil) 351-355 of 2005)

4 Andhra Pradesh(3), Bihar (1), Chandigarh(1), Delhi(5), Gujarat(2), Jharkhand(1), Karnataka(2), Kerala(1), Madhya Pradesh(2), Maharashtra(7), Rajasthan (1), Tamil Nadu(4) and West Bengal(3)

assets cumulatively, which was not in order as there being no provision in the Act to claim deduction on such notionally computed income. Incorrect allowance of deduction of income of ₹ 135.49 crore by the AO has had the tax effect of ₹ 44.71 crore. Reply from ITD was awaited.

b. Charge : Pr. CIT(Central-1), Kolkata
Assessee : M/s. Jain Infra Projects Limited
Assessment Year : 2008-09 to 2011-12
PAN : AACCB9831F

The AO allowed deduction of ₹ 102.83 crore to the assessee company. We noticed that the assessee executed the works as per agreement with (i) Central Public Works Department (CPWD) for road work, (ii) National Building Construction Corporation Limited (NBCC) for construction of quarters (including water supply/sanitation works) at DVC, Mejia, (iii) Westinghouse Saxby Farmer Limited (WSFL) for road work (iv) Executive Engineer, RCD, Bihar for improvement of road in the district of Motihari and (v) IRCON International Limited (IRCON) for improvement/upgradation of existing roads of state Highways in Samastipur district, Bihar etc. These agreements being in the nature of contractual agreements for merely execution of work, the assessee company could not be termed as a developer for availing the deduction**.** AO's irregular allowance of deduction of income of ₹ 102.83 crore has resulted into under charge of tax of ₹ 34.75 crore. Reply from ITD was awaited (April 2016).

c. Charge: CIT II, Delhi
Assessee: M/s. Celebi Delhi Cargo Terminal Management India Pvt. Ltd.
Assessment Year : 2011-12 and 2012-13
PAN : AADCC6885B

The AO allowed deduction of ₹ 83.15 crore and ₹ 15.49 crore to the assessee company for AYs 2011-12 and 2012-13 respectively. Delhi International Airport Private Limited (DIAL) entered into an agreement(April 2006) with M/s. Airport Authority of India to operate, maintain, develop, design, construct, upgrade, modernise, finance and manage the IGI Airport, New Delhi. Later DIAL granted the right for up-gradation, financing, operation, maintenance and management of cargo terminal at the airport for a term of 25 years to the assessee company in August 2009. The assessee company not having been entered into an agreement directly with the Government was not eligible for deduction. AO's omission to disallow the deduction resulted in underassessment of income of ₹ 98.64 crore involving potential tax effect of ₹ 32.65 crore for both the assessment years.

The department replied that the company was executing the work under the concession agreement with DIAL which was a joint venture company of AAI and GMR Airports Ltd. and the cargo terminal was an integral part of the airport infrastructure. The reply was not acceptable as the assessee company did not enter into an agreement directly with the Central Government/state government/local authority/statutory body for development of infrastructure facility to be eligible for the deduction under Section 80 IA of the Income Tax Act.

d. **Charge : CIT-V, Hyderabad**
Assessee : M/s. United Port Services Pvt. Ltd., Hyderabad
Assessment Year : 2010-11, 2011-12 and 2012-13
PAN: AABCJ0188Q

The AO allowed deduction of ₹ 87.65 crore to the assessee company engaged in build, operation & maintenance of infrastructural facility, allotted in certain part of notified port land in Kakinada Deep Water Port for operation & maintenance of three existing berths and development, operation & maintenance of 4th berth and claimed deduction for all four berths. We noticed that the agreement was entered into by M/s. Kakinada Seaports Ltd. (KSPL) with the Government of Andhra Pradesh and the port area was sublet to the assessee company. Since the assessee did not enter into agreement with the Government, it was not eligible for deduction under section 80-IA. Omission to disallow the deductionresulted in under assessment of income of ₹ 87.65 crore involving tax effect of ₹ 29.09 crore. The ITD did not accept the observation on the ground that M/s. KSPL had subleased the activity of supply of water to vessels and assesse further obtained approval from Government of Andhra Pradesh for land Lease with M/s. KSPL. It is confirmed that Infrastructural facilities developed for bunkering, pipeline and other facilities is eligible for deduction. The reply is not tenable as there was no direct agreement of the assessee with Central/State government. Director of Income Tax (Intelligence), Hyderabad also concluded (November 2013) that the assessee was not eligible for deduction u/s 80 IA.

e. **Charge: Pr. CIT (Central), Nagpur**
Assessee: M/s. SMS Infrastructure Limited
Assessment Year : 2010-11 and 2011-12
PAN : AACCS9854P

The AO allowed deduction of ₹ 11.30 crore and ₹ 13.99 crore to the assessee for development and maintenance of roads for AYs 2010-11 and 2011-12. We noticed that the assessee company formed a joint venture with M/s. International Road Dynamics Inc (A company incorporated under the laws of Canada) and undertook the operation and maintenance of a toll road and collection of toll at Vidyasagar Setu Toll Plaza of HRBC, Kolkata of the Government of West Bengal. As M/s. International Road Dynamics Inc being a Canadian company, the joint venture formed with an Indian Company was not a consortium of Indian companies, the assessee was not eligible for deduction under section 80IA.AO's failure to disallow the deduction resulted in incorrect allowance of deduction of income of ₹ 25.29 crore involving tax effect of ₹ 8.49 crore. Reply from ITD was awaited (December 2015).

f. **Charge : Pr. CIT 3, Mumbai**
Assessee : M/s. Reliance Industrial Infrastructure Limited
Assessment Year : 2010-11, 2011-12 and 2012-13
PAN:AAACR7637P

The AO allowed deduction of ₹ 7.26 crore and ₹ 7.32 crore for AYs 2010-11 and 2012-13 during scrutiny assessment and of ₹ 7.06 crore for AY 2011-12 in summary assessment. The assessee was engaged in the business of raw water supply through pipeline from river Tapi to petrochemical complex of Reliance Industries Ltd. (RIL), Hazira, against a tripartite agreement executed by RIL with Surat Municipal Corporation, Hazira Area Industries

Association and Participating Industries for Singanpur Weir project. Further, RIL paid ₹ 8.07 crore to the assessee company for raw water supply after deducting TDS under section 194C of the Act. Thus, the assessee company being a contractor of RIL was not eligible for deduction. Irregular allowance of deduction of ₹ 21.64 crore resulted in under assessment to that extent involving tax effect of ₹ 7.19 crore.

The ITD did not accept the observation stating that explanation to Section 80IA includes water supply project as infrastructure facility (November 2015). The reply is not acceptable, as the assessee was only a contractor and hence was not eligible for deduction under Section 80 IA at all.

g. Charge : CIT II Vadodara
Assessee: M/s. Netafim Irrigation India Pvt. Ltd.
Assessment Year: 2011-12
PAN: AAACE4738J

The AO allowed deduction of ₹ 9.21 crore to the assessee company engaged in the business of manufacturing and trading of drip irrigation system. We noticed that the required agreement was signed between M/s. Netafim ACS and India Ltd. and the Government of Andhra Pradesh and not between assessee company and the State Government. The assessee company was a wholly owned subsidiary of Netafim Ltd. Israel (formally known Netafim ACS Israel) and did not enter into any agreement with the Centre or the State Government and hence it was not eligible for deduction. AO's failure to disallow the deduction resulted in under assessment of income of ₹ 9.22 core involving short levy of tax of ₹ 4.53 crore. Reply from ITD was awaited (December 2015).

h. Charge : CIT Thiruvananthapuram
Assessee: M/s. Indian Medical Association Goes Eco Friendly (IMAGE)
Assessment Year: 2010-11, 2011-12 and 2012-13
PAN: AAAAI1681A

The AO allowed deduction of ₹ 6.41 crore to the assessee for AYs 2010-11 to 2012-13 for providing facility of disposal of bio-medical waste generated in hospitals. The status of the assessee being "Association of Persons" was not one of the entities specified in section 80IA (4)(i) and as such the assessee was not eligible for deduction. AO's omission to disallow the deduction resulted in under assessment of income of ₹ 6.41 crore involving tax effect of ₹ 2.60 crore. **ITD took remedial action under section 263 (February 2015) for assessment year 2010-11**.

i. Charge : CIT II Coimbatore
Assessee : M/s. RPP Infra Projects Ltd.
Assessment Year : 2010-11 and 2011-12
PAN: AAACR9307E

The AO allowed deduction of ₹ 2.30 crore and ₹ 5.71 crore for AYs 2010-11 and 2011-12 respectively. We noticed that the assessee company entered into works contract for construction of properties belonging to the Government/Statutory Bodies and parted with them after the payment of contract amount. The AO, while completing the scrutiny assessment for the AY 2012-13, also held that the assessee was engaged in execution of works contract and accordingly disallowed the deduction. As the status of the assessee was same for the AYs 2010-11 and 2011-12, deduction claimed should have been disallowed for AYs 2010-11 and 2011-12 also. AO has therefore failed to disallow the deduction which has resulted in underassessment of income of ₹ 8.01 crore involving tax effect of ₹ 2.10 crore for the AYs 2010-11 and 2011-12. ITD agreed to examine the audit observation (March 2014).

It is, thus, observed from above that the AOs were not able to appreciate the pre-qualifications prescribed for availing the benefits and irregularly allowed the deduction to the assessees who were not eligible for deduction either due to not having entered into agreement directly with the government, or being works contractors, or infrastructure having been developed by joint venture formed by collaboration with foreign companies etc. The email response dated 27th June 2016 of CBDT did not contain any response either on the specific cases raised or on the systemic issue pointed out. No reply/comment was given even during the Exit Conference.

2.3 Deduction allowed to the business not specified in the Act

Business of developing or operating and maintaining or developing, operating and maintaining any infrastructure facility, providing telecommunication services, development, or development and operation or maintenance and operation of an industrial park or special economic zone notified by the Central Government, generation or generation and distribution of power including substantial renovation and modernisation of the existing network of transmission or distribution lines are the infrastructure facilities which are eligible for deduction under section 80IA.

Explanation to Section 80IA(4) covers infrastructure facility[5] but does not mention other ancillary/support services and facilities like fuel facility, parking facilities etc., required for smooth functioning of airports. As such these auxiliary services could not be termed as eligible infrastructure facility for the purpose of deduction under section 80IA.

We found in 16 cases in eight states[6] that the ITD allowed deduction from the income of the assessee companies under section 80IA where the businesses such as sale of plots, projects not covered under infrastructural

[5] (i) a road including toll road, a bridge or a rail system (ii) highway project, (iii)water supply project, water treatment system, irrigation projects, sanitation and sewerage system or solid waste management system, (iv) port, airport, inland waterways (inland Port or Navigational Channel in the Sea). The Finance Act 2001 applicable w.e.f. 1 April 2002 deleted the term 'other public facilities of similar nature as may be notified by the Board' form the list of eligible business.

[6] Andhra Pradesh(1),Bihar(1), Delhi(4), Gujarat(2), Karnataka(1), Madhya Pradesh(1), Maharashtra(2) and West Bengal(4)

facilities, conversion charges, development/maintenance of park etc, were not eligible for the deduction.

ITD's failure to disallow the deductions resulted in underassessment of income involving tax effect of ₹ 174.35 crore (**Appendix 4).**

Box 2.2: Illustrative cases where deduction allowed to ineligible business

a. Charge: CIT III, Delhi
Assessee: M/s. Delhi State Industrial and Infrastructure Development Corporation Ltd.
Assessment Year : 2011-12 and 2012-13
PAN :AAACD 1257F

The AO allowed deduction of ₹ 239.60 crore to the assessee company for developing, operating and maintaining the infrastructure facility. In course of audit, we observed that deduction was allowed on income from sale of plots, EWS projects, conversion charges and interest income etc which were not the income eligible for deduction. Incorrect allowance of deduction resulted in under-assessment of income of ₹ 239.60 crore involving tax effect of ₹ 86.76 crore. Reply from ITD was awaited

b. Charge: CIT-I, Hyderabad
Assessee : M/s. AP Power Generation Corporation Ltd.
Assessment Year: 2011-12 and 2012-13
PAN: AACCA2734J

The AO allowed deduction of ₹ 127.04 crore for AYs 2011-12 and 2012-13 to the assessee on the activities such as providing O&M services to AMRP lift irrigation scheme of Govt. of Andhra Pradesh, consultancy services to various power projects, etc. which were not accruing out of the assessees' eligible business i.e. generation of power. As the aforesaid business activities were not eligible business, the deduction should have been disallowed. AO's failure to disallow the deduction resulted in irregular allowance of deduction under section 80IA involving tax effect of ₹ 41.80 crore. Reply from ITD was awaited.

c. Charge : PCIT 5, Mumbai
Assessee : M/s. ABG Kolkata Container Terminal Private Limited
Assessment Year : 2010-11 to 2012-13
PAN:AACCC1919K

The AO allowed deduction of ₹ 7.04 crore and ₹ 8.67 crore for AYs 2010-11 and 2012-13 to the assessee company respectively after scrutiny and of ₹ 8.89 crore for AY 2011-12 in summary assessment on the income arising from hiring charges for supplying cranes/ equipment to Kolkata Port Trust. The supply of cranes for smooth functioning of the Port activity could not be construed as developing, operating and maintaining infrastructure facility namely, "Port". Therefore, the assessee was not entitled for deduction under section 80IA. AO's failure to disallow the deduction resulted in irregular allowance of deduction of ₹ 24.62 crore involving tax effect of ₹ 8.16 crore for all the three assessment years.

The department replied that the cranes installed at the port were used for loading and unloading of containers; therefore this activity squarely falls with the extended parameters of definition of "port". The reply was not tenable as the assessee company was merely a service provider of cranes at Port and the activity was not covered in the definition of Infrastructure facility by the Act.

It is therefore observed from above that the AOs failed to adhere to the prescribed businesses and irregularly allowed deduction against the income arising from consultancy services to various power projects, income from supply of cranes etc., which were not eligible for deduction under the section 80 IA. The email response dated 27th June 2016 of CBDT did not contain any response to either the specific cases raised or the systemic issue pointed out. No reply/comment was given even during the Exit Conference.

2.4 Incorrect computation of Minimum Alternative Tax (MAT)

Section 115JB provides that where the income tax payable on the total income as computed under normal provisions is less than prescribed percent of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income tax at the rate/percentage prescribed from time to time. The Report under section 115JB (4) is required to be given in Form No.29B as per Rule 40B of the Act which requires certification by the accountant. In computation of MAT, the amount carried to any reserve is to be added back to arrive at the book profit.

It was judicially held[7] that forfeiture of shares amounts to transfer with reference to section 2(47) r.w.s. 45 of the Act and is a Capital Gain. Further, it is also judicially held[8] that if Profit and Loss account is drawn up without considering the capital gain then it cannot be said to be in accordance with the provisions of Part II and Part III of the Companies Act and the assessee is required to take into account, income by way of capital gain under section 45 of the Act and while computing the book profits under the Companies Act, the assessee has to include capital gain for the purpose of section 115JB.

Under section 115JAA of the Act, the difference of the tax paid and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of the Act shall be allowed as tax credit.

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[7] DCIT vs, BPL (Sanyo) Finance Ltd. (2009) 312 ITR 63 (Kar)

[8] Jaroda Plantations Pvt.. Ltd. ITA No. 4420/Del/2011 ITAT Bench 'D', Delhi

Exemption under section 10(23G) on dividend income (other than dividend referred in section 115O), interest or LTCG of an infrastructure capital fund or and infrastructure capital company from investments in shares from 01 June 1998 for long term finance in any undertaking engaged in an approved eligible business is omitted w.e.f. 01 April 2007. Therefore, income from existing as well as future investment in any eligible business will be taxable.

We noticed in 10 cases in four states[9] that the ITD incorrectly computed MAT by (i) not adding back reserves, provisions (ii) capital gains credited to profit and loss account, (iii) allowing excess carry forward of MAT credit etc. resulting in underassessment of income involving tax effect of ₹ 14.12 crore (**Appendix 5).**

Box 2.3 Illustrative cases on incorrect computation of Minimum Alternative Tax (MAT)

a. Charge : CIT-IV, Hyderabad
Assessee : M/s. Lanco Kondapalli Power (Pvt.) Ltd.
Assessment Year : 2010-11
PAN : AAACK5423A

AO allowed deduction of ₹ 270.52 crore under normal provisions. We noticed that while computing book profit, the invoices raised on AP Transco towards reimbursement of taxes of ₹ 39.40 crore, not routed through profit and loss account were decided to add back during the scrutiny assessment but not added to the deemed income. Similarly, disallowance of ₹ 10 crore towards capital expenditure was also not added to book profit. Omission to disallow the deduction resulted in underassessment of income of ₹ 49.40 crore involving tax effect of ₹ 8.40 crore. The ITD did not accept the observation (December 2015) stating that said item of income was not deemed to be treated as income. The reply is not tenable on the ground that this was a recurring issue and for each assessment year the department was adding it to the book profit except for AY 2012-13.

b. Charge : CIT-I, Guntur
Assessee : M/s. Transstroy (India) Limited Guntur
Assessment Year : 2011-12
PAN : AABCT4226B

The AO while passing consequential order allowing relief of ₹ 104.63 crore to the assessee company allowed the relief on the income of ₹ 3.34 crore from other source, not eligible for deduction. Thus, there was excess allowance of deduction of ₹ 3.34 crore involving tax effect of ₹ 1.11 crore. As tax was paid under special provision, MAT credit should have been reduced to the extent of ₹ 1.11 crore. Reply from ITD was awaited.

It is therefore observed from above that the adjustments required under special provisions of the Act were not inter alia carried out even after clear cut decision of the assessing officer in the assessment order. The email

[9] Andhra Pradesh(4), Delhi(1), Maharashtra(2) and Rajasthan(3)

response dated 27th June 2016 of CBDT did not contain any response either on the specific cases raised or on the systemic issue pointed out. In the exit conference also, the representatives of the ITD did not comment on the issue.

2.5 Valuation of transient goods

As per Sec 80IA(8), if there is transfer of goods and services between eligible and other business of the assessee, the value of such goods shall correspond to the market value of the goods. If the consideration for such transfer recorded in the accounts of the eligible business does not correspond to market value of the goods on the date of the transfer, the assessing officer shall re-compute the profits or gains of the eligible business adopting the market value for such transferred goods.

Sugar, cement and paper industries typically embed combined heat and power plants (cogeneration plants) to utilise the excess heat/steam produced in their core business and produce electricity for captive consumption. In this type of power generation, intermediate products are transferred from core business to the eligible business. Steam is a transient product without shelf life and is used in the generation of electricity.

We observed that assessees treated steam[10] as input and/or as output for the power generation unit. Besides, assessees instead of adopting market price, used different methods of valuation of steam/waste heat i.e. either cost basis or notional basis (**Appendix 6).**

Box 2.4: Illustrative cases on valuation of transient goods and services

a. Charge : CIT-1 Chennai
Assessee : M/s. Coromandel Sugars Ltd.
Assessment Year : 2011-12 and 2012-13
PAN : AAACC 4628 F

AO allowed net deduction of ₹ 10.84 crore and ₹ 13.47 crore for AYs 2011-12 and 2012-13 respectively in respect of power generation business. We noticed that the assessee company which was engaged in the manufacture of sugar, generated steam based power (electricity) by additionally installing a turbine. The assessee treated the steam as an input for generation of electricity. The expenditure on steam used as input was determined on cost basis instead of market rate as envisaged in section 80 IA(8) which led to inflation of profit of the eligible unit and the amount of deduction allowed as well. Reply from ITD was awaited.

[10] Steam is used as input for generation of electricity which is an output of the core business

b. Charge : CIT-2 Chennai
Assessee : M/s. India Cements Ltd.
Assessment Year : 2011-12 and 2012-13
PAN:AAACT 1728 P

AO allowed deduction of ₹ 12.89 crore and ₹ 23.94 crore for AYs 2011-12 and 2012-13 respectively, for the profit arising out of the electricity generated from the waste heat emanated from cement manufacturing units. While computing the eligible profit, the assessee adopted a notional price for the waste heat at 10 paise per unit of electricity for working out the profit of the unit eligible for the deduction. In doing so, profit was inflated leading to excess allowance of deduction. Reply from ITD was awaited.

Steam or waste heat is not a saleable commodity and hence their market value is indeterminable. While, the Act stipulated adoption of market price for transient product like steam/waste heat, the department accepted the price (whether cost price or notional price) as claimed by the assessee without determining the market price or checking the authenticity of the method adopted by the assessee. It is felt that the ITD should have evolved an appropriate mechanism/formula and /or issued guidelines to the AOs for adoption of market price for transient product like steam/waste heat The CBDT stated (June 2016) that based on the definition of the term "Market Value" under Explanation to the sub-section (8) of the Section 80IA, the AOs should make necessary enquiries keeping in view the local market conditions so as to ascertain appropriate market value. In the Exit Conference again, the matter was highlighted by the audit that since there is no market for transient products like steam, appropriate guidelines should be issued to the AOs keeping in view the cost of production of steam by the PSUs like NTPC or State electricity boards.

2.6 Aggregation of income/loss of business vs undertaking

Section 80IA(1) provides that the income of an assessee from an undertaking or an enterprise includes profits and gains of the eligible business which is allowed as deduction.

The income/loss from both the eligible and ineligible units, under the same head is to be aggregated in accordance with the provisions of section 70 of the Act. Thereafter, the income from one head is aggregated with the income/loss of any other head in accordance with the provisions of section 71 of the Act. If after giving effect to the provisions of sections 70 and 71 of the Act, there is any income (where there is no brought forward loss to be set off in accordance with the provisions of section 72 of the Act), the same is eligible for deduction in accordance with the provisions of Chapter VI-A.

CBDT clarification[11] on computation of income or loss of eligible business for the purpose of Sections10A, 10AA, 10B is quiet relevant which need to be taken into cognizance by the ITD for the purpose of deduction under section 80IA though no such provision is available under the section in the Act.

We observed in nine cases[12] in four states that AO irregularly allowed deduction under section 80 IA to the extent of ₹ 80.18 crore to the assessees engaged in the generation of power using windmill, treating each windmill as separate undertaking. The assessees did not aggregate income or loss of all the windmills but selectively opted to claim deduction only for the profit making windmills, leaving losses of other windmills and other ineligible business.

The losses of other windmills were either set off against profit of non eligible business or carried forward for future years. Thus, AOs failed to disallow deductions which resulted in excess allowance of deduction involving tax effect of ₹ 27.15 crore **(Appendix 7).**

Box 2.5: Illustrative cases on lacuna in the definition of the term 'undertaking'

a. Charge : CIT-IV, Hyderabad
Assessee: M/s. NSL Renewable Power Pvt. Ltd.
Assessment Year: 2010-11, 2011-12 and 2012-13
PAN : AABCN6009L

AO allowed deduction of ₹ 37.26 crore selectively claimed by the assessee in respect of 4 profit making units out of total 9 units under power division. The assessee was engaged in generation of power through windmill together with another ineligible business relating to seeds, real-estate, IT infrastructure and others. By not considering the profit and losses of all the Windmill units as part of one business, there was an excess allowance of deduction of ₹ 37.26 crore involving tax effect of ₹ 12.48 crore. Reply of the department was awaited (November 2015).

b. Charge : CIT-Trivandrum
Assessee : M/s. Muthoot Fincorp
Assessment Year : 2010-11, 2011-12 and 2012-13
PAN: AACCM1453E

AO allowed deduction of ₹ 3.10 crore selectively claimed by the assessee in respect of two profit making windmills out of 14 units for assessment year 2010-11, three profit making windmills out of 20 units for assessment year 2011-12 and five profit making units out of total 20 units for assessment year 2012-13 of windmills generating power. The aggregate income from all the windmills worked out to loss of ₹ 6.35 crore. As there was net loss from

[11] Circular NO.7/DV/2013 dated 16 July 2013
[12] Andhra Pradesh (1), Kerala (2), Maharashtra (2) and Tamil Nadu (4)

power generation, the assessee was not eligible for any deduction under section 80IA. Thus, irregular allowance of deduction of ₹ 3.10 crore by the AO has had the tax effect of ₹ 1.02 crore. ITD did not accept the observation giving reference to ITAT decision[13] that each windmill could be treated as separate undertaking and accordingly the assessee's claim of deduction was allowed. ITD's reply is not tenable in view of CBDT's clarification[14].

c. **Charge : PCIT LTU/Mumbai**
Assessee : M/s. Nuclear Power Corporation of India Limited
Assessment Year : 2010-11
PAN: AAACN3154F

AO allowed deduction of ₹ 31.94 crore in respect of profit making Unit 2 of the assessee at Kakrapur whereas the assessee did not claim deduction in respect of Unit 1 at Kakrapur itself (combined Form No. 10CCB for Unit 1 and 2) which incurred loss of ₹ 31.37 crore. The department allowed the deduction without adjusting the current year losses against profit of other unit. AO has therefore failed to disallow the deduction which has resulted in irregular allowance of deduction of ₹ 31.37 crore involving tax effect of ₹ 10.66 crore.

ITD did not accept the observation stating that the assessee had correctly done the set off as each unit had to be treated as if it were the only business of the assessee. Reply of the department was not tenable in view of the Board circular of July 2013.

The electricity generated by the cogeneration units is primarily meant for captive consumption only by the respective individual undertakings. There is no provision in the law to treat the cogeneration units as a separate undertaking and no methodology has been prescribed to determine the profits derived from the cogeneration units for the purpose of deduction under section 80IA.

The word 'undertaking' mentioned in the section does not indicate whether it meant for a particular unit of the business of the assessee or all the eligible units of the business of the assessee taking together. Treatment of each unit of the business of same nature as separate undertaking led to undue benefit to the assessees. Further, CBDT's clarification on computation of income or loss of eligible business for the purpose of sections 10A, 10AA, 10B was not taken cognisance by the ITD authorities for the purpose of said deduction. The CBDT admitted (June 2016) that the observations in the above paragraph actually pertain to wrong deduction u/s 80 IA in those standalone cases and hence stated that it did not seem necessary to define the term "Undertaking" with a view to avoid such instances. In the Exit Conference, Audit held that it may be necessary for the Board to issue a suitable guidelines to field formation taking into account the local conditions based on due diligence and need for treating cluster of windmills owned by an assessee as an

[13] M/s Super Spinning Mills-ITA No.1672/Mds/08-ITAT Chennai-21 April 2011
[14] Circular NO.7/DV/2013 dated 16 July 2013.

undertaking instead of treating each windmill as an independent undertaking. The meaning of the word 'undertaking' is used to indicate individual windmill by some assessees and a cluster of windmills by some other assessees. This leads to claiming exemption u/s 80IA selectively on profit making windmills and the loss of the other windmills were set off against profit from other business. Hence, lack of such clarification may lead to unintended benefit of exemption and possible misuse of the Act.

2.7 Inconsistency in setting off brought forward losses and unabsorbed depreciation relating to eligible units

As per the provisions of section 80IA(1) and (2), deduction of an amount equal to 100 *per cent* of profits and gains derived from the eligible business may, at the option of the assessee, be claimed for any 10 consecutive years out of 15 years beginning from the year in which the undertaking or the enterprise begins to operate any infrastructure facility.

Section 80IA(5) stipulates that notwithstanding anything contained in any other provisions of the Act, the profits and gains of eligible business, shall, for the purpose of determining the quantum of deduction, for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

CBDT has recently clarified[15] that initial assessment year would mean the first year opted for by the assessee for claiming deduction under section 80 IA and as such once such initial assessment year is opted for by the assessee, he shall be entitled to claim deduction for ten consecutive years beginning from the year in respect of which he has exercised such option subject to fulfillment of conditions prescribed in the section.

We noticed that AOs were not taking uniform stand in allowance of brought forward loss (es) pertaining to years prior to initial assessment year in respect of eligible business. In 19 cases in Tamil Nadu, the AOs disallowed the claim of deduction after setting off brought forward losses pertaining to years prior to initial assessment year but tax collections of ₹ 29.02 crore were kept in abeyance (**Appendix 8A)** whereas in 50 cases in Tamil Nadu itself, the ITD allowed deduction claimed without setting off of brought forward loss (es)

[15] CBDT Circular No.1/2016 dated 15 February 2016 issued from F. No.200/31/2015-ITA-I.

pertaining to years prior to initial assessment year which involved tax effect of ₹ 35.06 crore (**Appendix 8B**).

In 41 cases in different states, ITD allowed deduction without adjusting the notionally brought forward losses pertaining to initial assessment year and subsequent assessment years resulting in excess allowance of deduction involving tax effect of ₹ 55.12 crore (**Appendix 8C**).

Box 2.6: Illustrative cases on inconsistency in setting off brought forward losses and unabsorbed depreciation relating to eligible units

a. Charge: CIT I Baroda
Assessee: M/s. Gujarat Fluro chemicals Limited
Assessment Year: 2010-11/2011-12
PAN: AAACG6725H

The AO allowed deduction of ₹ 37.11 crore and ₹ 30.49 crore for AY 2010-11 and 2011-12 without setting off brought forward business loss/unabsorbed depreciation of ₹ 163.22 crore relating to AYs 2007-08 to 2009-10. After set off of notional brought forward loss against the profit of initial AY 2010-11, there was no profit left for claiming deduction under section 80-IA of the Act. Thus, there was irregular deduction of ₹ 37.11 crore and ₹ 30.50 crore involving the tax effect aggregating to ₹ 22.75 crore.

ITD, quoting various judicial decisions in favour of assessee[16], did not accept the observation (October 2015) stating that while computing deduction under section 80-IA, the brought forward losses of the eligible unit were not required to be set-off against the profit of the same unit, if they had already been set off against other income. The reply was not tenable as section 80-IA(5) stipulates that the quantum of deduction was to be computed treating the eligible undertaking as the only source of income. Karnataka High court, after taking into consideration the judgement of Madras High Court cited by the ITD, had given a decision[17] in favour of revenue stating that "the non obstante clause in sub-section (5) of section 80-IA overrides all the provisions of the Act."

[16] (i) CIT v Anil H Lad(2014) 225 Taxman 170(Mag.)(karn.)(HC)
(ii) Hercules Hoists ltd v ACIT(2013)22 ITR 527(URO)(Mum.)(Trib.)
(iii)Velayudhasamy Spinning Mills P. Ltd v ACIT (2012) 340 ITR 477(Mad.) (HC).

[17] Microlabs Ltd. versus ACIT, Banglore (Appeal No. 194 of 2011-Karnataka HC)

b. **Charge : CIT VII, Delhi**
Assessee : M/s. Powerlinks Transmission Ltd.
Assessment Year : 2012-13
PAN : AABCT7775M

AO allowed deduction of ₹ 89.35 crore to the assessee company for distribution of power after setting off unabsorbed deprecation of ₹ 28.76 crore pertaining to AY 2008-09 prior to initial assessment year 2012-13. We noticed that out of total unabsorbed depreciation of ₹ 28.76 crore, ₹ 16.16 crore was set off against other income consisting of interest income and non operating income and the remaining amount of ₹ 12.60 crore was set off from eligible business. In doing so there was excess allowance of deduction of ₹ 16.16 crore involving tax effect of ₹ 5.24 crore. The ITD did not accept the observation (November 2015) stating that unabsorbed depreciation could be adjusted against all income. The reply is not tenable in view of the Karnataka High court judgment that non obstante clause in sub-section (5) of section 80-IA overrides all the provisions of the Act.

c. **Charge: CIT II Chennai**
Assessee: M/s. India Cements Ltd.
Assessment Year: 2010-11/2011-12/2012-13
PAN:AAACT 1728 P

The assessee claimed deduction of ₹ 3.48 crore, ₹ 5.03 crore and ₹ 4.26 crore for the AYs 2010-11 to 2012-13 in respect of power generation through windmill located at Kayathar, Tirunelveli District. The assessee had unabsorbed depreciation/business loss of ₹ 25.95 crore for AY 2008-09 and 2009-10 prior to initial assessment year 2010-11, which was not adjusted by the ITD against the claim of deduction of the assessee. Thus, there was excess allowance of deduction of ₹ 12.77 crore involving tax effect of ₹ 4.24 crore. Reply from ITD was awaited.

It was therefore observed that AOs were not taking uniform stand in allowance of brought forward loss(es) pertaining to years prior to initial assessment year in respect of eligible business. The CBDT agreed (June 2016) to examine the feasibility of issue of a clarification under the existing law.

2.8 Treatment of receipts from sale of carbon credits

The taxability of the income arising from sale of carbon credits[18] has been a matter of litigation as to whether the consideration received by an entity for sale of carbon credits generated by it, is of capital nature or revenue nature or such amount is taxable or not or such income is eligible for deduction

[18] Under the Clean Development Mechanism (CDM), a developed country takes up a Green Houses Gases (GHG) reduction project activity in a developing/least developed country where the cost of GHG reduction is usually much lower. In consideration for undertaking the activity the developed country are given carbon credits for meeting its emission reduction targets. Alternatively, entities in developing/least developed countries set up a GHG reduction project, in their respective countries, get it approved by UNFCCC and earn carbon credits. Such carbon credits generated, by the entities in the developing/least developed country are bought for a consideration by the entities of the developed countries responsible for emission reduction targets. Under the CDM, carbon credits are measured in terms of Certified Emission Reduction (CER) where one CER is equal to 1 metric tonne of carbon dioxide equivalent, and for which a certificate is issued which is saleable.

under chapter VIA. There are different judicial decisions on the treatment of receipts from sale of carbon credits as below:

- ITAT Benches at Hyderabad, Jaipur and the Chennai have taken the view that sale proceeds of carbon credit being capital receipts, are not taxable.
- ITAT Bench at Cochin is of the view[19] that the sale proceeds of carbon credits are taxable as a benefit arising out of business. However, there being no direct source of income from industrial undertaking, the receipts from sale of carbon credits could not be treated as income 'derived from' the business which were not eligible for deduction under section 80-IA.
- Apex Court has held[20] that the word 'derived from' cannot have a wide import so as to include any income which can in some manner be attributed to the business, and therefore the income from sale of carbon credit is not eligible for deduction u/s 80IA.

We noticed in 19 cases in eight states[21] that the ITD allowed the deduction in respect of income earned through sale of carbon credit which involved tax effect of ₹ 34.77 crore **(Appendix 9).**

Box 2.7: Illustrative cases on treatment of receipts from sale of carbon credits

a. **Charge : CIT IV Chennai**
Assessee : Lanco Tanjore Power Co. Ltd.
Assessment Year : 2011-12
PAN : AACCA 4297N

The AO allowed deduction of ₹ 65.90 crore to the assessee company while processing the return in summary manner. The assessee received ₹ 21.92 crore towards carbon credit (sale of emission reduction). The earning towards carbon credit did not represent income derived from the eligible business. Hence allowance of deduction of ₹ 21.92 crore was not in order. AO has thus failed to disallow the excess claim which has resulted in underassessment of income to that extent involving tax effect of ₹ 7.28 crore. Reply from ITD was awaited.

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[19] Appolo Tyres Ltd Vs ACIT 47 taxmann 416 (Cochin-2014)
[20] Cambay Electrical Supply Co. Ltd 113 ITR 84(SC)
[21] Andhra Pradesh(1), Chattisgarh(2), Delhi(2),Gujarat(1), Karnataka(2), Maharashtra(5), Rajasthan(2) and Tamil Nadu(4)

b. **Charge : Pr. CIT 10, Mumbai**
Assessee : M/s. Hanjer Biotech Energy Private Limited
Assessment Year : 2011-12
PAN : AABCH3870H

The AO allowed deduction of ₹ 66.28 crore to the assessee company against the income which included ₹ 16.86 crore generated from verified emission reductions (VERs), not eligible for deduction. AO's omission to disallow the deduction resulted in underassessment of income of ₹ 16.86 crore involving tax effect of ₹ 5.60 crore. Reply from ITD was awaited.

c. **Charge : CIT Hubli**
Assessee : M/s. VRL Logistics Ltd.
Assessment Year : 2012-13
PAN : AABCV3609C

The AO allowed deduction of ₹ 11.66 crore to the assessee company against the income which included ₹ 9.35 crore from sale of carbon credit, not eligible for deduction. AO's omission to disallow the deduction has resulted in underassessment of income of ₹ 9.35 crore involving tax effect of ₹ 3.03 crore. Reply from ITD was awaited.

d. **Charge : CIT charge V, Delhi**
Assessee : M/s. Jindal Saw Ltd.
Assessment Year : 2011-12
PAN : AABCS 7280C

We observed that the deduction of ₹ 36.07 crore allowed to assessee included income from sale of carbon credits of ₹ 5.99 crore which should have been disallowed. Incorrect allowance of deduction by the AO has resulted in underassessment of income of ₹ 5.99 crore involving tax effect of ₹ 1.99 crore. Reply from the ITD was awaited (November 2015)

e. **Charge: CIT Gandhinagar**
Assessee: Kalpataru Power Transmission Ltd.
Assessment Year: 2010-11 and 2011-12
PAN: AABCS7280C

AO allowed deduction of ₹ 4.43 crore and ₹ 4.27 crore for AY 2010-11 and 2011-12 respectively towards profit on sale of carbon credit as revenue income. The sale proceeds of such carbon credits being taxable as a benefit arising out of business, could not be treated as income 'derived from' the eligible business and hence was not eligible for deduction. AO's failure to disallow the deduction has resulted in excess allowance of deduction of ₹ 5.45 crore involving tax effect of ₹ 1.85 crore. Reply from ITD was awaited (August 2015).

The CBDT stated (June 2016) that the ITD has consistently maintained that sale of carbon credits is a benefit arising out of carrying out of business and therefore taxable under section 28 (iv) of the Act. They further stated that they would examine whether any legislative amendment was required to consider sale proceeds of the carbon credit as income from other sources under the Act during the course of upcoming budget exercise 2017.

2.9 Deduction on additions made during scrutiny assessment

As per first proviso to section 92C(4), no deduction under section 10A, 10AA, 10B or under chapter VI-A shall be allowed in respect of amount of income enhanced after compution of income under Section 92CA. However, such deductions are allowed in respect of additions made u/s 40A(3) 14A, 40(a) etc. in the assessments completed after scrutiny without involving section 92C.

We noticed in nine cases in five states[22] that additions made on account of treatment of expenditure as revenue, sale of fixed assets, disallowance made u/s 40A(3) 14A, 40(a) etc., were considered for deduction under section 80IA. Consequently, the allowances were more than the amount claimed by the assessee. Further, in doing so, additions made by the AOs are neutralised due to allowance of deduction under section 80IA of the Act. Incorrect allowance of deduction resulted in consequential tax effect of ₹ 74.66 crore **(Appendix 10).**

Box 2.8: Illustrative cases on deduction on additions made during scrutiny assessment

a. Charge : PCIT-Central, Hyderabad
Assessee : M/s. Krishnapatnam Port Company Ltd.
Assessment Year : 2012-13
PAN : AAACK8657J

The AO allowed deduction of ₹ 22.85 crore to the assessee on additions made on account of sale of fixed assets and provision for doubtful debts over and above ₹ 1.37 crore as claimed. We observed that the sale of fixed assets and provision for doubtful debts could not be classified as income derived from eligible business for deduction under section 80-IA. Allowing deduction on such disallowances resulted in excess allowance of deduction of ₹ 21.48 crore involving potential tax effect of ₹ 6.97 crore. Reply from ITD was awaited (November 2015).

b. Charge: Pr CIT (Central) Mumbai
Assessee: M/s. JSW Energy Ltd.
Assessment Year: 2010-11 and 2011-12
PAN: AAACJ8109N

The AO allowed deduction of ₹ 726.94 crore and ₹ 886.50 crore after disallowance of expenditure of ₹ 6.93 crore and ₹ 76.67 crore under section 14Afor AYs2010-11 and 2011-12 respectively. Since expenditure disallowed under section 14A was not attributable to the eligible business, allowance of deduction under section 80IA there against was not in order. Irregular allowance of deduction by the AO has resulted in excess allowance of deduction of ₹ 83.60 crore involving potential tax effect of ₹ 27.82 crore. Reply from ITD was awaited.

[22] Andhra Pradesh(4), Chhattisgarh(1), Delhi(1), Karnataka(1) and Maharashtra(2)

Deduction allowed on additions/disallowances made during assessment for non-conforming to provisions of the Act defeated the very purpose of making such additions/disallowances. The amount of deduction allowed was more than the amount claimed by the assessees. The CBDT agreed (June 2016) to examine whether any legislative amendment was required under the Act during the course of upcoming budget exercise 2017.

2.10 Deduction on Infrastructure facility developed for captive/private use

Section 80IA deduction is basically a profit linked incentive and is not allowed on private and captive facilities unless specifically allowed such as captive power plants by CBDT. For development of infrastructure, the concept of public utility is always embedded therein and as such, development of a big road, dam etc. by an entity for its own use cannot be termed as development of infrastructure. Further, the word "or any other public utility notified by the Board" have been removed from the definition of infrastructure facility as given in Explanation below sub section (4) of section 80IA[23], which restricted the scope of infrastructure facilities/public utilities for the purpose of deduction under section 80 IA. .

We noticed in eight cases in two states[24] that ITD allowed deduction in respect of profits derived from 'Railway Sidings/Jetties' constructed and operated by the assesses for their private purposes, which did not qualify to be treated as infrastructure facilities in terms of Explanation to section 80 IA(4). Irregular allowance of deduction in these cases had attracted tax effect of ₹ 2066.70 crore **(Appendix 11).**

[23] CBDT circular No.7 of 2002 dated 26 August 2002
[24] Maharashtra(7) and West Bengal(1)

Box 2.9: Illustrative cases on deduction on Infrastructure facility developed for captive/private use

a. Charge: Pr. CIT 3, Mumbai
Assessee : M/s. Reliance Ports & Terminals Limited
Assessment Year : 2006-07 to 2011-12
PAN: AABCR3873B

The AO allowed aggregate deduction of ₹ 5245.38 crore as claimed, without examining the eligibility criteria for allowance of the deduction in the assessment orders. Gujarat Maritime Board (GMB) entered into an agreement with the assessee (28 July 1999) for construction of the four Captive Jetties[25] at Port Sikka near its Refinery Complex in the State of Gujarat, interalia, with a condition that captive jetties were meant for landing and shipping of captive industrial raw materials by RPL and RIL for manufacturing of their finished products with payment of 20 *per cent* of actual landing and shipping fee (wharfage charges) for a period of 25 years only and thereafter the assessee could use the Jetty for captive purpose of RPL & RIL subject to payment of full wharfage charges, so long as the project of the Licensee for which the permission is granted exists or continues to exist, i.e. continues to function. Since jetties were captively used by the assessee company and not for public purposes, the deduction allowed was not in order. The irregular allowance of deduction by the AO has resulted in underassessment of income of ₹ 5245.38 crore involving tax effect of ₹ 1766.74 crore.

The ITD did not accept the observation stating that the Act did not distinguish "Public facility" and "Private facility" for claiming the deduction under section 80IA. Further it was stated that GMB had incorporated in clause 18 of the agreement that it reserved the right to use the facilities when they were not in use by RPL/RIL. ITD also stated that comparison could be drawn to assessee's captive jetties to the captive power plant, which were considered eligible for deduction. The reply was not tenable as concept of public utilities was always embedded in the construction/development of any infrastructure (Road, Bridge etc). The assessee company constructed the jetties for their captive use only even after the completion of 25 years of license period. In clause 18 of the agreement, the assessee also emphasized that Jetties, when NOT in use by Reliance group of company (RPL/RIL), could be open to use by the Board for itself which indicated that jetties were constructed to meet the demand of RPL/RIL only without opening the same for others as meant for the public facilities. As regards ITD's comparison of captive power plant with captive jetties, CBDT had specifically clarified[26] that deduction to Captive Power Plants would be subject to certain conditions[27]. No such specific clarification was issued in respect of other captive / private facilities by CBDT till date. Further, with a view to substantiate their stand ITD had not submitted any list of other assessees owning ships who had used jetties when they were not in use by RPL/RIL.

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[25] **Captive Jetty means** a "Jetty constructed for landing and shipping of captive industrial raw materials by RPL and RIL for manufacturing or their finished products that are manufactured by the said port based industry, namely RPL and RIL

[26] CBDT clarification to the Secretary General, Indian Merchants Chamber, Mumbai from File no. 178/28/2001-ITA I dated 3 October 2001

[27] (i)The CPP set up by an undertaking is distinct and separate and there is an element of commercial profits or gains by the power generating undertaking from the industrial user; (ii) The assessing officer through examination shall ensure that the transactions between CPP and its undertaking is at arm's length;(iii) The grant of deduction shall not be taken to legitimise something not permissible under the provisions of Electricity Supply Act and related laws and (iv) • The user undertaking shall not debit the expenses incurred by the CPP in its own profit and loss account.

b. **Charge : PCIT (Central) 1, Mumbai**
Assessee : M/s. Essel Mining & Industries Limited
Assessment Year :2010-11 to 2012-13
PAN : AAACE6607L

The AO allowed deduction of ₹ 78.44 crore, ₹ 130.65 crore and ₹ 11.76 crore for the above AYs respectively to the assessee company. The assessee company developed 'Railway Siding' to run its own business and the siding was not used by the members of the public. Hence, the deduction should have been disallowed. AO's failure to disallow the deduction has resulted in irregular allowance of deduction aggregating ₹ 220.85 crore involving tax effect of ₹ 73.88 crore. Reply from ITD was awaited.

c. **Charge : PCIT (Central)-1 Kolkata**
Assessee : M/s. Reshmi Metaliks
Assessment Year :2009-10 to 2012-13
PAN : AACCR7183E

The AO allowed a total deduction of ₹ 80.61 crore for AYs 2009-10 to 2012-13 to the assessee. The assessee developed and was maintaining and operating the 'Railway Siding' for its own benefit and the infrastructure facility was not extended for use of general public. As such, allowance of deduction of ₹ 80.61 crore for the AYs 2009-10 to 2012-13 was therefore irregular. AO's omission to disallow the deduction resulted in underassessment of income with identical amount involving tax effect of ₹ 38.91 crore. Reply from ITD was awaited.

The CBDT in its email response dated 27th June 2016 did not give any observation either on the specific cases raised or on the systemic issue pointed out. In the exit conference, Member, (A&J) desired to know whether the audit has received the response from their field formations viz Pr. CCITs etc. Deputy Comptroller and Auditor General (CRA) stated that while we have received reply at field level, CBDT has not replied to this observation. She explained at length how it is imperative that audit gets the reply so that a consensus on the audit observation is arrived at before finalizing the issue.

Recommendations

(i) The CBDT may evolve a suitable mechanism to determine the value of transient products during currency of business where the market price of such products is indeterminable.

The CBDT stated (June 2016) that explanation to sub section (8) of section 80IA defines the term "Market Value". Based on this, the AO may make necessary enquiries keeping in view the local market conditions, so as to ascertain appropriate market value. *However, during exit conference the*

CBDT agreed (June 2016) to re-examine the issue relating to the due diligence required for determination of the value of the transient products.

(ii) Taking into account the nature of business in various sectors like power generation through windmill, power generation by cogeneration plants, the CBDT may consider defining the term undertaking appropriately within the section.

The CBDT stated (June 2016) that the observations of CAG in para 2.6 actually pertain to wrong allowance of deduction u/s 80IA in some stand alone cases. It does not seems necessary to define the term "undertaking" with a view to avoid such kind of instances.

Audit is of the view that the CBDT may look into the issue of treating cluster of windmills owned by an assessee as one undertaking instead of treating each windmill as an independent undertaking. The word 'undertaking' is used to indicate individual windmill by some assessees and a cluster of windmills by some other assessees. This leads to claiming exemption u/s 80IA selectively on profit making windmills and the loss of the other windmills were set off against profit from other business. With a view to avoiding unintended benefit of exemption and possible misuse of the Act, necessary clarification may be issued by the CBDT.

(iii) The CBDT may modify the provisions of section 80IA(5) so that a uniform stand is taken by all AOs on the treatment of setting off brought forward loss (es) pertaining to the period prior to initial assessment year.

The CBDT stated (June 2016) that the feasibility of issue of a clarification under the existing law will be examined.

(iv) The CBDT may consider taxing the income from the sale proceeds of carbon credit as income from other sources.

The CBDT stated (June 2016) that the issue whether any legislative amendment is required to consider sale proceeds of carbon credit as income from other sources under the Act will be examined during the course of upcoming budget exercise 2017.

(v) CBDT may consider incorporating provisions similar to first proviso to section 92C(4) stipulating that no deduction under section 10A, 10AA, 10B or under chapter VI-A to be allowed in respect of amount of income enhanced on the additions made by the AO during assessments.

The CBDT stated (June 2016) that the issue whether any legislative amendment is required under the Act will be examined during the course of upcoming budget exercise 2017.

Chapter 3 : Mistake in assessments

3.1 Introduction

Compliance to provisions of the Act both by the assessee and the AOs is essential and hence highlighting deviations to the Act/Rule provisions forms an integral part of the performance audit. Such comments may help the department to make rectifications/revisions resulting in collection of revenue and avoidance of recurrence of mistakes as well. During this performance audit, we came across several issues that were non-compliant to the provisions of the Act/ Rules.

Category wise details of mistakes in assessment are briefly shown in Table 3.1 below:

Para No.	Table 3.1 : Nature of Mistakes	Cases	Tax effect (₹ in crore)
3.2	Allowance of deduction despite belated filing of returns	11	80.49
3.3	Deduction allowed beyond permissible periods	6	859.47
3.4	Incorrect apportionment of expenses	15	224.47
3.5	Consequences of Demerger/Amalgamation	7	376.10
3.6	Mistakes in computation of eligible profits	43	143.65
3.7	Transaction with related parties not done at market price	6	15.10
3.8	Deduction allowed on old Plant and Machinery/pre-existing infrastructure facility/ splitting up of business already in existence	11	40.51
3.9	Allowance of deduction on TP adjustment	4	15.11
3.10	Deduction against income from other sources	27	227.87
3.11	Other mistakes	15	170.28
3.12	Deduction allowed without creation of special reserve	1	0
	Total	**146**	**2153.05**

3.2 Allowance of deduction despite belated filing of returns

As per section 80AC, deduction under section 80IA is not available unless it is claimed in the return of income and the return of income is filed within the due date as prescribed under section 139(1) of the relevant assessment year.

We found in 11 cases in 6 states[28] that ITD did not disallow the deduction despite belated filing of return, which resulted in underassessment of income involving tax effect of ₹ 80.49 crore **(Appendix 12).**

Box 3.1: Illustrative cases on allowance of deduction despite belated filing of return

a. **Charge : CIT VI, Delhi**
Assessee : M/s. Monnet Ispat & Energy Ltd.
Assessment Year : 2010-11
PAN : AAACM0501D

The AO allowed deduction of ₹ 177.75 crore for generation of power. We found that the assessee had filed return of income after due date of filing of return on 29 January 2011. As such, the deduction allowed was not in order. Incorrect allowance of deduction by the AO has resulted in under assessment of income of ₹ 177.75 crore involving tax effect of ₹ 60.41 crore including interest. Reply was awaited (November 2015).

b. **Charge : CIT II Surat**
Assessee : M/s. Saurashtra Enviro Project Pvt. Ltd.
Assessment Year : 2012-13
PAN : AACCV1967G

The AO allowed deduction of ₹ 18.94 crore to the assessee. We observed that the assessee had filed the return of income for A.Y. 2012-13 on 26 October 2012 as against the due date of 30 September 2012. As such the assessee was not eligible for deduction. AO's failure to disallow the claim resulted in underassessment of income of ₹ 18.94 crore involving short levy of tax of ₹ 8.41 crore. The ITD agreed to examine the issue (August 2015).

c. **Charge : CI Central 2, Chennai**
Assessee : St. John Freight Systems Pvt. Ltd.
Assessment Year : 2007-08 to 2010-11
PAN: AAACS 4697N

The AO allowed deduction of ₹ 1.32 crore, ₹ 1.79 crore, ₹ 2.43 crore and ₹ 1.50 crore to the assessee in AYs 2007-08, 2008-09, 2009-10 and 2010-11 respectively. We found that the assessee had filed the return of income belatedly on 7 February 2008, 20 January 2009, 30 November 2009 and 22 October 2011 for the AYs 2007-08, 2008-09, 2009-10 and 2010-11 respectively. AO's omission to disallow the claim of the assessee resulted in under assessment of income of ₹ 7.04 crore involving tax effect of ₹ 2.39 crore. Reply from ITD was awaited.

3.3 Deduction allowed beyond permissible periods

Deduction under section 80IA is required to be claimed for any 10 consecutive assessment years out of 15 years (20 years in the case of Road, Highway and Water Projects). For this purpose, from AY 2000-01, the initial assessment year would be the assessment year as specified by the assessee

[28] Andhra Pradesh(2), Delhi(1), Gujarat(1), Maharashtra(1), Tamil Nadu(5) and Uttar Pradesh(1)

at his option, beginning from the year in which the undertaking or the enterprise begins to operate or maintain the infrastructure facility. Prior to AY 2000-01, provision for exercising option for the purpose of initial assessment year was not available in the Act.

We observed in six cases in four states[29] that deductions were allowed for the period beyond the permissible limit of 10 consecutive assessment years, starting from the declared initial assessment year. Incorrect allowance of deductions involved tax effect of ₹ 859.47 crore **(Appendix 13).**

Box 3.2: Illustrative cases on deduction allowed beyond permissible periods

a. Charge: Pr. CIT-14, Mumbai
Assessee: M/s. Idea Cellular Limited
Assessment Year: 2009-10, 2011-12 and 2012-13
PAN: AAACB 2100P

The AO allowed deduction aggregating₹ 2253.02 crore to the assessee for the AYs 2009-10, 2011-12 and 2012-13. We observed that the assessee engaged in the telecommunication services started its operation prior to 1 April 2000 i.e. between 3 October 1996 and 31 July 1997, and as such the initial assessment years being 1997-98 and 1998-99, the assessee was eligible for the deduction only up to AY 2007-08 and 2008-09. However, the assessee, on the grounds of large amount of brought forward business losses and unabsorbed depreciation, did not claim the deduction during these years. However, the AO allowed the deduction from AY 2009-10 onwards as there being positive income which was not in order as the eligibility period for the deduction had already elapsed with the end of AY 2008-09. Incidentally, in the case of a similarly placed assessee M/s. Vodafone India Limited having commenced its business during 1995-96, the ITD disallowed the deduction claimed by the assessee on the above ground. Irregular allowance of deduction after the permissible period by the AO has resulted in underassessment of income of ₹ 2253.02 crore involving tax effect of ₹ 807.60 crore. Reply from ITD was awaited.

b. Charge : Pr. CIT-14, Mumbai
Assessee: M/s. Reliance Infrastructure Limited
Assessment Years: 2009-10, 2011-12 and 2012-13
PAN: AACCR7446Q

The AO allowed deduction of ₹ 114.12 crore in the income to the assessees for AY 2009-10. We observed that the assessee commenced operations in Dahanu Power Units from the year relevant to AY 1995-96 and 1996-97prior to 1 April 2000 for which option for initial assessment year for claiming the deduction was not available. Consequently, the 10 year limit of the period, eligible for deduction was over by the AY 2004-05 and AY 2005-06 for Unit-1 and Unit-2 respectively. Similarly, deduction of ₹ 32.20 crore allowed to the assessee in respect of wind mill for AYs 2009-10 to 2012-13 was not in order as the 10 year limit of the eligible period was over by the AY 2008-09. Irregular allowance of deduction beyond permissible period resulted in under assessment of income of ₹ 146.32 crore involving short

[29] Chandigarh(1), Delhi(1), Gujarat(1) and Maharashtra(3)

levy of tax of ₹ 49.56 crore. The Department did not accept the observation stating that the amended provisions of 1 April 2000 was equally applicable to the assessee which started operation before 1 April 2000. Hence, the deduction claimed was rightly allowed. The reply was not tenable as the amended provisions did not have retrospective effect. Hence, the allowance of benefits to units started operations before 1 April 2000was not in order. Further, the Department also had taken the same stand in the case of M/s. Vodafone India Limited assessed in a different charge and disallowed the deduction.

3.4 Incorrect apportionment of expenses

Section 80IA(10) provides for re-computation of profits by the AO, owing to the close connection between the assessee carrying on the eligible business and any other person when the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business.

The indirect expenses such as administrative expenses, director's remuneration, head office expenses, establishment expenses, deduction under section 35(1)(ii), Royalty payment etc., which are common to eligible and non eligible business are to be apportioned between them. Audit noticed that the assessees were taking into account only the direct operational expenses while computing the business profits in respect of eligible business. This resulted in enhancing the profit of the eligible business with a consequential effect of higher claim of deduction under section 80IA.

We found in 15 cases in eight states[30] that deduction under section 80IA was allowed without properly apportioning the common expenses between eligible and non eligible units, which resulted in excess allowance of deduction involving tax effect of ₹ 224.47 crore (**Appendix 14**).

Box 3.3: Illustrative cases on incorrect apportionment of expenses

a. Charge: CIT VI, Delhi
Assessee: M/s. NTPC Ltd.
Assessment Year: 2010-11, 2011-12 and 2012-13
PAN: AAACN0255D

The AO allowed deduction of ₹ 1661.45 crore, ₹ 2034.90 crore and ₹ 2680.74 crore to the assessee for AY 2010-11 to 2012-13 for generation of power from the eligible units respectively. Audit observed from the separate accounts that sums of ₹ 106.57 crore, ₹ 159.09 crore and ₹ 179.08 crore towards corporate expenses were debited to profit and

[30] Andhra Pradesh(3), Delhi(1), Gujarat(2), Karnataka(2), Maharashtra(3), Rajasthan (2), Tamil Nadu(1) and Uttar Pradesh(1)

loss account to arrive at the profits of each of the eligible units. However, while computing the profits for the purposes of claiming deduction u/s 80IA, the same was added back, which resulted in enhancing the eligible profits. The assessee could not adopt two treatments – one for his accounts purposes and a different one for arriving at the profits for claiming higher deduction. The incorrect computation has resulted in excess claim/allowance of deduction of ₹ 444.72 crore for the AYs 2010-11, 2011-12 and 2012-13 respectively, involving an aggregate tax effect of ₹ 147.16 crore. Reply from ITD was awaited.

b. **Charge: PCIT 14, Mumbai**
Assessee: M/s. Reliance Infrastructure Limited
Assessment Year: 2010-11, 2011-12 and 2012-13
PAN: AACCR7446Q

The AO allowed deduction of ₹ 223.47 crore to the assessee for above three assessment years. Audit observed that the assessee had deducted ₹ 568.33 crore, ₹ 461.97 crore and ₹ 254.14 crore in computation of income as regulatory income on account of tariff adjustment account as unbilled revenue though the same was credited in profit and loss account. The regulatory income having been deducted from the income received by the assessee distribution from electricity and not apportioned to all eligible undertakings, resulted in inflation of profit of eligible units and thereby excess allowance of deduction under section 80IA resulted in under assessment of ₹ 155.61 crore involving tax effect of ₹ 51.88 crore. The Department replied that the regulatory income did not pertain to Goa and Samalkot units and hence, the reason for apportionment did not arise. The reply was not tenable as ITD did not provide the supporting documents in support of the claim that the regulatory income did not pertain to Goa and Samalkot units. Also the Department did not take into consideration the admissibility of deduction of Regulatory income as a whole.

c. **Charge: CIT-I, Hyderabad**
Assessee: M/s. AP Power Generation Corporation Ltd., Hyderabad
Assessment Year: 2011-12
PAN: AACCA2734J

The assessee company debited loss of ₹ 13.08 crore on account of floods from SLBHES, Srisailam unit (80-IA Unit) to the consolidated Profit and Loss accounts of the Company. However, no such expense was booked in the separate profit and loss account of the eligible specific unit for which 80-IA deduction was claimed. Consequently there was excess claim of deduction of ₹ 13.08 crore under section 80-IA involving tax effect of ₹ 5.91 crore. ITD agreed to look into the matter.

3.5 Consequences of Demerger/Amalgamation

As per Section 80 IA(12A), the benefit of deduction is not allowable to an enterprise or undertaking which was transferred in a scheme of amalgamation/ demerger on or after 1 April 2007.

We found in seven cases in four states[31] incorrect allowance of deduction in respect of the profits related to the enterprises or undertaking which were transferred in a scheme of amalgamation/demerger, even though such amalgamation/ demerger was effected on or after 01.04.2007. Incorrect allowance of deduction resulted in underassessment of income of ₹ 1157.05 crore involving tax effect of ₹ 376.10 crore **(Appendix 15).**

Box 3.4: Illustrative cases on consequences of demerger/amalgamation

a. **Charge: Pr. CIT (Central) 4, Mumbai**
Assessee: M/s. JSW Energy Limited
Assessment Year: 2010-11 and 2011-12
PAN: AAACJ8109N

The AO allowed assessee deduction of ₹ 416.06 crore and ₹ 597.92 crore for AYs 2010-11 and 2011-12 in respect of SBU II unit which was originally a separate entity belonging to M/s. JSW (Vijayanagar) Ltd., and later on merged with the assessee company in a scheme of amalgamation effective from01.04.2008. Since the merger happened after the cut-off date of 01.04.2007, the deduction in respect of SBU II was required to be disallowed. Irregular allowance of deduction by the AO has resulted in underassessment of income of ₹ 1013.98 crore involving tax effect of ₹ 340.03 crore. Reply from ITD was awaited.

b. **Charge: CIT Valsad**
Assessee: M/s. Devang Paper Mills Pvt. Ltd.
Assessment Year: 2011-12 and 2012-13
PAN: AADCD 7232R

The AO allowed deduction of ₹ 2.72 crore to the assessee. We observed that the assessee company was formed in a scheme of demerger of non-pharma division of Biodeal Laboratories Pvt. Ltd. with effect from 1 April 2010. As the demerger took place after 01.04.2007, the deduction should have been disallowed. AO’s omission to disallow the deduction has resulted in underassessment of income involving short levy of tax of ₹ 1.09 crore. Reply from ITD was awaited.

3.6 Mistakes in computation of eligible profits

For computing the deduction under chapter VIA, the Act provides that the amount of income derived by the assessee and included in his total income has to be computed under the provisions of the Act, interalia, taking into account the carried forward losses and unabsorbed depreciation of the earlier years. It has been judicially held that gross total income must be determined by setting-off against the income, business loss of earlier years before allowing deduction under Chapter VIA and if the resultant income is ‘nil’, the assessee cannot claim deduction under Chapter VIA.

[31] Delhi(2), Gujarat(1), Maharashtra(3) and Tamil Nadu(1)

We observed in 43 cases in 10 states[32] incorrect allowance of deduction due to mistake in calculation of income/tax, depreciation, double deduction allowed, deduction allowed on other head of income etc, which involved tax effect of ₹ 143.65 crore **(Appendix 16).**

Box 3.5: Illustrative cases on mistakes in computation of eligible profits

a. Charge : Pr. CIT Central, Kanpur
Assessee: M/s. Eldeco Sidcul Industrial Park Ltd.
Assessment Year: 2007-08 and 2008-09
PAN: AABCE 6152 D

The AO while computing the tax liability of the assessee, incorrectly levied tax at lower rate of 10 *per cent*, the rate applicable under MAT provisions as against at the rate of 30 *per cent*, leviable under normal provisions of the Act. The mistake committed by the AO has resulted in short levy of tax of ₹ 20.63 crore for both the AYs. The ITD rectified the mistake under section 154 of the Act (March 2015).

b. Charge: CIT-IV, Hyderabad
Assessee: M/s. NSL Renewable Power Pvt. Ltd., Hyderabad
Assessment Year: 2012-13
PAN: AABCN 6009L

The AO allowed deduction of ₹ 17.73 crore u/s 80IA to the assessee. The assessee was engaged in generation of power from windmill and biomass. We observed that the said deduction was also allowed on incomes from other heads of accounts viz., House Property, Short term Capital Gain and Dividend Income, etc. apart from income from eligible business (Power Generation) instead of restricting it to business income of ₹ 8 crore. AO's omission to disallow the deduction resulted in irregular allowance of deduction of ₹ 9.73 core involving tax effect of ₹ 3.90 crore. The ITD took remedial action by passing order under section 154 (August 2015).

c. Charge : CIT charge IV, Delhi
Assessee: M/s. Gujarat Guardian Ltd.
Assessment Year: 2010-11
PAN: AAACG 1622K

The AO, while finalising the assessment, disallowed deduction of ₹ 18.35 crore under section 80IA for generating power, claimed in original return of income (ROI) instead of ₹ 22.77 crore claimed in the revised ROI by assessee. Thus, AO has failed to disallow the deduction which has resulted in incorrect allowance of deduction of ₹ 4.42 crore involving tax effect of ₹ 2.36 crore. The ITD accepted the audit observation.

[32] Andhra Pradesh(10), Chandigarh(1), Delhi(1), Gujarat(1), Karnataka(5), Madhya Pradesh(1), Maharashtra(12), Rajasthan(1), Tamil Nadu(9) and Uttar Pradesh(2)

d. **Charge : Pr. CIT V, Bengaluru**
Assessee: Sri Ramamurthy Praveen Chandra
Assessment Year: 2010-11 to 2012-13
PAN: AAKPC 0482C

The assessee while computing total income reduced the income of ₹ 3.49 crore for all the three AYs from power generation through wind mills, and the same amount was again claimed and allowed as deduction under section 80IA also. Thus, the failure of the AO to disallow the deduction has resulted in double deduction, involving short levy of tax of ₹ 1.18 crore. Reply was awaited. (November 2015).

3.7 Transaction with related parties not done at market price

Section 80-IA (8) provides that if the consideration received for transacting goods & services between eligible and other business of the assessee does not correspond to the market value, profit shall be recomputed for the purpose of deduction as if the transaction was done at the prevailing market rate. It has been judicially[33] held that the assessee is allowed to charge unit price at the rate being charged by State Electricity Boards reducing therefrom the electricity duty, cess, taxes etc.

We observed in six cases in four states[34] that in the case of captive consumption of electricity, the assessees claimed excess deduction by adopting a rate higher than the market rate. The AOs also did not invoke the provisions of section 80IA(8) to arrive at the correct amounts of eligible deduction. Thus, it has resulted in excess allowance of deduction involving tax effect of ₹ 15.10 crore **(Appendix 17).**

Box 3.6: Illustrative cases on transaction with related parties not done at market price

a. **Charge : Pr. CIT-2, Kolkata**
Assessee: M/s. J K Lakshmi Cément Limited
Assessment Year: 2010-11
PAN: AAACJ6715G

The AO allowed deduction of ₹ 24.80 crore to the assessee for their profit/gain derived from its captive power plant at Jaykaypuram, Sirohi (Rajasthan). As per Form 10CCB, they had total sales of ₹ 113.19 crore comprising 2375.84 lakh units of power transferred to its own cement plant @ ₹ 4.69 per unit which included electricity duty of ₹ 0.40 which was required to be reduced as per ITAT decision. AO's failure to do so resulted in excess computation of profits and consequent higher claim of deduction of ₹ 9.50 crore involving potential tax effect of ₹ 3.23 crore by way of excess carry forward of MAT credit. Reply from ITD was awaited.

[33] DCIT vs. ITC (ITA No. 18 Kolkata 2006) ITAT B Bench Kolkata
[34] Madhya Pradesh(1), Maharashtra(2), Uttarakhand(1) and West Bengal(2)

b. Charge : PCIT - Dehradun
Assessee: M/s. Oil and Natural Gas Corporation Ltd.
Assessment Year: 2010-11
PAN: AAACO1598A

The AO allowed deduction of ₹ 60.26 crore for AY 2010-11 to the assessee company. We observed that the assessee company was engaged in generation of electricity. Yet it adopted the rate of ₹ 5.58 per unit applied by Maharashtra State Electricity Board (MSEB) to the end consumers, for the purpose of deduction whereas the assessee sold electricity to MSEB at the rate of ₹ 3.86 per unit. The sale price of the assessee to MSEB i.e. ₹ 3.86 per unit atleast should have been the market price for the captive consumption of the assessee as per the above mentioned provisions and the same should also have been adopted for the purpose of deduction under section 80IA. The incorrect adoption of market price resulted in excess claim of deduction of ₹ 18.79 crore involving tax effect of ₹ 8.56 crore. ITD did not accept the observation stating that addition on this point was made for the first time during A.Y. 2011-12. Reply is not tenable as similar claim was disallowed by the AO in subsequent assessment for AY2012-13 also.

3.8 Deduction allowed on old Plant and Machinery/pre-existing infrastructure facility/splitting up of business already in existence

One of the conditions prescribed for claiming deduction of 80 IA was that the undertaking was not formed by the transfer to a new business of machinery or plant previously used for any purpose. The deduction was allowable if value of the used machinery did not exceed 20 *per cent* of the total value of Plant & Machinery. Machinery used outside India and imported by assessee claiming deduction was to be treated as new provided no deduction on account of depreciation on such machinery or plant had been allowed or was allowable in computing the total income of any person for any period prior to the date of installation. Further, the undertaking claiming deduction should not be formed by splitting up, or the reconstruction, of a business already in existence except in case of rehabilitation/ reconstruction u/s 33B and in the case of transfer of plant or machinery previously used by a State electricity Board.

CBDT has clarified[35] that widening of existing road by constructing additional lanes as a part of Highway Project is to be treated as new "Infrastructure Facility". Simply relaying of an existing road would not be classified as new infrastructure facility for this section.

[35] CBDT Circular No. 4/2010 dated 18th May 2010

We noticed in 11 cases in six states[36] where the assessees were allowed deduction of ₹ 170.35 crore though the plant and machinery being used were old or a pre-existing infrastructure facility or undertakings being formed by splitting up of business already in existence. Irregular allowance of deduction resulted involved tax effect of ₹ 40.51 crore **(Appendix 18).**

Box 3.7: Illustrative cases on deduction allowed on old Plant and Machinery/pre-existing infrastructure facility/splitting up of business already in existence

a. **Charge : CIT V, Hyderabad**
Assessee: M/s. Vijayawada Tollway Pvt. Ltd., Hyderabad
Assessment Year: 2010-11
PAN: AACCV7296A

The AO allowed deduction of ₹ 48.95 crore under section 80IA to the assessee. The assessee entered into agreement with NHAI (2009) for developing the existing 4 lane way into 6 lane road in the state of Andhra Pradesh on a build, operate and transfer basis as part of National Highways Development programme Phase V. Audit observed that the assessee claimed and was allowed deduction on an already existing infrastructure (4 way road), which was not in order in view of clarification issued by the CBDT vide Circular No. 4/2010 on 18th May 2010. Irregular allowance of deduction resulted in underassessment to income of ₹ 48.95 crore involving tax effect of ₹ 16.64 crore. Reply from ITD was awaited.

b. **Charge: Pr. CIT 3, Mumbai**
Assessee: M/s. Redi Port Limited
Assessment Year: 2010-11 to 2012-13
PAN: AADCR 6980N

The AO allowed deduction of ₹ 79.08 lakh, ₹ 3.61 crore and ₹ 20.02 crore to the assessee for AYs 2010-11 to 2012-13 respectively. The company entered into agreement on 25 February 2009 with Maharashtra Maritime Board (MMB) whereby the MMB granted license for 50 years to build a multipurpose common user port on build, own, operate, share and transfer (BOOST) basis. MMB transferred all the government assets and existing facilities to the assessee for set up of modern multipurpose, common user port and also granted the right to design, collect and retain user charges during the license period of 50 years. As the assessee was engaged in operation of existing facilities and not yet developed new infrastructure facilities, deduction should have been disallowed. Thus, AO's failure to disallow the deduction has resulted in incorrect allowance of deduction of ₹ 24.42 crore involving tax effect of ₹ 10.40 crore for the three years.

ITD did not accept the observation stating that the assessee had fulfilled all the criteria laid down in Section 80IA as with effect from 1 April 2002**,** the deduction was allowable to an enterprise for operating and maintaining any infrastructure whereas t**he** assessee company got registered under the Companies Act 1956. The reply was not tenable as the department interpreted the meaning of "it is owned by the company" as "assessee company registered under the Companies Act-1956", which was not correct. Phrase "it is owned by the company" used under section 80IA(1) is meant for" infrastructure development owned by

[36] Andhra Pradesh(1), Gujarat(2),Karnataka(2), Maharashtra(3), Rajasthan(1) and Tamil Nadu(2)

the company". Further, ITD saying that operating and maintaining of any infrastructure was eligible business for deduction u/s 80IA, was also not correct. Under section 80IA(4)(b), assessee was required to operate and maintain new infrastructure facility**.** In the instant case, assessees made lease deed agreement with MMB on 18th December 2009for transfer of existing facility of PORT for their modernization but the assessee company started to claim the deduction under section 80IA from the same assessment year A.Y-2010-11 onwards without modernising the existing facilities.

c. Charge : CIT-2 Jaipur
Assessee: M/s. Murarilal Agarwal Contractor Pvt. Ltd.
Assessment Year: 2010-11, 2011-12 and 2013-14
PAN: AAECM1948A

The allowed deduction of ₹ 8.34 crore for the AYs 2011-12 and 2013-14 processed in summary manner and for AY 2010-11 completed after scrutiny.We observed that the assessee engaged in the business of widening, strengthening and improvement of roadincluding leveling course/surface correction and increased thickness of cement concrete pavement, which was not eligible for the deduction. Irregular allowance of deduction has, thus, resulted in under assessment of income involving tax effect of ₹ 3.33 crore including interest. ITD did not accept the observation stating that widening and strengthening results in a new structure. The Reply was not tenable since leveling course/surface corrections and increased thickness of cement concrete pavements etc were not classifiable as a new infrastructure facility.

d. Charge : CIT Valsad
Assessee: M/s. Team Ferro Alloys Pvt. Ltd.
Assessment Year: 2010-11 and 2012-13
PAN : AAACT8925A

The AO allowed deduction of ₹ 3.50 crore (₹ 2.53 crore for AY 2010-11 and ₹ 97.30 lakh for AY 2012-13) under section 80IA to the assessee. Audit scrutiny of profit and loss account, Form 10CCB, computation of income and notes attached to auditor's report revealed that the assessee acquired the power unit at lump sum price. As the undertaking was formed by reconstruction of business already in existence, the deduction should have been disallowed. AO's omission to disallow the deduction resulted in irregular allowance of deduction of ₹ 3.50 crore involving tax effect of ₹ 1.46 crore. ITD did not accept the observation stating that the provisions of section 80IA did not explicitly deny a transfer of an undertaking per se by an existing assessee to another assessee. Sale of an undertaking is also one of the mode of transfer of an undertaking which is widely and popularly used by a person to transfer its assets. The reply was not tenable in view of clearcut provision of section 80IA(3)(ii), which stated that the undertaking should not have been formed by the transfer to a new business of machinery or plant previously used for any purpose.

3.9 Allowance of deduction on transfer pricing (TP) adjustment

Section 92CA(4) provides that no deduction under Chapter VIA, including deduction under section 80IA shall be allowed in respect of the amount of income by which the total income is enhanced after determination of Arms Length Price by the Transfer Pricing Officer

We noticed in four cases in three states[37] where deductions were allowed on the adjustments made while determining the Arms Length Price under section 92CA(4) involving tax effect of ₹ 15.11 crore **(Appendix 19).**

Box 3.8: Illustrative cases on allowance of deduction on TP adjustment

a. **Charge : PCIT (Central) 3, Mumbai**
Assessee: M/s. BT Global Communications India Private Limited
Assessment Year: 2011-12
PAN:AAACG1534A

The AO allow deduction of ₹ 21.64 crore on an addition made to that extent suo-moto by the assessee towards transfer pricing adjustment, which was not in order. Irregular allowance of deduction resulted in underassessment of income of ₹ 21.64 crore involving short levy of tax of ₹ 7.19 crore. The ITD has accepted the observation.

b. **Charge : Pr. CIT-III Kolkata**
Assessee: M/s. Vodafone East Ltd.
Assessment Year: 2011-12
PAN : AAACU3796J

The AO allowed deduction of ₹ 10.61 crore @ 30 *per cent* of ₹ 35.36 crore, the amount of upward adjustment over and above arms length price attributable to international transactions under section 92CA(3) which was in contravention of the proviso to section 92CA(4). AO's failure to disallow the deduction resulted in excess allowance of deduction of ₹ 10.61 crore involving tax effect of ₹ 5.22 crore. Reply from ITD was awaited.

3.10 Deduction against income from other sources

The word 'derived from' cannot have a wide import so as to include any income which can in some manner be attributed to the business. The derivation of the income must be directly connected with the business and generated there from.

It has been judicially held[38] that section 80IA/80IB is profit linked incentives in respect of the income derived by the eligible business. Interest income, duty drawback receipts and DEPB benefits, freight subsidy/ transport subsidy received from government, commission, insurance claim etc. are not

[37] Andhra Pradesh(1), Maharashtra(2) and West Bengal(1)

[38] Cambay Electrical Supply Co. Ltd. 113 ITR 84 (SC), Sterling Foods 237 ITR 53 (SC), Pandian Chemicals Ltd. 262 ITR 278(SC)., LIBERTY INDIA - [2009] 317 ITR 218 (SC), ORCHEV PHARMA P. LTD.- [2013] 354 ITR 227 (SC), CIT v. Kothari Products Ltd. [2007] 295 ITR 223/[2008] 168 Taxman 236 (All.), KOHINOOR FOODS LTD - [2013] 353 ITR 264 (Del), KIRAN ENTERPRISES - [2010] 327 ITR 520 (HP), SHARAVATHY STEEL PRODUCTS P. LTD. - [2012] 347 ITR 371 (Kar), M. M. FORGINGS LTD. - [2012] 349 ITR 673 (Mad), LIBERTY SHOES LTD - [2007] 293 ITR 478 (P&H), CIT v. Maharani Packaging (P) Ltd. (2011) 55 DTR 340 (HP)(High Court), Kinfra Exports Promotion Industrial Parks Ltd. v. DCIT (2013) 59 SOT 57(URO) (Cochin)(Trib.), Essar Power Ltd. v. Addl. CIT (2013) 142 ITD 251 (Mum.)(Trib.), CIT .v. Gangothri Textiles Ltd. (2014) 221 Taxman 28 (Mad.)(HC)

considered to be directly derived from eligible industrial undertaking and is also not to be considered for deduction.

We noticed in 27 cases in 12 states[39] that deduction under section 80IA was allowed on interest receipts, sale of import license, insurance claim etc. that, interalia, included the profit of the eligible business. Excess allowance of deduction attracted tax effect aggregating₹ 227.87 crore (**Appendix 20**).

Box 3.9: Illustrative cases on deduction against income from other sources

a. **Charge: Pr. CIT II, Bhopal**
Assessee: M/s. Narmada Hydroelectric Development Corporation Ltd.
Assessment Year: 2010-11 to 2012-13
PAN: AABCN 1732 G

The assessee company earned interest and other income of ₹ 110.58 crore, ₹ 107.35 crore and ₹ 184.87 crore for AYs 2010-11 to 2012-13 respectively which were not attributable to direct income of the undertaking earned on its hydro electric power generation activity. AO's failure to exclude the above income from the business profits has resulted in excess allowance of deduction of ₹ 402.80 crore involving tax effect of ₹ 133.23 crore. The department agreed to examine the issue.

b. **Charge: PCIT-I, Patna**
Assessee: M/s. Bihar State Road Development Corporation Ltd.
Assessment Year: 2012-13
PAN: AADCB 7567M

The AO allowed deduction of ₹ 66.47 crore from other income to the assessee. We observed that the AO allowed deduction on interest income of ₹ 71.91 crore which was not derived from the eligible business. It is also noticed that the similar deductions were disallowed by the department during AYs 2010-11 and 2011-12. Incorrect allowance of deduction of ₹ 66.47 crore pertaining to other income has resulted in non-levy of tax of ₹ 23.05 crore. The ITD agreed to take remedial action (July 2015).

c. **Charge: CIT 4 Chennai**
Assessee: M/s. L&T Transportation Infrastructure Ltd.
Assessment Year: 2010-11 to 2012-13
PAN: AAACL1912F

The AO allowed deduction of ₹ 36.05 crore to the assessee for three assessment years above. We observed that the income against which deduction for AY 2010-11 was claimed, included interest income of ₹ 16.48 crore on Inter Corporate Deposits (ICDs), not eligible for deduction. Further, the assessee inflated the income of the eligible business by excluding the interest expenditure of ₹ 13.33 crore and ₹ 13.90 crore for AYs 2011-12 and 2012-13. Though the interest expenditure was related to the eligible business, this was adjusted

[39] Andhra Pradesh(4), Bihar (1), Chandigarh(1), Chhattisgarh(1), Delhi(1), Gujarat(2), Karnataka(6), Madhya Pradesh(1), Maharashtra(1), Rajasthan(2), Tamil Nadu(6) and Uttarakhand(1)

against income from 'other source'. The incorrect computation of income has resulted in excess allowance of deduction of ₹ 36.05 crore involving tax effect of ₹ 12 crore. For AY 2010-11, the ITD replied that the assessee did not claim deduction in respect of interest income. Reply was not tenable, as the computation of income statement and the assessment order clearly showed that the assessee had claimed deduction as pointed out by audit. For AYs 2011-12 and 2012-13, reply from ITD was awaited.

d. **Charge: Pr. CIT, Dehradun**
Assessee: M/s. SIDCUL
Assessment Year: 2010-11 and 2011-12
PAN: AAHCS 7324R

The AO allowed deduction of ₹ 11.33 crore and ₹ 14.44 crore to the assessee for above assessment years respectively. We observed that the assessee received interest income of₹ 27.99 crore on installments of land premium receipts which was not derived from the eligible business. Incorrect allowance of deduction resulted in short levy of tax of ₹ 11.33 crore including interest. The ITD accepted the observation and agreed to take remedial action (October 2015).

3.11 Other mistakes

Section 143(3) of the Income Tax Act provides that AOs have to determine and assess the income correctly. Different types of claims are required to be examined in detail in scrutiny assessments with accounts, records and all documents enclosed with the return. CBDT has also issued instructions from time to time in this regard.

We noticed 15 cases[40] where the AO allowed deduction committing different types of mistakes while completing the assessments. Excess allowance of deduction involved tax effect of ₹ 170.28 crore **(Appendix 21).**

Box 3.10: Illustrative cases within the cases covered under other mistakes

a. **Charge: PCIT (Central) 3, Mumbai**
Assessee : M/s. Marathon Nextgen Realty Ltd.
Assessment Year : 2010-11 to 2012-13
PAN : AAACP8032B

The assessee claimed deduction of ₹ 280.70 crore for the above AYs against the income from house property, other sources, long term capital gain and short term capital gain. We observed that the asssessee had shown business losses aggregating ₹ 22.43 crore from its activities in original return, prepared on the basis of accounts approved in Annual General Meeting of the Shareholders. Later on , the assessee reduced the sale price of the fixed assets of one of its projects as shown in the original return, by converting fixed assets into stock in trade and adopting the lower rate of the assets instead of rate shown in the books of

[40] Andhra Pradesh (1), Maharashtra(13) and Uttar Pradesh(1)

accounts thereby causing substantial reduction in LTCG and increase in STCG vis a vis converting business losses as shown in original return to business income of ₹ 142.88 crore against which deduction was allowed to that extent which was not in order. While claiming the revised computation, consequent reduction in LTCG and increase in STCG was not rectified in the Annual Accounts and the same was also not approved by the share holders in the special AGM. The revised audited Profit & Loss account, Balance Sheet were also not submitted with the revised return. Irregular allowance of deduction by the AO has had the tax impact of ₹ 47.60 crore for the three years. Reply from ITD was awaited.

b. Charge: Pr. CIT 2, Mumbai
Assessee: M/s. Tata Power Company Limited
Assessment Year: 2010-11
PAN : AAACT0054A

The AO allowed deduction of ₹ 248.91 crore to the assessee before arriving at the correct income. Audit observed that the losses on account of Tax free US 64 bonds were not added back to arrive at the taxable profit. AO's failure to do so resulted in excess allowance of deduction of ₹ 108.83 crore involving short levy of tax of ₹ 36.99 crore. Reply from ITD was awaited.

c. Charge: Pr.CIT 5, Mumbai
Assessee : M/s. Mhaiskar Infrastructure Private Limited
Assessment Year : 2012-13
PAN : AADCM9396D

The AO allowed amortization to the extent of ₹ 79.94 crore towards toll collection rights as intangible asset instead of ₹ 91.13 crore being one-fifteenth of total value of toll collection rights of ₹ 1366.91 crore over concessional period of 15 years. Further, while computing book profit, AO deducted the provision of ₹ 54.97 crore for diminution in value (mentioned in the profit and loss account as reversal of provision of MTM) from the net profit of ₹ 127.48 crore whereas in the normal provision the AO did not disallow the same for the purpose of computing business income. The mistake resulted in excess allowance of deduction of ₹ 66.16 crore involving tax effect of ₹ 21.47 crore. Reply from ITD was awaited.

3.12 Deduction allowed without creation of special reserve

Section 80IA(6) provides that where housing or other activities are an integral part of the highway project and the profits of which are computed on such basis and manner as may be prescribed, such profit shall not be liable to tax when the profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding housing and other activities before the expiry of three years following the year in which such amount was transferred to the reserve account; and the amount remaining unutilised shall be chargeable to tax as income of the year in which such transfer to reserve account took place.

Box 3.11: Illustrative case on deduction allowed without creation of special reserve

Charge: PCIT – Noida
Assessee: M/s. Jaypee Infratech Ltd.
Assessment Year: 2009-10
PAN: AABCJ9042R

The AO allowed deduction of ₹ 284.87 crore to the assessee company. The assessee was engaged in the business of development, operation and maintenance of Yamuna Expressway alongwith associated structures and sale/development of lease hold land along the expressway. Further, CIT Noida reviewed the original assessment and disallowed the said deduction stating that the assessee was eligible for deduction under section 80IA(6) read with Explanation (b) to section 80IA(4)(i) and not with Explanation (a) to section 80IA(4)(i). On appeal, ITAT restored the deduction holding (April 2015) that "the development of the toll road with controlled access and exit points and right to collect toll from the users clearly put the Expressway within the ambit of road which is a toll road. Further, the development of the Expressway between Noida and Agra and development of five land parcels adjacent to Expressway were inseparable and integral part of one project and hence deduction to assessee could not be denied by wrongly putting the case of the assessee in clause (b) of Explanation to section 80IA (4)(i) of the Act". In compliance to the ITAT order, order under section 254/263/143(3) was passed (July 2015) by allowing the deduction of entire amount.

The stand of CIT, Noida and the ITAT being contradictory to each other on the treatment of expressway whether a highway or a toll road, there is a need to modify the provisions in the Act for definition of road including toll road' and 'highway project' covered under Explanation (a) and (b) below sub section (4)(i) of section 80IA.

The omissions and mistakes of AOs as illustrated above indicated that provisions/conditions laid down in section 80 IA of the Act were not duly complied with by the AOs, before allowing the deduction to the assessees engaged in the business of infrastructure development.

Recommendations

The CBDT may ensure that mistakes in assessments pointed out by Audit have been duly taken care of with a view to avoiding the loss of revenue.

Chapter 4
Control Mechanism

4.1 Introduction

Internal control covers all activities including plans, policies, modus operandi, attitudes and efforts of the employees of an organisation to work in effective manner with a view to achieving its goals and objectives.

4.2 Revenue forgone

CBDT furnished the details of the revenue foregone[41] on account of deduction allowed under section 80 IA during the AYs 2010-11 to 2012-13 as follows:

Table 4.1 : Details of the revenue foregone furnished by CBDT (₹ in crore)

Assessment Year	2010-11	2011-12	2012-13	Total
Total Revenue foregone	14,227.00	14,012.00	13,136.40	41,375.40

4.2.1 Impact of revenue foregone unascertainable

Audit had sought for details regarding actual investment in infrastructure development directly relatable to the revenue foregone from the CBDT/Department of Revenue (October 2015). The CBDT replied (November 2015) that they maintained details of tax benefits claimed by the tax payer in their return of income. Monitoring of actual investment and positive externalities arising therefrom, primarily related to the Department of Economic affairs. The Department of Economic Affairs maintained that there was no input on the actual benefit realised from the scheme. However, based on feedback from industry associations, the tax incentives in the capital goods and hi-tech sectors have re-invigorated investment.

Further, details of tax benefit claimed by the tax payers in their return of income undergo changes at various levels of assessments/appeals. Hence maintenance of details of tax benefits claimed by the tax payers in their returns of income did not indicate the revenue foregone for the purpose of their impact on the economy of the country.

[41] CBDT letter no F No.240/07/2015-A&PAC-II dated 26 November 2015

Thus, the CBDT did not have any mechanism to assess the impact of revenue foregone on account of deduction under section 80 IA on the economic and industrial growth of the country. Therefore, the audit is unable to ascertain whether the very purpose of introducing the deductions in the Act has been achieved. The CBDT has also failed to produce any records to give an assurance that Government has put in place any system to do the cost-benefit analysis of the scheme so as to assess the benefits to the society out of the concessions/disallowances given to the assessee companies. The CBDT suggested that the study can be undertaken by expert bodies like NIPFP etc.

4.3 Absence of MIS reports relating to assessee companies claiming deduction under section 80IA

4.3.1 MIS Reports at AO/CIT level

Regular management information system (MIS) reports at AO/CIT level in respect of assessee companies claiming deductions under section 80IA may facilitate identification of assessee companies, impact of the deductions claimed and allowed, pendency of assessments, continuity of claim in infrastructure development, pending appeals etc.

(a) In Kolkata, the ITD system did not provide details regarding claims of deductions under section 80IA of the IT Act. The ITD replied that since returns are submitted online these days, the only alternative to locate the assessees claiming deduction under section 80IA was to go through each of the returns individually or verify the records furnished during scrutiny.

(b) In Uttar Pradesh, ITD system maintained the data/record related to claims of deductions under section 80IA on the system in *'Business Continuity Plan'*. Audit however found that the 'Business continuity plan' captured the contents of the returns filed by the assessee companies only but did not have the information regarding actual allowance of deduction, disputed tax demand etc.

4.3.2 Maintenance of database by DGIT (Systems)

The information contained in the database provided by DGIT (Systems) New Delhi did not match with the details available in the actual assessments of the assessee companies. The database did not contain the data of deductions actually allowed during the assessments against the claims made by the assessees. The database also did not show deduction allowed in the cases where the assessee was having profit from eligible unit but no deduction was admissible as gross total income was negative. From the examination of the database, we observed that in Gujarat charge, 35 assessees claiming the deduction of ₹ 302.07 crore under section 80IA, were not included in the data provided by DGIT (Systems) **(Appendix 22).**

The issue of maintenance of appropriate database and MIS reports at AOs/CIT level and DG(Systems) was discussed in the Exit Conference (June 2016). Additional DG(Systems) wanted to know the exact nature of database which was required to be maintained at AO/CIT level. It was explained that while the data maintained by the DG(Systems) speaks about the deduction claimed by the assessee in the return of income, the claims actually allowed by the AO after scrutiny were not captured but were available in each scrutiny assessment file only. Additional DG(Systems) stated that exemption/allowance were granted under many sections and it was actually not possible to capture all the data. However, he added that the data as required by the audit could be filtered and made available as and when required. Audit held that difference between claim filed by assessee and admitted by AO should be maintained as it was useful data. Additional DG(Systems) agreed to look into this.

4.4 Incomplete report/certificate of the auditor

Deduction under section 80IA for consecutive 10 years out of 15 years from the date of commencement of the operation of the eligible business is subject to production of a proper report in Form 10CCB from an accountant accompanied by profit and loss account and balance sheet of the undertaking or enterprise treating each unit of the undertaking or enterprise as if the undertaking or the enterprise were a distinct entity as prescribed under section 80IA(7) read with Rule 18 BBB of Income Tax Rules, which must be scrupulously watched by the ITD before allowing the deduction.

4.4.1 The ITD allowed deduction involving tax effect of ₹ 121.88 crore under section 80IA in 65 cases in 10 states[42] without verifying the information contained in the requisite audit report/certificate in Form 10CCB along with the profit and loss account and the balance sheet **(Appendix 23).**

[42] Chhattisgarh(6), Gujarat(3), Jharkhand(1), Karnataka (5), Madhya Pradesh (1), Maharashtra(24), Tamil Nadu(22), Uttarakhand (1), Uttar Pradesh(1) and West Bengal(1)

Box 4.1: Illustrative cases on incomplete report/certificate of the auditor

a. Charge : CIT-1 Raipur
Assessee: M/s. Godawari Power and Ispat Ltd.
Assessment Year: 2010-11 to 2012-13
PAN : AAACI7189K

The assessee company claimed deduction of ₹ 17.20 crore, ₹ 34.44 crore and ₹ 27.43 crore for the three assessments years mentioned above. We observed that the asseessee did not maintain and furnish the profit and loss account and balance sheet duly signed by Chartered Accountant treating its each power unit as a distinct unit for claiming the deduction as required by the provision of Rule 18BBB. In the absence of separate report in Form 10CCB etc. the deduction of ₹ 79.07 crore claimed by the assessee should have been disallowed by the ITD. AO's failure to disallow the deduction has resulted in irregular allowance of deduction of ₹ 79.07 crore involving tax effect of ₹ 35.49 crore. The ITD did not accept the audit observation stating that the assessee had dully maintained separate books of account in the Form No. 10CCB, as per Rule 18BBB along with balance sheet, profit and loss account etc. The reply was not tenable as the assessee had maintained only one report in Form 10CCB for all the units which was in violation of Rule 18BBB of Income Tax Rules for claiming deduction under section 80IA.

b. Charge : PCIT-2, Kolkata
Assessee: M/s. Balmer Lawrie & Co. Limited
Assessment Year: 2010-11
PAN : AABCB0984E

The AO allowed deduction of ₹ 17.15 crore under section 80IA from profits derived by the assessee from its 'Container Freight Station (CFS)'. However, the assessee did not submit Form 10CCB, separate accounts and balance sheet of CFS to claim the deduction. AO's omission to disallow the deduction has resulted in under assessment of income to the extent of deduction involving tax effect of ₹ 7.93 crore including interest. Reply from ITD was awaited.

c. Charge : CIT II Madurai
Assessee: M/s. Ramco Industries Ltd.
Assessment Year: 2010-11
PAN: AAACR 5284 J

The AO allowed deduction of ₹ 9.29 crore to the assessee though the assessee did not furnish requisite Form 10CCB, Separate P&L Account, Balance Sheet of the eligible unit. The incorrect allowance of deduction resulted in underassessment to that extent involving tax effect of ₹ 3.16 crore. Reply from ITD was awaited.

d. Charge : PCIT IV, Bengaluru
Assessee: M/s. Mysore mercantile Company Ltd.
Assessment Year: 2011-12 and 2012-13
PAN: AACCM1216H

The AO allowed deduction of ₹ 1.86 crore and ₹ 3.92 crore under section 80 IA for two years respectively. We noticed that the assessee company claimed deduction without furnishing the audit certificate in the prescribed form. AO's failure to disallow the deduction resulted in under assessment of income to that involving tax effect of ₹ 2.43 crore. Reply from ITD was awaited.

e.	**Charge : PCIT – Jamshedpur** **Assessee: M/s. Jamshedpur Utilities and Service Company Ltd. (JUSCO)** **Assessment Year: 2010-11** **PAN : AABCJ3604P**

The AO allowed deduction of ₹ 3.73 crore under section 80-IA, although the assessee did not submit the mandatory certified separate accounts and Form 10CCB as required. Incorrect allowance of deduction involved tax effect of ₹ 1.70 crore. The ITD agreed to examine the audit observation (October 2015).

It was therefore evident from above that the AOs irregularly allowed deduction to the assessees without examining the fact that whether the assessee companies had submitted the mandatory certified separate accounts or Form 10CCB as required. If submitted, whether the assessee had furnished therein all the requisite information viz. commencement of business of the undertaking, initial assessment year from which the assessee was claiming the deduction, the nature of business and the amount of deduction claimed etc. The CBDT agreed (June 2016) to consider incorporation of the changes in the ITR form.

4.5 Belated/non e-filing of Form 10CCB

With effect from AY 2013-14, it has been made mandatory to e-file Form 10CCB[43] on or before the due date of filing of return of income u/s 139(1). Prior to AY 2013-14 there was annexure-less e-filing.

We noticed in 37 cases that Form 10CCB were not e-filed in 32 cases whereas in 5 cases Form 10CCB were e-filed after due date of filing of the return. In these cases, the AOs irregularly allowed deduction of ₹ 798.76 crore under section 80IA involving tax effect of ₹ 259.09 crore. The compliance of this mandatory requirement was also not ensured by the system at the time of processing of return under section 143(1) **(Appendix 24).**

ITD accepted the audit observation in three cases. In another three cases, ITD stated that the cases were under scrutiny and would be taken care of. In 10 cases, ITD stated that the matter being system related issue would be referred to DGIT (Systems).

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[43] Proviso to Rule 12(2) of Income Tax Rules 1962

It was seen from above that despite e-filing of Form 10CCB have been made mandatory with effect from AY 2013-14, the issue of non filing/ belated filing of the same still existed. The CBDT stated (June 2016) that the issue has been taken care in the Finance Act 2016 through amendment of section 143(1) of the IT Act. In accordance with the proviso to the Section, no disallowance could be made straight away as notice has to be given to the tax payer.

4.6 Form 10CCB not revised as per amendment in the Act

(i) While explaining the contents of the Finance Act, 2007, bringing in the sub-section 12A of Section 80IA under the scheme of amalgamation or demerger after 31.3.2007 so as to provide that the provisions of sub-section (12) shall not apply to any undertaking or enterprise which is transferred in a scheme of amalgamation or demerger after 31.3.2007, the CBDT explained that the main intention in providing benefit under section 80-IA had been to provide incentive to those who had taken initial investment and entrepreneur risk. ITD, despite introducing such a provision in the Act, did not introduce any change in the Form 10CCB to watch the implementation of this clause to prevent claim of irregular deduction being allowed based on the information contained in Form 10CCB.

(ii) Additions to fixed assets are required to be verified to ensure compliance with the conditions prescribed under section 80IA (3). Though Form 3CD gives details of depreciation allowable, Form 10CCB does not contain any information regarding depreciation admissible under the Act. Similarly in case of power generation units claiming depreciation as per the rate prescribed in Appendix 1A, no separate format for depreciation schedule has been prescribed in the return of income.

(iii) In our previous performance audit on ‘adjustment of losses and depreciation relating to eligible units’ which featured in (Para 3.6.3.27) of Chapter III of C&AG’s Report No. PA 7 of 2008, it was recommended that the Ministry might consider making it mandatory for the assessees availing of 80IA deduction to furnish details of carry forward of loss/depreciation from the first year of operation in order to compute profits relating to eligible units as a distinct entity. It was also recommended that assessment orders clearly specify the details of losses to be carried forward for set off in future years for eligible and ineligible units separately.

During this performance audit also, it was noticed that the information relating to brought forward losses/unabsorbed depreciation of the eligible unit were not readily available with the AOs. Further, there were no clear speaking orders as to update the status of the brought forward losses/unabsorbed depreciation of the eligible unit. The CBDT agreed (June 2016) to examine the Audit Form 10CCB keeping in view the aforesaid issues.

4.7 Non selection of 80IA cases for scrutiny

4.7.1 CBDT issues instructions every year prescribing the procedure for selection of cases for scrutiny under various categories of assessees. The selection process would normally entail Compulsory Manual Scrutiny, Discretionary Manual Scrutiny and Computer Aided selection for Scrutiny (CASS) to ensure that there is no loss of revenue.

As per instruction No 10/2013 dated 5th August 2013 issued by the board on procedure and criteria for compulsory manual selection of scrutiny cases under during the year 2013- 2014, one of the criteria is "cases involving addition in an earlier assessment year in excess of ₹ 10 lakh on a substantial and recurring question of law or fact which is confirmed in appeal or is pending before an appellate authority."

We noticed 19 cases[44] which fulfilled the criteria for being selected for scrutiny assessment but were not selected. In these cases, the assessees were wrongly allowed deduction in summary assessment u/s 143(1) as claimed involving tax effect of ₹ 7.54 crore **(Appendix 25).**

Box 4.2: Illustrative cases on non selection of 80 IA cases for scrutiny

a. **Charge : Principal CIT-I Bhopal**
Assessee: M/s. Madhya Pradesh Road Development Corporation Ltd.
Assessment Year: 2011-12
PAN : AAGCM5306C

The AO allowed deduction of ₹ 17.45 crore on the return processed in a summary manner. For AYs 2010-11 and 2012-13 the assessments were completed after scrutiny where the AO disallowed the deduction of ₹ 14.23 crore and ₹ 26.21 crore claimed under section 80IA respectively on the ground of ineligible business. This was a fit case for manual selection for scrutiny as per the CBDT's instructions for AY 2011-12 also. Non selection of the case for scrutiny resulted in incorrect allowance of deduction of ₹ 17.45 crore involving tax effect of ₹ 5.80 crore. ITD replied (August 2015) that the matter would be looked into.

[44] Andhra Pradesh (2), Madhya Pradesh (1), Maharashtra(5) and Tamil Nadu(11)

b. Charge : CIT, Tirupati
Assessee: M/s. Madurai Power Corporation Pvt. Ltd.
Assessment Year: 2011-12
PAN : AACCM7661C

The ITD allowed deduction of ₹ 58.34 crore on the return processed in a summary manner. The case was not selected for scrutiny under CASS. We observed that in AY 2010-11, the return was selected for scrutiny under CASS and an amount of ₹ 78.92 lakh on sale proceeds of sludge and waste oil was disallowed for deduction under section 80-IA by treating it as non-eligible business. Similarly, interest receipt of ₹ 2.26 crore, was added during the assessment. The assessee filed appeal before CIT (A) where appeal was partly allowed. Department further filed appeal before ITAT on a substantial and recurring question of law or fact which is pending finalisation. For AY 2012-13 also, the AO, while finalizing the assessment, disallowed the deduction on the same ground. Thus, return for AY 2011-12 should have been selected for manual scrutiny and the amount of ₹ 38.14 lakh on sale proceeds of sludge and waste oil for deduction should have been disallowed.

4.7.2 Information regarding criteria applied for selection for scrutiny assessment of cases claiming deduction under section 80IA was called for (October 2015) from the Director General of Income Tax (Systems). DIT (Systems) replied (December 2015) that three parameters were applied for scrutiny selection during FY 2014-15 and the criteria applied were confidential. The matter was taken up with the CBDT (February 2016) for providing us the three parameters and the criteria applied by the ITD for selection of scrutiny assessment cases of deduction under section 80IA. Reply from CBDT was still awaited (June 2016).

It was therefore evident from above that allowance of deduction without selecting the cases for compulsory scrutiny led to incorrect allowance of deduction. The CASS was also not aiding in identification of assessees for compulsory scrutiny in respect of deduction under section 80-IA. Cases were not being selected for scrutiny even though they fulfilled the criteria issued by the board. The CBDT agreed (June 2016) to direct the Directorate of Systems to look into the matter.

4.8 No procedure for cross linking sale/purchase claims of assessees

In Andhra Pradesh, CIT-V Hyderabad charge, cross-verification of records of United Port Services Pvt. Ltd., Hyderabad with its related parties (M/s. Kakinada Seaports Ltd., Hyderabad and M/s. Kakinada Marine & Offshore Complex, Hyderabad) revealed that the assessee made Bunker sales which also included sales made to its related parties who in turn had also claimed 80-IA deduction on sale of water and oil. In AY 2012-13, the assessee made water sales of ₹ 6.81 crore out of which sales made to M/s. KSPL was

₹ 1.73 crore. M/s. KSPL claimed deduction under section 80-IA on water sales of ₹ 1.84 crore. Similarly, M/s. KMOC have also claimed the deduction on water sales of ₹ 1.53 crore. As per the master agreement of assessee with M/s. KSPL, the assessee was the sole supplier of water in the entire port and by rerouting water, oil etc among each other is fraught with the risk of double claim of 80-IA deduction by both the assessee as well as its related parties.

Thus, there is a need to evolve a mechanism to cross check the cases of double claim of deduction on the same activities by the related parties during the scrutiny.

4.9 Requirement of Technical Certification

Deduction u/s 80IA is allowed based on the audit report from an accountant in Form 10CCB which contains information regarding date of commencement, quantum of deduction etc. The report of the accountant in Form 10CCBdoes not take into consideration the technicality involved in the development of infrastructure and assessee’s eligibility therefor.

Prior to 1.4.2000, deduction for telecom sector u/s 80IA was allowed only for basic/ cellular/ radio paging and domestic satellite service and network trunking. In the new 80IA provision from 1.4.2000, broadband network or internet service provider were also included for such allowance if these were installed on or after 1 April 1995 but on or before 31 March 2000.

M/s. Aircel Cellular Ltd. incorporated on 20 December 1992 for cellular communication service was issued license in November 1994. The company started their business on 20 October 1995. Audit observed that in the absence of technical certificate, it was not known authoritatively whether the Aircel started internet services/broadband in 1995. If the assessee did not possess internet or broadband services in 1995, the assessee was eligible for deduction under old provisions only.

In the absence of any certificate by a technically competent authority, the nature of development of infrastructure facility cannot be ascertained. The CBDT agreed (June 2016) to examine the proposal during the budget exercise for the year 2017.

Recommendations

(i) The CBDT may evolve a mechanism for proper linkage between tax benefit allowed by the ITD with the actual investment made by the assessee as per records of the Department of Economic Affairs thereagainst to assess the impact of tax holiday.

The CBDT stated (June 2016) that the study can be undertaken by expert bodies like NIPFP etc.

Audit is of the view that the Government should evolve a mechanism for proper linkage between tax benefit allowed by the ITD under 80IA and the intended benefit to the economy. It may require compiling data from various Ministries which would help in impact analysis to facilitate better Governance.

(ii) The CBDT may design and generate MIS reports containing following information:

- **Nature of business like development of infrastructure roads, ports, generation of power etc., year of commencement of the eligible business together with the Initial assessment year from which deduction was claimed by the assessee and loss suffered by the assessee in the eligible business in relevant AYs in which such deduction was claimed.**

The CBDT stated (June 2016) that the changes in ITR form suggested by audit will be considered for incorporation.

- **Deduction allowed or if deduction disallowed in original assessment whether the same was allowed by CIT(Appeal), ITAT, High Courts & Supreme Court;**

The CBDT stated (June 2016) that the AO will capture the reasons in ITBA while giving effect to CIT(A), ITAT, High Court orders.

(iii) The CBDT may consider revision of Form 10CCB to include columns for allowable depreciation and brought forward losses/unabsorbed depreciation of the eligible unit showing yearwise breakup.

The CBDT stated (June 2016) that revision of audit form 10CCB would be examined.

(iv) The CBDT may consider certification of the infrastructure activity for each sector separately, by a technically competent authority viz sector regulator.

The CBDT stated (June 2016) that the issue will be examined during the budget exercise for the year 2017.

New Delhi **(RAJIVA BHUSHAN SINHA)**
Dated: 01 August 2016 **Director General (Direct Taxes)**

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
Dated: 01 August 2016 **Comptroller and Auditor General of India**

Appendices

Appendix 1

(Refer Para 1.1)

Relevant provisions of the Income Tax Act

Sub-section	Description	Details
80-IA (1)	Quantum of Deduction	100 percent deduction of the profits and gains derived from eligible business for 10 consecutive years
80-IA (2)	Option for the assessee	Option to choose any 10 consecutive years out of 15 years beginning from the year in which the undertaking or the enterprise develops and begins to operate the eligible business.
		The period of deduction is 10 consecutive years out of 20 years in respect of Road, Highway and Water Projects under explanation to 80-IA(4)(i).
		In respect of telecommunication services under 80-IA(4)(ii), deduction @ 100 percent is to allowed for first 5 year and @ 30% for the balance 5 years.
80-IA (3)	General conditions for allowing deduction	The undertaking claiming deduction should not be formed by splitting up or reconstruction of a business already in existence except in the case of rehabilitation/reconstruction u/s 33B and State Electricity Boards.
		The undertaking claiming deduction is not formed by transfer to a new business of machinery or plant previously used for any purpose except for State Electricity Board.
		Machinery used outside India and imported by the assessee claiming deduction is to be treated as new provided no deduction on account of depreciation on such machinery or plant has been allowed or is allowable under the provisions of this Act i.e Income Tax Act 1961, in computing the total income of any person for any period prior to the date of installation. Further, used machinery upto 20 percent of the total value of Plant & Machinery is allowed.
80-IA(4)	What constitutes "Eligible Business" and specific conditions related to them	Developing/operating/maintenance of Infrastructure facility[45] by a company or consortium of companies or by any authority, board or corporation having an agreement with Central/State Government or a local authority on assets formed after 1st April 1995. Further, deduction for the unexpired part of the available 10 years is transferred to the transferee company when such assets are transferred for operation & maintenance purpose.
		Telecommunication services, whether basic or cellular, including radio paging, domestic satellite service, network of trunking, broadband network and internet services between 1st April 1995 and 31st March 2005. Further, "domestic satellite" means a satellite owned and operated by an Indian company for providing telecommunication service
		Any undertaking developing, operating and maintaining an

[45] As per explanation to section 80IA(4), infrastructure facility consists of (i) a road including toll road, a bridge or a rail system (ii) highway project, (iii)water supply project, water treatment system, irrigation projects, sanitation and sewerage system or solid waste management system, (iv) port, airport, inland waterways (inland Port or Navigational Channel in the Sea). The Finance Act 2001 applicable w.e.f. 1 April 2002 deleted the term 'other public facilities of similar nature as may be notified by the Board' form the list of eligible business.

<table>
<tr><td rowspan="3"></td><td rowspan="3"></td><td>Industrial Park or Special Economic Zone (SEZ) notified by Central Government for the period from 1st April 1997 to 31st March 2006.
Further, deduction for the unexpired part of the available 10 years is transferred to the transferee company when such assets are transferred for operation & maintenance purpose.
Sunset clause for industrial park was extended upto 31st march 2011 and deduction on SEZ is available under section 80-IAB from 1st April 2006.</td></tr>
<tr><td>Undertaking starting Generation/ Distribution of Power (between 1st April 1993 to 31st March 2017),or, start transmission/distribution of power by laying transmission/distribution lines (between 1st April 1999 to 31st March 2017) or, undertakes substantial renovation and modernisation of existing distribution/transmission lines (between 1st April 2004 to 31st March 2017).</td></tr>
<tr><td>Reconstruction or revival of Power Generating Unit by an undertaking owned by an Indian company formed before 30th November 2005 with majority equity participation by public sector companies and notified before 31st December 2005 by Central Government and such undertaking begins to generate or transmit or distribute power before the 31st March 2011.</td></tr>
<tr><td>80-IA (5)</td><td>Eligible business is the only source of income</td><td>Profits and gains from the eligible business shall be computed as if such eligible business was the only source of income for the assessee during the previous year.</td></tr>
<tr><td>80-IA (6)</td><td>Housing or other activities which are integral part of Highway project</td><td>Profits and gains from Housing or other activities which are integral part of Highway project are not liable to tax if such profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding housing and other activities before the expiry of three years following the year in which such amount was transferred to the reserve account; the amount remaining unutilised shall be chargeable to tax as income of the year in which such transfer to reserve account took place.</td></tr>
<tr><td>80-IA (7)</td><td>Allowance of deduction without proper auditor’s report/certificate</td><td>Deduction shall not be admissible unless the accounts of the undertaking relevant to the assessment year for which the deduction claimed have been audited by an Accountant. Rule 18 BBB further ordains that the assessee shall furnish along with his return of income, the report of such audit in the prescribed Form no. 10 CCB duly signed and verified by a Chartered Accountant.</td></tr>
<tr><td rowspan="2">80-IA (8)</td><td rowspan="2">Power of AO to re-compute profit on transfer of goods between related parties</td><td>If the consideration received for transacting goods & services between eligible and other business of the assessee does not correspond to the market value, profit shall be recomputed for the purpose of deduction as if the transaction was done at the prevailing market rate.
Provided where there is exceptional difficulties in re-computing profit, AO would re-compute it on such reasonable basis as he deems fit.</td></tr>
<tr><td>“Market value” means
i) the price that such goods or services would ordinarily fetch in the open market; or
(ii) the arm's length price as defined in clause (ii) of section</td></tr>
</table>

		92F, where the transfer of such goods or services is a specified domestic transaction referred to in section 92BA
80-IA (9)	No other deduction under chapter VIA	Where any amount of profits and gains of an undertaking is claimed and allowed under 80-IA for any assessment year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of Chapter VIA under the heading "C.—Deductions in respect of certain incomes", and shall in no case exceed the profits and gains of such eligible business of the undertaking.
80-IA (10)	Power of AO to recompute profit	If it appears to AO that the profit computed for the eligible business is more than the ordinary profits which might be expected to arise in such eligible business, the AO, shall, re-compute the profit for the purpose of deduction as he deems fit. Provided in case of a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F.
80-IA (11)	Power of Central Government to cancel the benefit	Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertaking or enterprise with effect from such date as it may specify in the notification.
80-IA(12) & (12A)	Consequences of Demerger/Amalgamation	Benefit of deduction allowed to be transferred to the amalgamated company till 31.3.2007 and thereafter the benefit is not to be passed on.
80-IA(13)	SEZs notified on or after 1st April 2005	Section 80-IA is not applicable to SEZs notified on or after 1st April 2005

Appendix 2
(Refer Para: 1.7)
Non production of records

Sr. No.	State	Cases requisitioned	Cases produced	Cases not produced	% of non production
1	Andhra Pradesh	396	298	98	
2	Assam	6	6	0	
3	Bihar	12	12	0	
4	Chhattisgarh	51	39	12	
5	Delhi	306	248	58	
6	Gujarat	368	354	14	
7	Haryana	33	27	6	
8	Himachal Pradesh	21	11	10	
9	Jammu-Kashmir	3	3	0	
10	Jharkhand	20	17	3	
11	Karnataka	377	310	67	
12	Kerala	66	65	1	
13	Madhya Pradesh	89	81	8	
14	Maharashtra	1593	1390	203	
15	Orissa	55	48	7	
17	Punjab	22	22	0	
18	Rajasthan	131	126	5	
19	Tamil Nadu	1327	776	551	
20	Uttar Pradesh	58	55	3	
21	Uttarakhand	25	25	0	
22	West Bengal	268	240	28	
	Total	**5227**	**4153**	**1074**	**20.55**

Appendix-3

(Refer para 2.2)

Irregular allowance of deduction to ineligible assessees

Sl. No.	State	Name of the assessee	Assessment year	CIT Charge	Tax effect (₹ in lakh)
1	Karnataka	Goa State infrastructure Development Corporation, Ltd AACCG0256F	2010-11	C1(1), Panaji	26.94
	Karnataka	Goa State infrastructure Development Corporation, Ltd AACCG0256F	2011-12	C 1(1), Panaji	25.08
	Karnataka	Goa State infrastructure Development Corporation, Ltd AACCG0256F	2012-13	C 1(1), Panaji	17.92
2	Karnataka	Kotarki Constructions (P) limited AACCK6097J	2010-11	C-1 Gulbarga	82.96
	Karnataka	Kotarki Constructions (P) limited AACCK6097J	2012-13	C-1 Gulbarga	178.91
3	Chandigarh	Unipro Techno Infrastructure (P) Ltd , CHD	2011-12 & 2012-13	CIT-I, Chandigarh	169.41
4	Delhi	Pratibha-SMS JV AABAP2640M	2011-12	Ward 54 (4)/ CIT XVIII Delhi	16.08
	Delhi	Pratibha-SMS JV AABAP2640M	2012-13	Ward 54 (4)/ CIT XVIII Delhi	140.23
5	Delhi	Gopi Constech Pvt. Ltd./Arham Technologies Pvt. Ltd. AAECA0864D	2010-11	Ward 10 (2)/ CIT IV Delhi	6.45
	Delhi	Gopi Constech Pvt. Ltd./Arham Technologies Pvt. Ltd. AAECA0864D	2011-12	Ward 10 (2)/ CIT IV Delhi	26.70
6	Delhi	SMS Paryavaran Ltd. AAACS2177F	2011-12	Circle 24 (1)/ CIT VIII Delhi	78.04
	Delhi	SMS Paryavaran Ltd. AAACS2177F	2010-11	Circle 24 (1)/ CIT VIII Delhi	174.96
7	Madhya Pradesh	Totla Infra Construction Pvt Ltd, AAHCS7914H	2010-11	Pr. CIT, Ujjain	19.85
8	Madhya Pradesh	Shrinathji Infrastructure Pvt Ltd, AAKCS6722Q	2009-10	Pr.CIT I , Bhopal	22.23
	Madhya Pradesh	Shrinathji Infrastructure Pvt Ltd, AAKCS6722Q	2010-11	Pr.CIT I , Bhopal	26.54
	Madhya Pradesh	Shrinathji Infrastructure Pvt Ltd, AAKCS6722Q	2011-12	Pr.CIT I , Bhopal	19.97
9	Delhi	Delhi Tourism & Transportation Development Corporation AAACD0169J	2012-13	Circle 7 (1)/ CIT III Delhi	113.39
10	Gujarat	Netafim Irrigation India Pvt. Ltd. AAACE4738J	2011-12	PCIT 2, Vadodara	453.24
11	Gujarat	Avadh NIPL (JV) ,AAQFA7091P	2010-11	CIT 1, Rajkot	29.63
	Gujarat	Avadh NIPL (JV), AAQFA7091P	2011-12	CIT 1, Rajkot	24.46
12	Rajasthan	Nihal Chand Infra Project P Ltd. Jaipur AADCN7909D	2012-13	CIT-2 Jaipur	6.22
	Rajasthan		2013-14		30.08
13	Andhra Pradesh	Bhoorathnom Constructions/ AACCB2077M	2012-13	CIT-I Hyderabad	0.00

14	Andhra Pradesh	Kakinada Seaports Ltd/ AABCC2006Q	2012-13	CIT-II Hyderabad	268.35
15	Andhra Pradesh	United Port Services pvt. Ltd/ AABCJ0188Q	2010-11 to 2012-13	CIT-V Hyderabad	2908.60
16	West Bengal	MBL Infrastructures Limited, AACCM0564C	12-13	Pr.CIT (Central-1) Kolkata	410.91
17	West Bengal	JAIN Infraprojects Limited, AACCB9831F	08-09	Pr.CIT (Central-1) Kolkata	467.46
	West Bengal	JAIN Infraprojects Limited, AACCB9831F	09-10	Pr.CIT (Central-1) Kolkata	799.86
	West Bengal	JAIN Infraprojects Limited, AACCB9831F	10-11	Pr.CIT (Central-1) Kolkata	1331.69
	West Bengal	JAIN Infraprojects Limited, AACCB9831F	11-12	Pr.CIT (Central-1) Kolkata	876.02
18	West Bengal	BMW Industries Limited, AABCB0986G	10-11	PCIT1, Kolkata	100.55
	West Bengal	BMW Industries Limited, AABCB0986G	11-12	PCIT1, Kolkata	48.62
19	Bihar	M/s BKB Transport Pvt. Ltd. AAACB7488C)	2008-09	CIT(Central), Patna	24.31
	Bihar	M/s BKB Transport Pvt. Ltd. AAACB7488C)	2009-10	CIT(Central), Patna	54.05
	Bihar	BKB Transport Pvt. Ltd. AAACB7488C)	2010-11	CIT(Central), Patna	72.10
	Bihar	BKB Transport Pvt. Ltd. AAACB7488C)	2011-12	CIT(Central), Patna	92.75
	Bihar	BKB Transport Pvt. Ltd. AAACB7488C)	2012-13	CIT(Central), Patna	102.75
	Bihar	BKB Transport Pvt. Ltd. AAACB7488C)	2013-14	CIT(Central), Patna	51.65
20	Jharkhand	Sri Om Prakash Singh(AGKPS0300D)	2010-11	CIT, Ranchi	11.59
21	Tamilnadu	Bharat Engineering Constn. Co.P.Ltd. AACCB8705 G	2012-13	CIT 1, Chennai	70.05
22	Tamilnadu	RPP Infra Projects Ltd, AAACI 2702G	2010-11 2011-12	CIT 2,CBE	210.27
23	Tamilnadu	Easwarnath Constructions AABFE 1141 M	2011-12	CIT 2, Chennai	97.88
24	Tamilnadu	First STP Pvt Ltd, AAACF 5287R	2011-12 2012-13	CIT I Chennai	79.54
25	Kerala	Indian Medical Association Goes Eco-friendly , AAAAI1681A	2010-11	Trivandrum	24.09
	Kerala	Indian Medical Association Goes Eco-friendly, AAAAI1681A	2011-12	Trivandrum	134.04
	Kerala	Indian Medical Association Goes Eco-friendly, AAAAI1681A	2012-13	Trivandrum	101.53
26	Maharashtra	SMS Infrastructure Ltd AACCS9854P	2010-11 2011-12	CIT Central Nagpur	848.62
27	Maharashtra	Patel Michigan Joint Venture AAAAP4929J	2010-11 to 2012-13	Pr.CIT-19, Mumbai	656.00
28	Maharashtra	Garware Wall Ropes Ltd AAACG1377P	2010-11 2011-12	Pr.CIT-5,Mumbai	58.98
29	Maharashtra	Thane Ghodbunder Toll Road Pvt Ltd AACCT3723G	2010-11 to 2012-13	PCIT (CENTRAL) 3, MUMBAI	537.89

30	Maharashtra	Mangaldas Infratech Private Limited AAFCM0955Q	2011-12 2012-13	PCIT –2,Pune	12.21
31	Maharashtra	Reliance Industrial Infrastructure Limited AAACR7637P	2010-11 to 2012-13	PCIT 3,MUMBAI	719.00
32	Maharashtra	Maharashtra State Electricity Transmission Co. Ltd. AAECM2936N	2010-11 to 2012-13	CIT-14,Mumbai	4470.74
33	Delhi	Celebi Delhi Cargo Terminal Management India Pvt. Ltd. AADCC6885B	2012-13	Circle 5 (2)/CIT II	502.45
	Delhi	Celebi Delhi Cargo Terminal Management India Pvt. Ltd. AADCC6885B	2011-12	Circle 5 (2)/CIT II	2762.16
		Total			**20584.41**

Appendix-4
(Refer para 2.3)
Deduction allowed to business not specified in the Act

Sl. No.	State	Name of the Assessee/ PAN	AY	CIT charge	Tax effect (₹ in lakh)
1	Karnataka	M/s. Gateway Distripark (South)(P) Ltd AAACI4088F	2010-11	III-Bengaluru	168.08
	Karnataka	M/s. Gateway Distripark (South)(P) Ltd AAACI4088F	2011-12	III-Bengaluru	171.57
2	Delhi	Delhi State Industrial and Infrastructure Development Corporation Ltd. AAACD1257F	2012-13	Circle 7 (1)/ CIT III Delhi	4973.83
	Delhi	Delhi State Industrial and Infrastructure Development Corporation Ltd. AAACD1257F	2011-12	Circle 7 (1)/ CIT III Delhi	3702.75
3	Delhi	Associated Containers Terminals Ltd.AAACA4228K	2010-11	Circle 3 (2)/ CIT I Delhi	291.49
	Delhi	Associated Containers Terminals Ltd.AAACA4228K	2012-13	Circle 3 (2)/ CIT I Delhi	427.78
	Delhi	Associated Containers Terminals Ltd.AAACA4228K	2011-12	Circle 3 (2)/ CIT I Delhi	458.91
4	Delhi	Worlds Window Infrastructure and Logistics Pvt. Ltd. AAACW6405E	2010-11	Circle 27 (1)/ CIT IX Delhi	349.75
	Delhi	Worlds Window Infrastructure and Logistics Pvt. Ltd. AAACW6405E	2011-12	Circle 27 (1)/ CIT IX Delhi	387.18
5	Delhi	Datt Infrastructure and Service Ltd. AABCD5976B	2010-11	Ward 7 (2)/ CIT III Delhi	16.15
	Delhi	Datt Infrastructure and Service Ltd.AABCD5976B	2011-12	Ward 7 (2)/ CIT III Delhi	4.25
	Delhi	Datt Infrastructure and Service Ltd. AABCD5976B	2012-13	Ward 7 (2)/ CIT III Delhi	6.73
	Delhi	Datt Infrastructure and Service Ltd. AABCD5976B	2013-14	Ward 7 (2)/ CIT III Delhi	3.81
6	Madhya Pradesh	M/s Shree Balaji Neemuch Infra construction Pvt Ltd AAGCS2263J	2010-11	Pr. CIT, Ujjain	58.58
	Madhya Pradesh	M/s Shree Balaji Neemuch Infra construction Pvt Ltd AAGCS 2263J	2011-12	Pr. CIT, Ujjain	5.29
7	Gujarat	Enviro Control Associates Pvt. Ltd/ AAACE8700C	2011-12	PCIT 1, Surat	138.77
8	Gujarat	Ajanta Limited/ AAACE612E	2012-13	CIT III, Rajkot	9.44
	Gujarat	Ajanta Limited/ AAACE612E	2011-12	CIT III, Rajkot	12.02
	Gujarat	Ajanta Limited/ AAACE612E	2010-11	CIT III, Rajkot	15.48
9	Andhra Pradesh	AP Power Generation Corpn AACCA2734J	2011-12 & 2012-13	CIT-I Hyderabad	4180.80
10	West Bengal	MSP Steel and Power Limited, AACCA2756N	2011-12	Pr.CIT (Central-2) Kolkata	315.02

11	West Bengal	SPPL Property Management Private Limited, AAICS7168Q	2010-11	PCIT1, Kolkata	141.87
	West Bengal	SPPL Property Management Private Limited, AAICS7168Q	2012-13	PCIT1, Kolkata	52.71
	West Bengal	SPPL Property Management Private Limited, AAICS7168Q	2012-13	PCIT1, Kolkata	100.07
12	West Bengal	SHYAM Sel & Power Limited, AAECS9421J	2010-11 to 2012-13	PCIT1	319.93
13	West Bengal	BALMER LAWRIE & Co Ltd, AABCB0984E	12-13	PCIT2	55.64
14	Bihar	Bihar State Urban Infrastructure Development Corporation Ltd., AADCB9908L	2012-13	Pr.CIT-I, Patna	86.76
15	Maharashtra	ABG Kolkatta Container Terminal Pvt. Ltd. AACCC1919K	2010-11 to 2012-13	CIT 5, Mumbai	816.00
16	Maharashtra	PNP Marine Services Ltd. AABCP8020D	2010-11	PCIT 3 Mumbai	164.00
		Total			**17434.66**

Appendix-5

(Refer para 2.4)

Incorrect computation of Minimum Alternative Tax (MAT)

Sl. No.	State	Name of the assessee	CIT charge	Assessment year	Tax effect (₹ in lakh)
1	Rajasthan	Subhlaxmi Buildcon P Ltd. AAJCS0260J	CIT Udaipur	2011-12 and 2012-13	99.91
2	Rajasthan	Genus Power Infrastructures Ltd AACCG1218P	CIT-3 JAIPUR	2010-11	99.02
3	Rajasthan	Fatehpuria Transformers & Switchgears P Ltd AACF3456E	CIT-1 JAIPUR	2012-13	11.50
4	Delhi	Gopi Constech Pvt. Ltd./Arham Technologies Pvt. Ltd. AAECA0864D	Ward 10 (2)/ CIT IV	2011-12	0.00
5	Andhra Pradesh	Lanco Kondapalli Power/AAACK5423A	CIT-IV Hyderabad	2010-11	839.48
6	Andhra Pradesh	Pioneer Genco LTD/AACCP9218Q	CIT-IV Hyderabad	2010-11	62.27
7	Andhra Pradesh	Pioneer Power Corp AADCP2141F	CIT-IV Hyderabad	2010-11	53.68
8	Andhra Pradesh	Transstroy India Ltd AABCT4226B	CIT-Guntur	2010-11 and 2011-12	148.03
9	Maharashtra	Bhudan Organic Manures Pvt. Ltd AACCB2433R	CIT-1 Nagpur	2010-11	19.63
10	Maharashtra	Mahati Hydro Power Projects Pvt Limited AAFCM0676G	PCIT-6, Pune	2012-13	78.94
		Total			**1412.46**

Appendix-6

(Refer para 2.5)

Valuation of transient goods

Sl. No.	State	Name of the assessee	Assessment year	CIT charge	Excess deduction (₹ in lakh)
1	Tamilnadu	KCP Sugar & Industries Corp.Ltd. AAACK 2325F	2010-11	CIT 4, Chennai	366.73
	Tamilnadu	KCP Sugar & Industries Corp.Ltd. AAACK 2325F	2011-12	CIT 4, Chennai	773.21
	Tamilnadu	KCP Sugar & Industries Corp.Ltd. AAACK 2325F	2012-13	CIT 4, Chennai	841.95
2	Tamilnadu	Madras Aluminium Company Ltd. AAACT 7665D	2011-12	CIT Salem	1087.06
3	Tamilnadu	Seshasayee paper and Board AACCS 1192G	2011-12	CIT 2, Coimbatore	2885.56
	Tamilnadu	Seshasayee paper and Board AACCS 1192G	2007-08	CIT 2, Coimbatore	1378.83
	Tamilnadu	Seshasayee paper and Board AACCS 1192G	2008-09	CIT 2, Coimbatore	2123.77
4	Tamilnadu	Manali Petrochemical Ltd. AAACM 3404D	2010-11	LTU, Chennai	0.00
5	Gujarat	Garden Silk Mills Limited/ AAACQ8932C	2011-12	CIT -I, Surat	385.08
6	Gujarat	Meghmani Energy Ltd./ AAECM7819E	2010-11	PCIT 2, Ahmedabad	236.00
7	Jharkand	Aditya Birla Chemicals India Ltd.(AAACB7747A)	2008-09	Ranchi	120.45
	Jharkand	Aditya Birla Chemicals India Ltd.(AAACB7747A)	2009-10	Ranchi	189.82
	Jharkand	Aditya Birla Chemicals India Ltd.(AAACB7747A)	2010-11	Ranchi	236.11
8	Uttar Pradesh	Triveni Engineering & Industries Ltd, AABCT 6370L	2010-11	Central, Kanpur	247.00
	Uttar Pradesh	Triveni Engineering & Industries Ltd, AABCT 6370L	2011-12	Central, Kanpur	3399.00
9	Delhi	Khaitan Chemicals and Fertilizers Ltd.,AAACK2342Q	2010-11	CIT V Delhi	105.03
10	Maharashtra	Grasim Industries Limited AAACG4464B	2010-11	PCIT (Central) 1, Mumbai	3319.74
11	Maharashtra	Jawahar Shetkar Sah. Sakhar Karkhana AAAAJ0571C	2010-11	PCIT-II Kolhapur	1482.28
	Maharashtra		2011-12		1673.51
	Maharashtra		2012-13		1841.22
12	Maharashtra	Datta Shetkari Sahkari Sakhar Karkhana Limited AAAAS0597B	2010-11	PCIT-2 Kolhapur	533.54
	Maharashtra		2011-12		482.44
	Maharashtra		2012-13		398.68
13	West Bengal	Balarampur Chini Mills AAACB9373Q	2010-11	PCIT-4	2515.53
14	Tamilnadu	Coromandel Sugars Ltd AAACC 4628 F	2011-12 2012-13	CIT-1 Chennai	2431
15	Tamilnadu	India Cements Ltd AAACT 1728 P	2011-12 2012-13	CIT-2 Chennai	3683
		Total			**32736.54**

Appendix-7

(Refer para 2.6)

Aggregation of income/loss of business vs undertaking

Sl. No.	State	Name of the Assessee with PAN	CIT Charge	AY	Tax Effect (₹ in crore)
1	Tamil Nadu	A.S.Babusah Design AALFA 6113H	CIT 8, Chennai,	2012-13	0.21
2	Tamil Nadu	Vetal Textiles & Electronics P.Ltd. AAACV 6385J	CIT 1, Coimbatore,	2010-11	0.8
3	Kerala	Synthite Industries Ltd. AADCS 5616E	CIT 1 Kochi, Kerala	2009-10, 2011-12	0.32
4	Kerala	Muthoot Fincorp Ltd. AACCM 1453E	CIT Trivandrum,	2010-11, 2011-12, 2012-13	1.02
5	Tamil Nadu	Babu Silk & Sarees AADFB 9667M	CIT 8, Chennai,	2012-13	0.12
6	Tamil Nadu	D.Nithyanandam AAGPN 1353H	CIT 1 Coimbatore,	2011-12	0.09
7	Andhra Pradesh	NSL Renewable Power AABCN6009L	CIT-IV Hyderabad	2010-11, 2011-12, 2012-13	12.48
8	Maharashtra	Reliance Infrastructure Ltd AACCR 7446Q	CIT-14, Mumbai	2012-13	1.45
9	Maharashtra	Nuclear Power Corporation of India Ltd. AAACN3154F	CIT-LTU, Mumbai	2010-11	10.66
		Total			**27.15**

Appendix-8A

(Refer para 2.7)

Inconsistency in setting off brought forward losses and unabsorbed depreciation relating to eligible units

Sl. No.	State	Name of Assessee/PAN	AY	Assessment Unit	Tax effect (₹ in lakh)
1	Tamil Nadu	Sri Velayudhaswamy Spinning Mills (P) Ltd., AADCS0676C	2010-11	Circle 2, Tirupur	163.47
	Tamil Nadu	Sri Velayudhaswamy Spinning Mills (P) Ltd., AADCS0676C	2011-12	Circle 2, Tirupur	118.29
2	Tamil Nadu	Vedha Spinning Mills (P) Ltd., AABCV2433Q	2010-11	Circle 2, Tirupur	112.62
3	Tamil Nadu	Viking Textiles (P) Ltd AAACV7564P	2010-11	Circle-1-Tirupur	102.12
4	Tamil Nadu	Prabhu Spinning Mills (P) Ltd / AABCP0750E / Tirupur	2010-11	Circle-2, Tirupur	279.32
5	Tamil Nadu	Sudhan Spinning Mills (P) Ltd / AADCS0670E	2010-11	Circle-2, Tirupur	143.18
6	Tamil Nadu	Cheran Spinning Mills P Ltd / AAACC8788L	2010-11	Circle-2, Tirupur	194.85
7	Tamil Nadu	Chola Textiles (P)Ltd AAACC8791P	2010-11	Circle-2, Tirupur	205.88
8	Tamil Nadu	Adisankara Spinning Mills (P) Ltd / AABCA5198B	2010-11	Circle-2, Tirupur	156.4
9	Tamil Nadu	M/s. Sri Matha Spinning Mills (P) Ltd / AAECS1881Q	2010-11	Circle-2, Tirupur	185.29
10	Tamil Nadu	Eveready Spinning Mills (P) Ltd AAACE4788J	2010-11	Circle-1, Tirupur	100.82
11	Tamil Nadu	Sri Shanmugavel Mills (P) Limited / AADCS8200N	2010-11	Circle-2, Tirupur	180.46
12	Tamil Nadu	Pandian Textiles Mills (P) Ltd / AABCP5926A	2010-11	Circle-2, Tirupur	226.19
13	Tamil Nadu	M/s. Jayavarma Textiles (P) Ltd / AAACJ7660G	2010-11	Circle-1, Tirupur	81.47
14	Tamil Nadu	M/s. Sivaraj Spinning Mills (P)Ltd / AADCS0681H	2010-11	Circle-2, Tirupur	75.74
15	Tamil Nadu	Sueera Alloys Global (P) Ltd / AAGCS6735B	2010-11	Circle-1, Tirupur	25.9
16	Tamil Nadu	Sakthi Murugan Agro Foods Ltd /Avinashi / AACCS9473J	2010-11	Circle-1, Tirupur	18.33
17	Tamil Nadu	Sakthi Murugan Roller Flour Mills Ltd AADCS0673H	2010-11	Circle-1, Tirupur	23.01
18	Tamil Nadu	Eastman Exports Global Clothing Company P ltd AACCC0952E	2010-11	Circle-1, Tirupur	61.52
19	Tamil Nadu	Best Corporation P Ltd AACCR6828G	2011-12	Circle-1, Tirupur	446.91
		Total			**2901.77**

Appendix-8B

(Refer para 2.7)

Inconsistency in setting off brought forward losses and unabsorbed depreciation relating to eligible units

Sl. No.	State	Name of the assessee	Assessment year	CIT charge	Tax Effect (₹ in lakh)
1	Tamil Nadu	Karpagam Engineers Pvt. Ltd. AAACK 3980G	2012-13	CIT 4, Chennai	0
2	Tamil Nadu	Murugan Oil Corporation AAFFM 2784E	2010-11	CIT Salem	29.12
	Tamil Nadu	Murugan Oil Corporation AAFFM 2784E	2011-12	CIT Salem	34.18
	Tamil Nadu	Murugan Oil Corporation AAFFM 2784E	2012-13	CIT Salem	21.17
3	Tamil Nadu	Srimathy Murugesan AHFPS 4842J	2010-11	CIT Salem	3.67
	Tamil Nadu	Srimathy Murugesan AHFPS 4842J	2011-12	CIT Salem	3.31
	Tamil Nadu	Srimathy Murugesan AHFPS 4842J	2012-13	CIT Salem	2.73
4	Tamil Nadu	Viking Knitters, AABFV 8542 B	2011-12	CIT 3 Coimbatore	78.07
5	Tamil Nadu	The Chennai Silks AAFFT 0634G	2011-12	CIT 3 Coimbatore	72.57
6	Tamil Nadu	Gangai Garments AABFG 9171H	2011-12	CIT 3 Coimbatore	30.83
7	Tamil Nadu	Anand Hosieries AADFA 8025A	2011-12	CIT 3 Coimbatore	7.23
8	Tamil Nadu	Rohini Garments AACFR 7582 A	2011-12	CIT 3 Coimbatore	18.71
9	Tamil Nadu	Ultimate Alloys P Ltd. AAACU 3303P	2011-12	CIT 3 Coimbatore	26.85
10	Tamil Nadu	B.K.S. Textiles AACCB 3382R	2011-12	CIT 3 Coimbatore	9.94
11	Tamil Nadu	A.P.Dhandapani ADLPD 2469G	2011-12	CIT 3 Coimbatore	11.27
12	Tamil Nadu	Raagam Exports AADFR 5160M	2010-11	CIT 3 Coimbatore	4.02
13	Tamil Nadu	GTP Granites Ltd. AAACG 7711K	2010-11	CIT Salem	44.08
	Tamil Nadu	GTP Granites Ltd., AAACG7711K	2011-12	CIT Salem	49.54
14	Tamil Nadu	Ashok Granites AABCA 8140M	2010-11	CIT Salem	20.91
	Tamil Nadu	Ashok Granites AABCA8140M	2011-12	CIT Salem	20.18
15	Tamil Nadu	KMD Clothing, AADFK 7890H	2010-11	CIT Salem	13.53
	Tamil Nadu	KMD Clothing, AADFK 7890H	2011-12	CIT Salem	16.3
16	Tamil Nadu	VSNC Narasimha Chettiar Sons AAAFV 4573B	2010-11	CIT 1 Trichy	23.31
	Tamil Nadu	VSNC Narasimha Chettiar Sons AAAFV 4573B	2011-12	CIT 1 Trichy	17.82
	Tamil Nadu	VSNC Narasimha Chettiar Sons AAAFV 4573B	2012-13	CIT 1 Trichy	14.98

17	Tamil Nadu	T.N. Nanthagopal & Sons AAAFT 3509K	2010-11	CIT 1 Trichy	11.66
	Tamil Nadu	T.N. Nanthagopal & Sons AAAFT 3509K	2011-12	CIT 1 Trichy	10.03
18	Tamil Nadu	Adi sankara spinning Mills AABCA 5198B	2013-14	CIT 3 Coimbatore	17.84
19	Tamil Nadu	Prabha Engineers AAAFP 0959R	2010-11	CIT 2, Chennai	30.98
	Tamil Nadu	Prabha Engineers AAAFP 0959R	2011-12	CIT 2, Chennai	29.41
	Tamil Nadu	Prabha Engineers AAAFP 0959R	2012-13	CIT 2, Chennai	23.47
20	Tamil Nadu	Dev windmills AABCD 8047L	2010-11	CIT 1, Chennai	28.11
	Tamil Nadu	Dev windmills AABCD 8047L	2011-12	CIT 1, Chennai	23.32
	Tamil Nadu	Dev windmills AABCD 8047L	2012-13	CIT 1, Chennai	21.42
21	Tamil Nadu	Orient Impex AAAFO 0102D	2010-11	CIT 1, Chennai	13.75
22	Tamil Nadu	Muthoot Finance Ltd. AABCT 0343B	2009-10	CIT Trivandrum	59.52
23	Tamil Nadu	Plant Lipid P. Ltd. AABCP 6061C	2010-11	CIT 1 Kochi	73.09
24	Tamil Nadu	Watts Electronics P. Ltd. AAACW 1586G	2011-12	CIT 1 Kochi	12.39
	Tamil Nadu	Watts Electronics P. Ltd. AAACW 1586G	2012-13	CIT 1 Kochi	5.47
	Tamil Nadu	Watts Electronics P. Ltd. AAACW 1586G	2013-14	CIT 1 Kochi	8.24
25	Tamil Nadu	Peekay Steel Castings P. Ltd. AABCP 3517H	2012-13	CIT Kozhikode	6.31
26	Tamil Nadu	TCP Ltd. AAACT 3615K	2012-13	CIT 3, Chennai	48.89
27	Tamil Nadu	Tamilnadu Newsprint & Papers Ltd. AAACT2935J	2012-13	CIT 3, Chennai	22.36
28	Tamil Nadu	Texmo Industries AABFT1899B	2011-12	CIT 1 Coimbatore	169.06
29	Tamil Nadu	Rajaguru Spinning Mills P. Ltd. AAACR 9898Q	2011-12	CIT Salem	96.16
30	Tamil Nadu	Nippo Batteries Co. Ltd. AAACI2291L	2011-12	CIT 4, Chennai	21.04
31	Tamil Nadu	Shanmugapriya Textiles P. Ltd. AADCS 8203R	2010-11	CIT 3 Coimbatore	10.25
32	Tamil Nadu	SVPM Spinners P. Ltd. AACCS 7190J	2009-10	CIT 3 Coimbatore	9.07
33	Tamil Nadu	GVG Industries P. Ltd. AAACG 1205E	2009-10	CIT 3 Coimbatore	9.07
34	Tamil Nadu	Janarthan Spinning Mills AAMFS 4005M	2009-10	CIT 3 Coimbatore	8.74
35	Tamil Nadu	The India Cements AAACP 1728P	2011-12	CIT 2, Chennai	167.18
	Tamil Nadu	The India Cements AAACP 1728P	2012-13	CIT 2, Chennai	138.16
	Tamil Nadu	The India Cements AAACP 1728P	2010-11	CIT 2, Chennai	118.36
36	Tamil Nadu	Coromandel sugars Ltd. AAACI 2702G	2011-12	CIT 2, Chennai	360.15

	Tamil Nadu	Coromandel sugars Ltd. AAACI 2702G	2012-13	CIT 2, Chennai	437.11
37	Tamil Nadu	Coimbatore Roller Flour Mills P.Ltd. AAACC 8427E	2012-13	CIT 1, Coimbatore	13.18
38	Tamil Nadu	Indsil Hydro Power and Manganese Ltd. AAACC 4918G	2010-11	CIT 1 Coimbatore	0
39	Tamil Nadu	Leo Fasteners AABFL 0652J	2011-12	CIT Puducherry	79.85
40	Tamil Nadu	VXL Systems AACFV 2118C	2011-12	CIT 2 Coimbatore	69.79
41	Tamil Nadu	Flow Tech Power, AAAFF2838D	2012-13	CIT 1 Coimbatore	3.24
42	Tamil Nadu	Lakshmi Card Clothing Manufacturing Pvt. Ltd. AAACC 3521E	2011-12	CIT 1 Coimbatore	29.19
	Tamil Nadu	Lakshmi Card Clothing Manufacturing Pvt. Ltd. AAACC 3521E	2010-11	CIT 1 Coimbatore	30.44
43	Tamil Nadu	Mylswamy Ranga Ramanujam ABUPR 0655D	2010-11	CIT 1 Coimbatore	14.83
44	Tamil Nadu	Sri Valli vilas MVP Sons AAAFS 2556F	2010-11	CIT Puducherry	1.8
	Tamil Nadu	Sri Valli vilas MVP Sons AAAFS 2556F	2011-12	CIT Puducherry	2.51
	Tamil Nadu	Sri Valli vilas MVP Sons AAAFS 2556F	2012-13	CIT Puducherry	2.71
45	Tamil Nadu	VXL Systems, AACFV 2118C	2010-11	CIT 2 Coimbatore	79.88
46	Tamil Nadu	Sri Venkatachalapathy Modern Rice Mill, ABNFS4745A	2010-11	CIT Puducherry	8.27
47	Tamil Nadu	The Ramco Cements Ltd. AABCM 8375L	2011-12	CIT1 Madurai	201.77
	Tamil Nadu	The Ramco Cements Ltd. AABCM 8375L	2012-13	CIT1 Madurai	307.44
48	Tamil Nadu	GD Textiles Madurai Pvt.Ltd. AABCG 1276E	2010-11	CIT1 Madurai	8.37
	Tamil Nadu	GD Textiles Madurai Pvt.Ltd. AABCG 1276E	2011-12	CIT1 Madurai	8.47
	Tamil Nadu	GD Textiles Madurai Pvt.Ltd. AABCG 1276E	2012-13	CIT1 Madurai	9.45
49	Tamil Nadu	R.Thirunavukkarasu AABPT 7822L	2010-11	CIT2 Trichy	10.42
	Tamil Nadu	R.Thirunavukkarasu AABPT 7822L	2012-13	CIT2 Trichy	7.72
	Tamil Nadu	R.Thirunavukkarasu AABPT 7822L	2013-14	CIT2 Trichy	9.16
50	Tamil Nadu	S.Srinivasaraghavan AADPR 3292E	2010-11	CIT2 Trichy	11.22
	Tamil Nadu	S. Srinivasaraghavan AADPR 3292E	2011-12	CIT2 Trichy	11.22
	Tamil Nadu	S. Srinivasaraghavan AADPR 3292E	2012-13	CIT2 Trichy	9.67
	Tamil Nadu	S. Srinivasaraghavan AADPR 3292E	2013-14	CIT2 Trichy	10.53
		Total			**3506.06**

Appendix-8C

(Refer para 2.7)

Inconsistency in setting off brought forward losses and unabsorbed depreciation relating to eligible units

Sl. No.	State	Name of the assessee	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Gujarat	Gujarat Fluorochemicals Ltd, AAACG6725H	2010-11	CIT 1 , Baroda	1261.52
	Gujarat	Gujarat Fluorochemicals Ltd, AAACG6725H	2011-12	CIT 1 , Baroda	1012.97
2	Gujarat	Real Strips Limited/ AABCR2893N	2012-13	PCIT-3, Ahmedabad	27.55
	Gujarat	Real Strips Limited/ AABCR2893N	2011-12	PCIT-3, Ahmedabad	21.47
	Gujarat	Real Strips Limited/ AABCR2893N	2010-11	PCIT-3, Ahmedabad	55.33
3	Gujarat	TML Industries Ltd./ AABCT0793K	2010-11	PCIT 2, Baroda	17.88
4	Gujarat	Gujarat Ambuja Exports Ltd/ AAACG3980A	2012-13	PCIT 2, Ahmedabad	200.69
5	Gujarat	Rajlaxmi Prints Pvt. Ltd/AABCR1036R	2012-13	PCIT 2, Surat	4.62
	Gujarat	Rajlaxmi Prints Pvt. Ltd/AABCR1036R	2011-12	PCIT 2, Surat	35.57
	Gujarat	Rajlaxmi Prints Pvt. Ltd/AABCR1036R	2010-11	PCIT 2, Surat	34.12
6	Gujarat	S Kumar/AAIFS7890J	2010-11	CIT 1, Rajkot	33.05
7	Gujarat	Castech Foundaries Pvt Ltd AAACC 8601N	2012-13	CIT III Rajkot	20.58
8	Gujarat	Shri Girishbhai Ranchodbhai Tanti / ABFPT3310E	2012-13	CIT 2, Rajkot	28.99
	Gujarat	Shri Girishbhai Ranchodbhai Tanti/ ABFPT3310E	2011-12	CIT 2, Rajkot	21.22
9	Gujarat	Realwax Industries / AAHFR2733A	2012-13	CIT 2, Rajkot	28.89
10	Gujarat	Balaji Wafers Pvt. Ltd/ AAACB8755A	2012-13	CIT 2, Rajkot	36.21
	Gujarat	Balaji Wafers Pvt. Ltd/ AAACB8755A	2011-12	CIT 2, Rajkot	25.79
	Gujarat	Balaji Wafers Pvt. Ltd/ AAACB8755A	2010-11	CIT 2, Rajkot	34.63
11	Gujarat	Asahi Songwan Colors Ltd/ AAACA9713D	2012-13	PCIT 1, Ahmedabad	18.39
	Gujarat	Asahi Songwan Colors Ltd/ AAACA9713D	2011-12	PCIT 1, Ahmedabad	10.3
12	Gujarat	Garden Silk Mills Ltd/ AAACG8932C	2010-11	CIT I Surat	56.96
13	Gujarat	Kush Synthetics Pvt. Ltd/ AABCK2282J	2012-13	CIT I Surat	48.1
14	Gujarat	Ravikiran Ceramics Pvt. Ltd/ AABCR3750J	2012-13	CIT Central, Surat	23.09

	Gujarat	M/s Ravikiran Ceramics Pvt. Ltd/ AABCR3750J	2011-12	CIT Central, Surat	16.19
15	Rajasthan	Fatehpuria Transformer & Switchgears P Ltd. Jaipur AAACF3456E	2010-11	CIT-1 Jaipur	15.60
	Rajasthan		2011-12	CIT-1 Jaipur	2.28
	Rajasthan		2012-13	CIT-1 Jaipur	8.85
16	Rajasthan	Yogendra Khandelwal, Jaipur ADCPK0822B	2012-13	CIT-1 Jaipur	10.93
	Rajasthan		2013-14	CIT-1 Jaipur	21.96
17	Rajasthan	Khaitan Tiles P Ltd., Jaipur AABCK0431H	2009-10	CIT-2 Jaipur	8.83
	Rajasthan		2010-11	CIT-2 Jaipur	2.83
	Rajasthan		2011-12	CIT-2 Jaipur	3.46
	Rajasthan		2012-13	CIT-2 Jaipur	7.59
	Rajasthan		2013-14	CIT-2 Jaipur	4.59
18	Rajasthan	Vijay Industries, Alwar AAAFV7282R	2010-11	CIT Alwar	8.88
	Rajasthan		2012-13	CIT Alwar	11.57
19	Rajasthan	Saurabh Agrotek, Alwar AADCS4522P	2010-11	CIT Alwar	8.91
	Rajasthan		2011-12	CIT Alwar	10.21
	Rajasthan		2012-13	CIT Alwar	11.60
20	Rajasthan	Deepak Vegpro, Alwar AAACD6118P	2010-11	CIT Alwar	12.26
	Rajasthan		2011-12	CIT Alwar	10.61
21	Rajasthan	Delhi Trading Corporation, Jaipur AABFD1795N	2010-11	CIT (Central) Jaipur	6.70
	Rajasthan		2011-12	CIT (Central) Jaipur	24.47
	Rajasthan		2012-13	CIT (Central) Jaipur	55.42
	Rajasthan		2013-14	CIT (Central) Jaipur	47.34
22	Rajasthan	National Tools & Exports Pvt. Ltd., AACFN6037A	2010-11	CIT-1 Jodhpur	7.15
23	Rajasthan	Shri Ram Industries, Jodhpur AACFS7768M	2010-11	CIT-1 Jodhpur	14.22
	Rajasthan		2011-12	CIT-1 Jodhpur	12.65
24	Rajasthan	Shri Ram Hotels AAQFS2527L	2009-10	CIT-1 Jodhpur	9.34
	Rajasthan		2010-11	CIT-1 Jodhpur	4.90
	Rajasthan		2011-12	CIT-1 Jodhpur	3.67
25	Rajasthan	Chemical & Minerals Industries Pvt. Ltd., Jodhpur AABCC2745E	2009-10	CIT-1 Jodhpur	23.66
	Rajasthan		2010-11	CIT-1 Jodhpur	12.42
	Rajasthan		2011-12	CIT-1 Jodhpur	7.29
26	Rajasthan	Rajasthan Gum P Ltd., AAACR8151N	2010-11	CIT-1 Jodhpur	67.27
27	Rajasthan	Ercon Composites, JAABFE6551F	2011-12	CIT-1 Jodhpur	15.96
28	Rajasthan	Choudhary Freight Carrier AABFC0104E	2010-11	CIT-2 Jodhpur	10.85
	Rajasthan		2011-12	CIT-2 Jodhpur	6.61
	Rajasthan		2012-13	CIT-2 Jodhpur	11.49
29	Rajasthan	Meru Electricals & Mechanicals P Ltd., Alwar AABCM2145G	2011-12	CIT ALWAR	6.01
	Rajasthan		2012-13	CIT ALWAR	6.02
	Rajasthan		2013-14	CIT ALWAR	7.2
30	Haryana	K.E.C. Industries Limited AAACK 4706E	2011-12	CIT Haryana	19.43
31	Chhattisgarh	Suryakant Gupta ACZPG 8034D	2012-13	CIT-2 Raipur	45.23
32	Chhattisgarh	Alok Ferro Alloys Ltd AACCA 0569P	2012-13	CIT-1 Raipur	18.93

33	Madhya Pradesh	M/s Dhar Automotives Pvt. Ltd. AABCD 4418K	2010-11	Pr CIT-I, Indore	28.67
	Madhya Pradesh	M/s Dhar Automotives Pvt. Ltd. AABCD 4418K	2011-12	PrCIT-I, Indore	16.11
	Madhya Pradesh	M/s Dhar Automotives Pvt. Ltd. AABCD 4418K	2012-13	PrCIT-I, Indore	4.45
34	Andhra Pradesh	Ankineedu Popuri/ AGJPP5770B	2006-07 to 2012-13	CIT-VII Hyderabad	42.11
35	Andhra Pradesh	Jocil Ltd/AAACJ5606L	2012-13	CIT-Guntur	56.86
36	Odisha	Pattanaik Mineral Pvt Ltd/AABCP3278P	2012-13	PCIT Cuttack	501.00
37	Odisha	Jitendernath Patnaik/ ABFPP3817J	2012-13	PCIT Cuttack	27.55
38	West Bengal	Gallant Metal Limited, AACCG2934J	11-12	PCIT1 Kolkata	400.29
39	Delhi	Powerlinks Transmission Ltd.AABCT7775M	2012-13	CIT VII Delhi	524.34
40	Maharashtra	M/s North Karnataka Expressway Limited AABCN3062F	2012-13	PCIT 14, Mumbai	161.99
41	Maharashtra	Powerica Ltd AAACP3812E	2011-12	CIT-LTU, Mumbai	69.59
		Total			**5512.26**

Appendix-9

(Refer para 2.8)

Treatment of receipts from sale of carbon credits

Sl. No.	State	Name of the assessee	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Tamilnadu	Amarjothi Power Generation & Distribution Com. Ltd. AADCA 9401F	2011-12	CIT 3, Coimbatore	82.78
2	Tamilnadu	Lanco Tanjore Power Co. Ltd. AACCA 4297N	2011-12	CIT 4, Chennai	728.13
3	Tamilnadu	Parvathi Textiles, AABFN3571G	2009-10	CIT 2, Madurai	4.35
	Tamilnadu	Parvathi Textiles AABFN3571G	2010-11	CIT 2, Madurai	2.94
4	Tamilnadu	Sri Saravana Spinning Mills P. Ltd. AACCS 0540G	2010-11	CIT 2, Madurai	62.32
5	Gujarat	Kalpataru Power Transmission Limited AAACK8387R	2010-11	PCIT Gandhinagar	150.48
	Gujarat	Kalpataru Power Transmission Limited AAACK8387R	2011-12	PCIT Gandhinagar	34.25
6	Karnataka	Hemavathy Power & Light Pvt Ltd, AABCH1245E	2012-13	III Bengalore	103.00
7	Karnataka	VRL Logistics Ltd AABCV3609C	2012-13	Hubballi	303.38
8	Rajasthan	Ginni Global P Ltd., Alwar AAACG3064H	2010-11	CIT Alwar	70.87
			2011-12	CIT Alwar	21.15
9	Rajasthan	Rajasthan State Mines & Minerals Ltd., Jaipur AAACR7857H	2007-08	CIT-2 Jaipur	172.72
			2011-12	CIT-2 Jaipur	93.67
10	Andhra Pradesh	Clarion Power Corporation Ltd., Hyderabad AABCC 5697H	2010-11	CIT-I, Hyderabad	63.43
11	Chattisgarh	Shri Suryakant Gupta ACZPG 8034D	2010-11	CIT-2 Raipur,	48.28
12	Chattisgarh	Godawari Power and Ispat Ltd. AAACI 7189K	2012-13	CIT-1 Raipur,	4.79
13	Delhi	Jindal Saw Ltd AABCS 7280C	2011-12	CIT charge V, Delhi	199.15
14	Delhi	K K K Hydro Power Ltd. AABCK 5227H	2011-12	CIT charge V, Delhi	65.45
	Delhi	K K K Hydro Power Ltd. AABCK 5227H	2012-13	CIT charge V, Delhi	33.99
15	Maharashtra	WMI Power Private Limited AAACW8862B	2012-13	PCIT 8, Mumbai	5.73
16	Maharashtra	Ascent Hydro Projects Limited AAFCA1454N	2010-11	PCIT 9, Mumbai	15.09
17	Maharashtra	Hanjer Biotech Energy Private Limited, AABCH3870K	2011-12	PCIT 10, Mumbai	560.00
18	Maharashtra	Essel Mining & Industries Ltd, AAACE6607L	2011-12 2012-13	PCIT (CENTRAL) 1, MUMBAI	549.39
19	Maharashtra	Daund Sagar Limited AADCD0135F	2012-13	PCIT-I, Pune	102.00
		Total			**3477.34**

Appendix-10

(Refer para 2.9)

Deduction on additions made during scrutiny assessment

Sl. No.	State	Name of the Assessee with PAN	CIT charge	Assessment year	Tax effect (₹ in crore)
1	Andhra Pradesh	Lanco Kondapalli Power Pvt. Ltd	CIT-IV, Hyderabad	2010-11	16.79
2	Andhra Pradesh	Krishnapatnam Port Company Ltd.,	PCIT-Central, Hyderabad,	2012-13	6.97
3	Andhra Pradesh	Suryachakra Power Corporation	CIT-III, Hyderabad		0.98
4	Andhra Pradesh	Sudha Agro Oil & Chemical Industries,	CIT-II, Visakhapatnam	2010-11 2011-12	1.26
5	Maharashtra	Thane Ghodbunder Toll Road Private Ltd	PCIT (Central) 3, Mumbai	2010-11 2011-12	0.83
6	Maharashtra	JSW Energy Limited	PCIT (Central), Mumbai	2010-11, 2011-12	2.35 25.47
7	Delhi	Vodaphone south ltd AABCB5847L	CIT IX Delhi	2010-11	15.86
8	Karnataka	NSL Sugars Ltd., Bangalore	PCIT V Bangalore	2011-12	0.68
9	Chhattisgarh	Shri Bajrang Power & Ispat Ltd	DCIT2(1), CIT 1 Raipur	2010-11, 2011-12	3.47
		Total			**74.66**

Appendix-11

(Refer para 2.10)

Deduction on Infrastructure facility developed for captive/private use

Sl. No.	State	Name of the Assessee/ PAN	CIT charge	Assessment year	Tax effect (₹ in crore)
1	Maharashtra	Reliance Ports & Terminals Limited AABCR3873B	PCIT 3, Mumbai	2010-11 2011-12	1766.74
2	Maharashtra	Ambuja Cements Limited AAACG0569P	PCIT LTU, Mumbai	2009-10 2010-11	25.62
3	Maharashtra	Dahej Harbour and Infrastructure Limited AAACD7230J	PCIT 5, Mumbai	2009-10 to 2012-13	45.59
4	West Bengal	Reshmi Metaliks AACCR7183E	PCIT (Central)-1, Kolkata	2009-10 to 2012-13	38.91
5	Maharashtra	Essel Mining & Industries Limited AAACE6607L	PCIT (Central)-1	2010-11 to 2012-13	73.88
6	Maharashtra	JSW Steel Limited AAACJ4323N	PCIT (Central)-4	2008-09, 2010-11, 2011-12	33.93
7	Maharashtra	ACC Ltd AAACT1507C	CIT-LTU, Mumbai	2009-10 2010-11	32.27
8	Maharashtra	Ambuja Cements Ltd AAACG0569P	CIT-LTU, Mumbai	2009-10 2010-11	49.76
		Total			**2066.7**

Appendix-12

(Refer para 3.2)

Incorrect allowance of deduction despite belated filing of returns

Sl. No.	State	Name of the Assessee/ PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Tamilnadu	Indo National P. Ltd AAACI2291L	2012-13	CIT 4, Chennai	47.57
2	Tamilnadu	St. John Freight Systems Pvt. Ltd. AAACS 4697 N	2007-08	CIT Central 2, Chennai	44.38
	Tamilnadu	St. John Freight Systems Pvt. Ltd. AAACS 4697 N	2008-09	CIT Central 2, Chennai	60.74
	Tamilnadu	St. John Freight Systems Pvt. Ltd. AAACS 4697 N	2009-10	CIT Central 2, Chennai	82.71
	Tamilnadu	St. John Freight Systems Pvt. Ltd. AAACS 4697 N	2010-11	CIT Central 2, Chennai	51.03
3	Tamilnadu	Sakthi Murugan Agro Foods Ltd. AACCS 9473 J	2012-13	CIT 2, Coimbatore	27.24
4	Tamilnadu	Sree MTK Textiles Pvt. Ltd.	2010-11	CIT2, Madurai	20.11
5	Tamilnadu	FL Smith AAACF 4997N	2011-12	CIT II Chennai	63.18
6	Delhi	Monnet Ispat & Energy Ltd. AAACM0501D	2010-11	Circle 17 (1)/CIT VI	6041.81
7	Gujarat	Saurashtra Enviro Project Pvt. Ltd/ AACCV1967G	2012-13	PCIT 2, Surat	841.72
8	Andhra Pradesh	JVP Soft P LTD/AAACJ5094J	2008-09	CIT-II Hyderabad	157.90
9	Andhra Pradesh	Bhoorathnom Constructions/AACCB2077M	2012-13	CIT-I Hyderabad	16.19
10	Uttar Pradesh	Vijay Infrastructure Ltd. PAN AABCV 2697 Q	2010-11	Central-Lucknow	209
11	Maharashtra	VCR Toll Services P. Ltd AABCA6087L	2013-14	PCIT 11 Mumbai	385.00
		Total			**8048.58**

Appendix-13

(Refer para 3.3)

Deduction allowed beyond permissible periods

Sl. No.	State	Name of the Assessee/ PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Chandigarh	Punjab Genco Ltd Chd AABCP4247L	2012-13	CIT-II, CHD	51.55
2	Delhi	SMS Paryavaran Ltd. AAACS2177F	2010-11 and 2011-12	Circle 24 (1)/CIT VIII	0
3	Gujarat	Akash Infra Projects Pvt. Ltd/ AADCA3708M	2011-12	PCIT , Gandhinagar	68.8
	Gujarat	Akash Infra Projects Pvt. Ltd/ AADCA3708M	2012-13	PCIT , Gandhinagar	47.02
4	Maharashtra	Idea Cellular Limited AAACB 2100P	2009-10	PCIT 14, Mumbai	25053.00
	Maharashtra	Idea Cellular Limited AAACB 2100P	2011-12	PCIT 14, Mumbai	38019.00
	Maharashtra	Idea Cellular Limited AAACB 2100P	2012-13	PCIT 14, Mumbai	17688.00
5	Maharashtra	VCR Toll Services P. Ltd AABCA6087L	2011-12	PCIT 11 Mumbai	64.26
6	Maharashtra	Reliance Infrastructure Ltd AACCR 7446Q	2009-10	CIT-14,Mumbai	3879.00
	Maharashtra	Reliance Infrastructure Ltd, AACCR 7446Q	2009-10 to 2012-13	CIT-14,Mumbai	1076.82
		Total			**85947.45**

Appendix-14

(Refer para 3.4)

Incorrect apportionment of expenses

Sl. No.	State	Name of the Assessee/ PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Karnataka	M/s.South India Paper Mill Ltd. AAACT7549J	2010-11	Mysore	26.53
	Karnataka	M/s.South India Paper Mill Ltd. AAACT7549J	2012-13	Mysore	67.22
2	Karnataka	M/s.Karnataka Renewable Energy Development Ltd.	2010-11	IV Bengaluru	1.75
	Karnataka	M/s.Karnataka Renewable Energy Development Ltd.	2011-12	IV Bengaluru	3.53
	Karnataka	M/s.Karnataka Renewable Energy Development Ltd.	2012-13	IV Bengaluru	4.75
3	Tamilnadu	Neyveli Lignite Corporation AAACN 1121C	2008-09	LTU, Chennai	685.24
4	Delhi	NTPC Ltd. AAACN0255D	2012-13	Circle 18 (1)/ CIT VI, Delhi	5810.3
	Delhi	NTPC Ltd. AAACN0255D	2011-12	Circle 18 (1)/ CIT VI, Delhi	5284.4
	Delhi	NTPC Ltd. AAACN0255D	2010-11	Circle 18 (1)/. CIT VI, Delhi	3622.22
5	Gujarat	Torrent Power Ltd/ AACCT0294J	2011-12	PCIT 4 Ahmedabad	99.55
	Gujarat	Torrent Power Ltd/ AACCT0294J	2010-11	PCIT 4 Ahmedabad	148.46
6	Gujarat	Envision Enviro Engineers Pvt. Ltd/ AAACE9785F	2011-12	PCIT 1, Surat	27.16
	Gujarat	Envision Enviro Engineers Pvt. Ltd/ AAACE9785F	2012-13	PCIT 1, Surat	58.83
7	Rajasthan	Rajasthan State Road Development & Construction Corporation, AABCR9650F	2010-11	CIT-2 Jaipur	279.86
8	Rajasthan	Rajasthan State Mines & Minerals Ltd., AAACR7857H	2010-11	CIT-2 Jaipur	67.83
9	Andhra Pradesh	Lanco Kondapalli Power/AAACK5423A	2012-13	CIT-IV Hyderabad	66.44
10	Andhra Pradesh	Sri Lalitha Enterprises Inds/AAKCS3233N	2010-11 to 2012-13	CIT-II VSP	117.78
11	Andhra Pradesh	AP Power Generation Corp/AACCA2734J	2011-12	CIT-I Hyderabad	590.97
12	Uttar Pradesh	U.P. State Bridge Corporation Ltd. AAACU 3258 K	2010-11	2, Lucknow	103
13	Maharashtra	Reliance infrastructure Ltd. AACCR 7446Q	2010-11 to 2012-13	CIT 14, Mumbai	5188
14	Maharashtra	Shri Krishna Khandsari Sugar Mills AAGFS1508P	2012-13	CIT-1,Nashik	0
15	Maharashtra	Daund Sugar Ltd AADCD0135F	2012-13	CIT-1,Pune	193
		Total			**22446.82**

Appendix-15

(Refer para 3.5)

Consequences of Demerger/Amalgamation

Sl. No.	State	Name of the Assessee/ PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Gujarat	Devang Paper Mills Pvt Ltd/ AADCD7232R	2012-13	CIT Valsad	50.60
	Gujarat	Devang Paper MillsPPvt Ltd/ AADCD7232R	2011-12	CIT Valsad	58.42
2	Delhi	S.E. Investments Ltd. AACCS1879G	2012-13	Circle 22 (1)/CIT VIII	73.82
3	Delhi	S.E. Power Pvt. Ltd. AAOCS6223N	2012-13	Ward 23 (1)/CIT VIII	7.39
4	Maharashtra	JSW Energy Ltd AAACJ8109N	2010-11 2011-12	CIT (Central) 4,Mumbai	34003.22
5	Maharashtra	Samrudhi Cement Ltd. AANCS3843F	2010-11 2011-12	PCIT (CENTRAL) 1, MUMBAI	2118.00
6	Maharashtra	Grasim Industries Limited AAACG4464B	2010-11	PCIT (Central) 1, Mumbai	1265.00
7	Tamilnadu	Jayakrishna Excel Energy Private Limited AABCJ 9954G	2012-13	CIT Salem	33.07
		Total			**37609.52**

Appendix-16

(Refer para 3.6)

Mistakes in computation of eligible profits

Sl. No.	State	Name of the Assessee with PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Tamilnadu	Bethi Reddy Nagi Reddy AAEPN 4673Q	2012-13	CIT 4, Chennai	30.90
2	Tamilnadu	SPI Properties Pvt. Ltd. AAACU 7108G	2012-13	CIT 6, Chennai	26.42
3	Tamilnadu	Manali Petrochemicals Ltd. AAACM 3404D	2010-11	CIT LTU, Chennai	74.40
4	Tamilnadu	MM Forgings Ltd. AAACM 2614L	2012-13	CIT 4, Chennai	71.21
5	Tamilnadu	Natesan syncrhones P.Ltd. AAACN 2399A	2012-13	CIT 4, Chennai	59.70
6	Tamilnadu	Coromandel sugars Ltd. AAACI 2702G	2011-12	CIT 1, Chennai	29.55
	Tamilnadu	Coromandel sugars Ltd. AAACI 2702G	2012-13	CIT 1, Chennai	34.15
7	Tamilnadu	L&T Transportation Infrastructure Ltd. AAACL 1912F	2009-10	CIT 4, Chennai	499.79
8	Tamilnadu	Chettinad Cement Corporation Ltd. AAACC 3130A	2010-11	LTU, Chennai	1283.17
	Tamilnadu	Chettinad Cement Corporation Ltd. AAACC 3130A	2007-08	LTU, Chennai	491.00
9	Tamilnadu	Martin AEWPM 3703Q	2010-11	CIT I CBE	230.42
10	Chandigarh	Paliwal Overseas Private Limited	2010-11	PCIT Karnal	206.10
			2011-12	PCIT Karnal	
11	Uttar Pradesh	L.H. Sugar Factories Ltd.	2011-12	PCIT – Bareilly	408.01
12	Uttar Pradesh	M/s Eldeco Sidcul Industrial Park Ltd	2007-08	PCIT – Central, Kanpur	1340.00
	Uttar Pradesh	Eldeco Sidcul Industrial Park Ltd	2008-09	PCIT – Central, Kanpur	723.00
13	Karnataka	Ramamurthy Praveen chandra AAKPC 0482C	2010-11	V, Bengaluru	39.23
	Karnataka	Ramamurthy Praveen chandra AAKPC 0482C	2011-12	V, Bengaluru	42.45
	Karnataka	Ramamurthy Praveen chandra AAKPC 0482C	2012-13	V, Bengaluru	35.89
14	Karnataka	GMR Tambaram and Tindavanam Express ways Pvt. Ltd. AABCG8475F	2011-12	III- Bengalore	167.27
	Karnataka	GMR Tambaram and Tindavanam Express ways Pvt. Ltd. AABCG8475F	2012-13	III- Bengalore	130.49

15	Karnataka	GMR Tuni-Anakapalli Expressways Private Ltd. AABCG8474E	2011-12	III- Bengalore	82.99
	Karnataka	M/s. GMR Tuni-Anakapalli Expressways Private Ltd. AABCG8474E	2012-13	III- Bengaluru	106.33
16	Karnataka	M.K Agroteck Pvt Ltd AADCM7734K	2010-11	Mysore	5.64
17	Karnataka	M/s. Maris Cements (P) Ltd AADCM 4331L	2012-13	VII- Bengaluru	68.71
18	Rajasthan	Shree Ram Industries AACFS 7168M	2012-13	CIT-I Jodhpur	116.24
19	Delhi	M/s Gujarat Guardian Ltd AAACG 1622K	2010-11	CIT charge IV, Delhi	236.17
20	Madhya Pradesh	M/s Shree Narayan Builtup India Pvt Ltd, AAGCS5801C	2006-07	Pr.CIT, Gwalior	25.09
21	Andhra Pradesh	M/s. Sowbhagya Projects Pvt. Ltd., AAECS 2802H	2010-11	Cir.I, Rajamundry	185.33
22	Andhra Pradesh	Greenco Energy/AAFCS7123L	2010-11	CIT-II Hyderabad	178.97
23	Andhra Pradesh	United Port Services Ltd/AADCJ0188Q	2010-11	CIT-V Hyderabad	26.70
24	Andhra Pradesh	Satavahana Ispat Ltd/AACCS8982L	2010-11	CIT-III Hyderabad	45.84
25	Andhra Pradesh	Ms Arkay Energy Ltd/AAFCA0044C	2010-11	PCIT-Central	73.42
26	Andhra Pradesh	Mumbai waste management company/AADCM0026A	2012-13	CIT-Central Hyderabad	975.93
27	Andhra Pradesh	Ramky Enviro Engineers/AACCR7170F	2012-13	CIT-Central Hyderabad	612.22
28	Andhra Pradesh	M/s. PPS Eviro Power/AACCP9497R	2012-13	CIT-IV Hyderabad	48.85
29	Andhra Pradesh	Prabhat Agri Biotech/AABCP8801C	2010-11 & 2011-12	CIT-IV Hyderabad	15.18
30	Andhra Pradesh	NSL Renewable Power Pvt. Ltd., AABCN 6009L	2012-13	CIT-IV Hyderabad	389.73
31	Gujarat	Gujarat Enviro Protection and Infrastructure (D&NH) Pvt Ltd	2010-11	CIT I Surat	168.28
			2011-12	CIT I Suart	75.57
32	Maharashtra	Marathon Nextgen Realty Ltd AAACP8032E	2010-11 to 2012-13	PCIT (CENTRAL) 3, MUMBAI	1110.00
33	Maharashtra	M/s Hamlet Construction (I) Private Limited	2010-11	PCIT 1, Mumbai	142.36
34	Maharashtra	M/s Vadinar Power Company Limited AAACV5226C	2010-11	PCIT-5,Mumbai	184.00
35	Maharashtra	Amentiny Software Pvt. Ltd. AAECA7051J	2010-11 2011-12	PCIT (CENTRAL) 3, MUMBAI	0.00

36	Maharashtra	Ghodawat Energy Private Limited, AAACG6910C	2010-11 2011-12	PCIT 2, KOLHAPUR	156.00
37	Maharashtra	JSW Energy Ltd AAACJ8109N	2010-11	CIT (Central) 4, Mumbai	0.00
	Maharashtra	JSW Energy Ltd AAACJ8109N	2011-12	CIT (Central) 4, Mumbai	0.00
38	Maharashtra	Marathon Nextgen Realty Ltd AAACP8032E	2010-11	PCIT (CENTRAL) 3, Mumbai	90.92
39	Maharashtra	Manraj Jewellers Pvt Ltd AADCM3254C	2012-13	CIT-2,Nashik	74.94
40	Maharashtra	Shraddha Energy & Infra Projects Pvt Ltd AAICS6691L	2010-11 2011-12	CIT CC at Pune	506.00
41	Maharashtra	BT Global Communications India Pvt Ltd AAACG1534A	2011-12	PCIT (CENTRAL) 3, MUMBAI	961.00
42	Maharashtra	Rupa Infotech and Infrastructure Pvt Ltd. AADCR0249Q	2012-13	CIT-14,Mumbai	560.34
43	Maharashtra	Avocado Properties and Investments (I) Pvt. Ltd.AADCA9413F	2010-11,2011-12	Circle 12(1)(1)/CIT-12,Mumbai	780.45
	Maharashtra	Avocado Properties and Investments (I) Pvt. Ltd.AADCA9413F	2012-13	Circle 12(1)(1)/CIT-12,Mumbai	438.56
		Total			**14364.91**

Appendix-17
(Refer para 3.7)
Transaction with related parties not done at market price

Sl. No.	State	Name of the Assessee with PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Madhya Pradesh	M/s HEG Limited, AAACH6184K	2013-14	Pr. CIT I , Bhopal	0
2	West Bengal	JK Lakshmi Cement Ltd, AAACJ6715G	10-11	PCIT2	323.02
3	West Bengal	Gallantt Metal Limited, AACCG2934J	11-12	PCIT1	49.17
	West Bengal	Gallantt Metal Limited, AACCG2934J	12-13	PCIT1	210.95
4	Uttarkhand	Oil and Natural Gas Corporation Limited, Dehradun AAACO1598A	2010-11	PCIT Dehradun	855.87
5	Maharashtra	Dr Baba Saheb Ambedkar Co-operative Sugar Factory AAAAD0955E	2011-12	CIT-1, Aurangabad	70.95
6	Maharashtra	MOIL Ltd AAACM8952A	2012-13	CIT 2, NAGPUR	0
		Total			**1509.96**

Appendix-18

(Refer para 3.8)

Deduction allowed on old Plant and Machinery/pre-existing infrastructure facility/ splitting up of business already in existence

Sl. No.	State	Name of the Assessee with PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Gujarat	Chiripal Industries Limited/AAACC8513B	2010-11	PCIT 1, Ahmedabad	126.82
2	Tamilnadu	M/s Asian Fabricx Private Limited AAGCA 6961R	2011-12	CIT 1 Trichy	140.15
3	Maharashtra	Maa Usha Urja Ltd ADCM8482G	2010-11	CIT-2 Nagpur	151
4	Karnataka	M/s. GMR Tuni-Anakapalli Expressways Private Ltd. AABCG8474E	2011-12	III-Bengaluru	60.86
	Karnataka	M/s. GMR Tuni-Anakapalli Expressways Private Ltd. AABCG8474E	2012-13	III-Bengaluru	113.95
5	Karnataka	M/s.GMR Tambaram and Tindavanam Expressways pvt. Ltd AABCG8475F	2011-12	III-Bengaluru	30.55
	Karnataka	M/s.GMR Tambaram and Tindavanam Expressways Pvt. Ltd AABCG8475F	2012-13	III-Bengaluru	117.93
6	Rajasthan	Murarilal Agarwal Contractor Pvt. Ltd AAECM1948A	2010-11	CIT-2 JAIPUR	101.71
	Rajasthan	Murarilal Agarwal Contractor Pvt. Ltd AAECM1948A	2011-12	CIT-2 JAIPUR	98.72
	Rajasthan	Murarilal Agarwal Contractor Pvt. Ltd., Jaipur AAECM1948A	2013-14	CIT-2 JAIPUR	132.99
7	Andrapradesh	Vijayawada Tollway P Ltd AACCV7296A	2010-11	CIT-V HYD	1663.85
8	Maharashtra	Compact Builders and developers Pvt LTD AAEFC9996R	2010-11 2012-13	CIT-1,Nashik	39.11
9	Maharashtra	Redi Port Ltd. AADCR6980N	2010-11 to 2012-13	PCIT 3,MUMBAI	1040
10	Gujarat	Team Ferro Alloys Pvt Ltd	2010-11 2012-13	CIT Balsad	145.97
11	Tamilnadu	Hari Krishna Papers Pvt Ltd	2011-12 2012-13	CIT 3 Coimbatore	87.5
		Total			**4051.11**

Appendix-19

(Refer para 3.9)

Allowance of deduction on TP adjustment

Sl. No.	State	Name of the Assessee with PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Maharashtra	BT Global Communications India Pvt. Ltd. AAACG 1534A	2011-12	PCIT (Central) 3, Mumbai	719
2	Maharashtra	JSW Energy Ltd. AAACJ 8109N	2011-12	PCIT (Central) 4, Mumbai	142.09
3	West Bengal	Vodafone East Ltd. AAACU 3796J	2011-12	PCIT 3, Kolkata	521.58
4	Andhra Pradesh	Greenko Energies Pvt. Ltd., AAFCS 7123L	2010-11	CIT II, Hyderabad	128.45
		Total			**1511.12**

Appendix-20

(Refer para 3.10)

Deduction against income from other sources

Sl. No.	State	Name of the Assessee with PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Tamilnadu	Sical Logistics Ltd. AAACS 3789 B	2012-13	CIT 6, Chennai	190.16
2	Tamilnadu	V A Tech Wabag Ltd. AABCV 0225G	2006-07	CIT 3, Chennai	112.17
3	Tamilnadu	Neyveli Lignite Corporation AAACN1121C	2009-10	LTU, Chennai	145.27
4	Tamilnadu	Narmada Infrastructure Construction Enterprise Ltd. AAACN 3579L	2010-11	CIT 4, Chennai	385.29
5	Tamilnadu	L&T Transportation Infrastructure Ltd AAACL 1912 F	2010-11	CIT 4 Chennai	496.15
	Tamilnadu	L&T Transportation Infrastructure Ltd AAACL 1912 F	2011-12	CIT 4 Chennai	363.50
	Tamilnadu	L&T Transportation Infrastructure Ltd AAACL 1912 F	2012-13	CIT 4 Chennai	340.55
6	Tamilnadu	M.M.S Steel and Power Pvt. Ltd. AADCM 5278J	2011-12	CIT 2 Trichy	117.32
	Tamilnadu	M.M.S Steel and Power Pvt. Ltd. AADCM 5278J	2012-13	CIT 2 Trichy	208.27
7	Gujarat	Gujarat Mineral Development Corporation Ltd./ AAACG7987P	2011-12	PCIT 2, Ahmedabad	177.87
	Gujarat	Gujarat Mineral Development Corporation Ltd./ AAACG7987P	2010-11	PCIT 2, Ahmedabad	99.45
8	Gujarat	Kalptaru Power Transmission Ltd AAACK 8387R	2010-11	PCIT, Gandhinagar	75.93
9	Rajasthan	Rajasthan Renewal Energy Corporation Ltd., Jaipur AAACL3171C	2010-11	CIT-2 JAIPUR	610.25
10	Rajasthan	Hindustan Zinc Ltd., Udaipur AAACH7354K	2010-11	CIT UDAIPUR	543.67
11	Chandigarh	NHPC (AAACN0149C)	2010-11 to 2013-14	Faridabad	0.00
12	Madhya Pradesh	Narmada Hydroelectric development corporation Ltd AABCN1732G	2010-11	Pr. CIT –II Bhopal	3759.00
	Madhya Pradesh	Narmada Hydroelectric development corporation Ltd AABCN1732G	2011-12	Pr. CIT –II Bhopal	3566.00

	Madhya Pradesh	M/s Narmada Hydroelectric development corporation Ltd AABCN1732G	2012-13	Pr. CIT –II Bhopal	5998.00
13	Chhattisgarh	M/s SMS Shivnath Infrastructure Pvt. Ltd AADCS 2258Q	2011-12	CIT-2 Raipur	465.00
14	Delhi	M/s Pragati Power Corporation Ltd. AACCP8035F		CIT VII, Delhi	72.62
15	Andhra Pradesh	M/s. Krishnapatnam Port Company Ltd., AAACK 8657J	2010-11 to 2012-13	PCIT-Central, Hyderabad	508.21
16	Andhra Pradesh	M/s. Sitapuram Power Ltd., AAJCS 2098E	2010-11	CIT-III, Hyderbad	71.11
17	Andhra Pradesh	M/s. Sai Regency Power Corporation Pvt. Ltd., AACCR 6134R	2012-13	CIT-III, Hyderabad	97.64
18	Andhra Pradesh	M/s. Pattanaik Minerals (P) Ltd., Cuttack	2012-13	CIT, Cuttack	52.91
19	Karnataka	M/s.GMR Power Corporation (p)Ltd AAACG6037G	2011-12	III- Bengaluru	91.55
20	Karnataka	NSL Sugars Ltd AAGCS0938Q	2010-11	V-Bengaluru	21.91
21	Karnataka	Maruthi Power Gen (India) Pvt Ltd AAFCS0312R	2012-13	VI-Bengaluru	15.78
22	Karnataka	Smt.H. Kavitha AFSPK9284M	2011-12	VII-Bengaluru	41.91
23	Karnataka	M/s. Cauvery Hydro energy Limited AAACC8328A	2010-11	II- Bengaluru	0.34
	Karnataka	M/s. Cauvery Hydro energy Limited AAACC8328A	2011-12	II- Bengaluru	2.81
	Karnataka	M/s. Cauvery Hydro energy Limited AAACC8328A	2012-13	II- Bengaluru	4.33
24	Karnataka	M/s. International Power Corporation Ltd AAACI3833Q	2012-13	III- Bengaluru	10.26
25	Bihar	M/s Bihar State Road Development Corporation Ltd. AADCB 7567M	2012-13	PCIT - I, Patna	2305.02
26	Uttarakhand	M/s SIDCUL. AAHCS 7324R	2010-11, 2011-12	PCIT – Dehradun	1132.73
27	Maharashtra	JSW Energy Ltd AAACJ8109N	2011-12	CIT (Central) 4, Mumbai	703.66
		Total			**22786.64**

Appendix-21

(Refer para 3.11)

Other mistakes

Sl. No.	State	Name of the Assessee with PAN	AY	CIT charge	Tax effect (₹ in lakh)
1	Uttar pradesh	M/s Jaypee Infratech Ltd., Noida AABCJ 9042 R	2009-10	Noida	538.00
2	Maharashtra	ACC Ltd AAACT1507C	2009-10 2010-11	CIT-LTU, Mumbai	0.00
3	Maharashtra	Ambuja Cements Ltd AAACG0569P	2009-10 2010-11	CIT-LTU, Mumbai	0.00
4	Maharashtra	Bhander Power Ltd AAACB6693B	2007-08 2008-09 2009-10	CIT-6, Mumbai	1465.00
5	Maharashtra	Indo Global Infrastructure and Utlity Services Pvt. Ltd. AABCI7740M	2010-11 2011-12	CIT-1,Pune	433.59
6	Maharashtra	India Land Infrastructure Development Pvt. Ltd. AABCI3428	2012-13	CIT-1,Pune	168.39
7	Maharashtra	Sai Construction Pvt. Ltd. AAECS6091E	2010-11	CIT CC, Pune	81.58
8	Maharashtra	Kolte Patil Developers Ltd AAACK7310G	2010-11	CIT CC, Pune	79.72
9	Maharashtra	Hamlet Construction (I) Pvt. Ltd. AABCH1677E	2010-11 to 2012-13	Ward 1(1)(4) PCIT 1 Mumbai	1889.00
10	Maharashtra	Marathon Nextgen Realty Ltd AAACP8032B	2010-11 to 2012-13	PCIT (CENTRAL) 3, Mumbai	4760.00
11	Maharashtra	Chennai Container Terminal Pvt Ltd. AABCC5838L	2010-11 2011-12	Circle 2(1)(1)/ CIT-2,Mumbai	1487.50
12	Maharashtra	Bharat Udyog Ltd. AABCR3878E	2010-11 2012-13	Circle 5(1)(1) PCIT 5 Mumbai	279.00
13	Andhra pradesh	United Port Services Pvt. Ltd AABCJ0188Q	2012-13	Cir-17(2) CIT-V Hyderabad	0.00
14	Maharashtra	M/s Mhaiskar Infrastructure Private Limited	2012-13	PCIT 5 Mumbai	2147.00
15	Maharashtra	Tata Power Company Ltd. AAACT0054A	2010-11	CIT-2, Mumbai	3699.13
		Total			**17027.91**

Appendix-22

(Refer para 4.3.2)

Maintenance of database by DGIT (Systems)

Sl. No.	State	Name of Assessee	Assessment year	Deduction claimed (₹ in lakh)
1	Gujarat	GMDC	2010-11	4362.61
2	Gujarat	JMC MSKE JOINT VENTURE	2010-11	174.29
3	Gujarat	Ratnamani Metals & Tubes Ltd	2010-11	162.48
4	Gujarat	Ratnamani Metals & Tubes Ltd	2011-12	238.49
5	Gujarat	Ratnamani Metals & Tubes Ltd	2012-13	305.59
6	Gujarat	JMC Projects (India) Limited	2012-13	926.51
7	Gujarat	JMC Projects (India) Limited	2011-12	1444.88
8	Gujarat	JMC Projects (India) Limited	2010-11	2772.94
9	Gujarat	JMC Projects (India) Limited	2009-10	209
10	Gujarat	JMC Projects (India) Limited	2008-09	431.41
11	Gujarat	JMC Projects (India) Limited	2007-08	43.35
12	Gujarat	Montecarlo Construction Limited	2011-12	1416.15
13	Gujarat	Montecarlo Construction Limited	2010-11	860.77
14	Gujarat	Sadbhav Engineering Limited	2012-13	379.46
15	Gujarat	Sadbhav Engineering Limited	2011-12	697.3
16	Gujarat	Sadbhav Engineering Limited	2010-11	1708.93
17	Gujarat	Kishan Infrastructure Pvt. Limited	2011-12	37.42
18	Gujarat	Kishan Infrastructure Pvt. Limited	2010-11	401.6
19	Gujarat	Kandla Port Trust	2011-12	2196.22
20	Gujarat	Kandla Port Trust	2010-11	1121.41
21	Gujarat	JK Paper Limited	2011-12	1994.51
22	Gujarat	Rajlaxml Prints Pvt Ltd	2012-13	101.94
23	Gujarat	Zeni Tex Private Limited	2012-13	25.89

24	Gujarat	Saurashtra Enviro Projects Private LimiteD	2012-13	1893.63
25	Gujarat	Team Ferro Alloys Pvt Ltd	2010-11	252.57
26	Gujarat	Ravikiran Ceramics Pvt. Ltd	2012-13	71.15
27	Gujarat	Ravikiran Ceramics Pvt. Ltd	2011-12	48.76
28	Gujarat	Mangalya Ceramics	2012-13	31.84
29	Gujarat	Mangalya Ceramics	2011-12	17.99
30	Gujarat	ALEMBIC LIMITED	2012-13	1375.42
31	Gujarat	ALEMBIC LIMITED	2011-12	2354.63
32	Gujarat	NETAFIM IRRIGATION INDIA PRIVATE LIMITED	2011-12	921.95
33	Gujarat	ENN ENN Corporation ltd	2010-11	376.25
34	Gujarat	ENN ENN Corporation ltd	2011-12	342.85
35	Gujarat	ENN ENN Corporation ltd	2010-11	507.1
		Total		**30207.29**

Appendix-23

(Refer para 4.4.1)

Incomplete report/certificate of the auditor

Sl. No.	State	Name of the Assessee/ PAN	Assessment year	CIT charge	Tax effect (₹ in lakh)
1	Karnataka	Mysore Mercantile Co. Pvt Ltd, AACCM1216H	2011-12	IV Bengaluru	83.23
	Karnataka	Mysore Mercantile Co. Pvt Ltd, AACCM1216H	2012-13	IV Bengaluru	160.00
2	Karnataka	South west Port Limited, AACCA5270B	2011-12	Panaji	574.00
	Karnataka	South west Port Ltd, AACCA5270B	2012-13	Panaji	873.00
3	Karnataka	Vishwanath Sugar and Steel Industries Ltd. AABCV1727H	2011-12	Belgaum	615.89
4	Karnataka	Patel Shanti Steels Private Limited AADCP6628H	2012-13	Gulbarga	5.67
5	Karnataka	Shri. Veerendra Basavaraj Koujalagi AGRPK3086D	2012-13	Belgaum	32.32
6	Tamilnadu	Kilburn chemicals AAACK 1427A	2012-13	CIT 4, Chennai	109.21
7	Tamilnadu	The Dharmapuri Roller Flour Mills AABFT7188F	2012-13	CIT Salem	15.82
8	Tamilnadu	Cheran Spinner Ltd. AAACC8476F	2010-11	CIT Salem	73.68
9	Tamilnadu	VSM weaves India Ltd. AABCV 7326C	2010-11	CIT Salem	63.17
10	Tamilnadu	Raamji Impex AAHFR 1964K	2012-13	CIT 2 Coimbatore	3.43
11	Tamilnadu	S. Duraisamy ADUPD 6299D	2011-12	CIT 2 Coimbatore	3.76
12	Tamilnadu	Frontline Chemicals AAAFF7484K	2012-13	CIT Salem	4.60
13	Tamilnadu	S.P. Spinning Mills (P) Ltd. AACCS9500J	2010-11	CIT Salem	117.96
	Tamilnadu	S.P. Spinning Mills (P) Ltd. AACCS9500J	2011-12	CIT Salem	99.04
	Tamilnadu	S.P. Spinning Mills (P) Ltd. AACCS9500J	2012-13	CIT Salem	101.50
14	Tamilnadu	Prabha Engineers AAAFP0959R	2010-11	CIT 2, Chennai	0.00
15	Tamilnadu	Adisankara Spinning Mills P. Ltd AABCA5198B	2013-14	CIT 3 Coimbatore	180.61
16	Tamilnadu	Standard Fire Works Pvt. Ltd. AACCS1480 M	2010-11	CIT 2, Madurai	28.63
17	Tamilnadu	Ramco Industries Ltd. AAACR 5284 J	2010-11	CIT 2, Madurai	315.75
18	Tamilnadu	Madhu Filament AAAFM 9010A	2010-11	CIT 1 Trichy	3.80
19	Tamilnadu	Seyadu Beedi Com. P. Ltd. AACFS 5706R	2010-11	CIT 2 Madurai	4.15

20	Tamilnadu	Copral Insulated Conductors (P) Ltd. AAACC 8486H	2012-13	CIT Salem	14.19
21	Tamilnadu	Santhosh Meenakshi Textiles P. Ltd. AAJCS 4184M	2012-13	CIT 1, Coimbatore	51.17
22	Tamilnadu	Lakshmi Card Clothing Manufacturing Pvt. Ltd. AAACC 3521E	2012-13	CIT 1 Coimbatore	24.38
23	Tamilnadu	Sharp pumps P. Ltd. AACCS 7200F	2012-13	CIT 1 Coimbatore	5.19
24	Tamilnadu	Flowtech Power AAAFF 2838D	2011-12	CIT 1 Coimbatore	6.23
25	Tamilnadu	D.Nithyanandam AAGPN 1353H	2011-12	CIT 1 Coimbatore	9.43
26	Tamilnadu	Sri Venkatachalapathy Modern Rice Mill ABNFS 4745A	2010-11	CIT Puducherry	0.00
27	Tamilnadu	The Ramco Cements Ltd. AABCM 8375L	2011-12	CIT1 Madurai	0.00
	Tamilnadu	The Ramco Cements Ltd. AABCM 8375L	2012-13	CIT1 Madurai	307.44
28	Chhattisgarh	Godawari Power and Ispat Ltd/ AAACI7189K	2010-11	CIT-1 Raipur	795.00
	Chhattisgarh	Godawari Power and Ispat Ltd/ AAACI7189K	2011-12	CIT-1 Raipur	1544.00
	Chhattisgarh	Godawari Power and Ispat Ltd/ AAACI7189K	2012-13	CIT-1 Raipur	1210.00
29	Chhattisgarh	Shri Bajrang Power & Ispat Ltd./ AACCB2944D	2010-11	CIT-1 Raipur	603.00
	Chhattisgarh	Shri Bajrang Power & Ispat Ltd./ AACCB2944D	2011-12	CIT-1 Raipur	1527.00
30	Chhattisgarh	Vimla Infrastructure (India) Pvt Ltd./ AACCV2677D	2010-11	CIT-2 Raipur	568.00
	Chhattisgarh	Vimla Infrastructure (India) Pvt Ltd./ AACCV2677D	2012-13	CIT-2 Raipur	869.00
31	Chhattisgarh	Vandana Vidyut Ltd./AAACV7850L	2010-11	CIT-1 Raipur	136.00
	Chhattisgarh	Vandana Vidyut Ltd./ AAACV7850L	2011-12	CIT-1 Raipur	31.69
32	Chhattisgarh	Hira Ferro Alloys Ltd. /AAACH5697M	2010-11	CIT-1 Raipur	551.00
33	Chhattisgarh	Gopal Sponge & Power Pvt. Ltd./AACCG1525F	2012-13	CIT-1 Raipur	77.78
34	Madhya Pradesh	Khurana construction Pvt Ltd, AAACK7172J	2010-11	Pr.CIT I , Indore	59.26
35	Gujarat	KALPATARU Power Transmission Limited AACK8387R	2010-11	PCIT Gandhinagar	0
	Gujarat	KALPATARU Power Transmission Limited AACK8387R	2011-12	PCIT Gandhinagar	0

36	Gujarat	Enviro Control Associates Pvt. Ltd/ AAACE8700C	2011-12	PCIT 1, Surat	0.00
37	Gujarat	Ajanta Limited/ AAACE612E	2012-13	CIT III, Rajkot	0.00
	Gujarat	Ajanta Limited/ AAACE612E	2011-12	CIT III, Rajkot	0.00
	Gujarat	Ajanta Limited/ AAACE612E	2010-11	CIT III, Rajkot	0.00
38	West Bengal	BALMER Lawrie & Co LTD , AABCB0984E	10-11	PCIT2	792.98
39	Jharkand	Jamshedpur Utilities and Services Company Ltd.(JUSCO), AABCJ3604P	2010-11	Jamshedpur	169.53
40	Uttarkand	THDC India Ltd. AAACT7905Q	2008-09	PCIT-I, Dehradun	0.00
	Uttarkand	THDC India Ltd, AAACT7905Q	2009-10	PCIT-I, Dehradun	0.00
	Uttarkand	THDC India Ltd. AAACT7905Q	2010-11	PCIT-I, Dehradun	0.00
	Uttarkand	THDC India Ltd. AAACT7905Q	2011-12	PCIT-I, Dehradun	0.00
	Uttarkand	THDC India Ltd AAACT7905Q	2012-13	PCIT-I, Dehradun	0.00
41	Uttar Pradesh	UPSIDC, Kanpur, AAACU 1759 K	2011-12	I - Kanpur (Special. Range)	70.12
42	Maharashtra	Mahavir Global Coal Ltd AADCM4776H	2011-12 to 2013-14	CIT Central Nagpur	70.39
43	Maharashtra	Metalfab Hightech Pvt Ltd, AABCM0271D	2012-13	CIT-2 Nagpur	19.27
44	Maharashtra	Gole Precision Tools Private Ltd AAACG6701H	2011-12	CIT-1,Pune	0.00
45	Maharashtra	CTR Manufacturing Industries Ltd. AAACC7256R	2012-13	CIT-1,Pune	0.00
46	Maharashtra	Rathi Transformer Pvt. Ltd. AAACR8221P	2012-13	CIT-3,Pune	0.00
47	Maharashtra	Dishti Industries Ltd. AAACD1428L	2011-12	CIT-1,Pune	0.00
48	Maharashtra	Biodeal Laboratories Pvt. Ltd. AAACB8943J	2010-11	CIT CC at Pune	0.00
49	Maharashtra	Indrajit Power Pvt. Ltd. AAACI 8656 B	2010-11	CIT-6,Mumbai	0.00
50	Maharashtra	United Shippers Ltd AAACU 0764C	2010-11	CIT Central - 2,Mumbai	0.00
51	Maharashtra	Bhaidas Cursondas & Co. AAAFB4438P	2010-11	CIT-17,Mumbai	0.00
52	Maharashtra	Bajaj Electricals Ltd. AAACB2484Q	2010-11 to 2012-13	CIT-2,Mumbai	0.00
53	Maharashtra	Dashmesh Road Construction Pvt Ltd AACCD1070G	2010-11	CIT Central Pune at Nashik	0.00

54	Maharashtra	Paras PVC Pipes and Fitting Pvt Ltd. AABCP8013G.	2012-13	CIT-1 Pune	0.00
55	Maharashtra	Clear Mipack Packaging Solution Ltd. AAACC4489N	2011-12 2012-13	PCIT 9 Mumbai	0.00
56	Maharashtra	Ciron Pharmaceutical Pvt. Ltd. AABCC0873D	2010-11 2011-12	PCIT 9, Mumbai	0.00
57	Maharashtra	Aditya Marine Ltd. AACEA8257C	2010-11 2011-12	Pr.CIT-5,Mumbai	0.00
58	Maharashtra	Shah Paper Mills Ltd. AAACS6438F	2010-11 to 2012-13	PCIT 11, Mumbai	0.00
59	Maharashtra	Nitin Casting Ltd. AAACN1219K	2010-11 to 2012-13	PCIT 3 Mumbai	0.00
60	Maharashtra	Hind Aluminium Inds. Ltd. AAACA4671Q	2011-12 2012-13	PCIT 7 Mumbai	0.00
61	Maharashtra	Daund Sugar Ltd. AADCD0135F	2012-13	CIT-1,Pune	0.00
62	Maharashtra	ESS GEE Real Estate Developers Pvt. Ltd. AAACE8829L	2011-12	CIT-3,Mumbai	0.00
63	Maharashtra	Mahati Hydro Power Projects Pvt. Ltd. AAFCM0676G	2012-13	CIT-2 Pune	0.00
64	Maharashtra	Shraddha Energy & Infra Projects Pvt. Ltd. AAICS6691L	2010-11	CIT Central Pune	0.00
65	Maharashtra	Meenu Purendu Goel AAYPG8826G	2012-13	CIT -2Pune	0.00
		Total			**12188.29**

Appendix-24

(Refer para 4.5)

Belated/non e-filing of Form 10CCB

Sl. No.	State	Name of the Assessee /PAN	Assessment year	CIT charge	Date of Furnishing of form 10CCB/ 10CCC/3CEB	Tax effect (₹ in lakh)
1	Rajasthan	Fatehpuria Transformers & Switchgears P Ltd. AAACF3456E	2013-14	CIT-1 Jaipur	NA	16.22
2	Rajasthan	Electrolites Power P Ltd. AAACE4080B	2013-14	CIT-1 Jaipur	NA	14.57
3	Rajasthan	Excel Associates P Ltd. AABCE7165L	2013-14	CIT-1 Jaipur	NA	4.38
4	Rajasthan	Sankalp International AAKFS4376D	2013-14	CIT-2 Jaipur	NA	52.64
5	Rajasthan	Kiran Infra Engineers Ltd. AACCK8188N	2013-14	CIT-2 Jaipur	NA	21.35
6	Rajasthan	Khetan Tiles P Ltd. Jaipur AABCK0431H	2013-14	CIT-2 Jaipur	NA	4.03
7	Rajasthan	Nihal Chand Jain Infra Project P Ltd. AADCN7909D	2013-14	CIT-2 Jaipur	NA	24.26
8	Rajasthan	Rajasthan State Road Development and Construction Corporation Ltd. AABCR9650F	2013-14	CIT-2 Jaipur	NA	95.05
9	Rajasthan	Anamika Conductors Ltd. AABCA5681P	2013-14	CIT-2 Jaipur	31-03-14	25.6
10	Rajasthan	Gangaur Exports P Ltd. AAACG8877G	2013-14	CIT-2 Jaipur	NA	11.62
11	Rajasthan	Genus Power Infrastructure Ltd., Jaipur AACCG1218P	2013-14	CIT-3 Jaipur	NA	19.42
12	Rajasthan	G V K Jaipur Express Highway P Ltd., AABCG5541J	2013-14	CIT-3 Jaipur	NA	4504.97
13	Rajasthan	Vijay Industries, AAAFB7282R	2013-14	CIT Alwar	29-11-13	9.85
14	Rajasthan	Saurabh Agrotech P Ltd, AADCS4522P	2013-14	CIT Alwar	28-11-13	9.31
15	Rajasthan	Vijay Solvex Ltd., AAACD6864A	2013-14	CIT Alwar	29-11-13	54.61
16	Rajasthan	Rajasthan Gum P Ltd., AAACR8151N	2013-14	CIT-1 Jodhpur	NA	61.45
17	Rajasthan	National Tools Export, AACFN6037A	2013-14	CIT-1 Jodhpur	NA	12.25
18	Rajasthan	Shri Ram Industries, AACFS7768M	2013-14	CIT-1 Jodhpur	30-11-13	11.03
19	Rajasthan	Shri Ram Hotels AAQFS2527L	2013-14	CIT-1 Jodhpur	NA	4.45

20	Rajasthan	Shri Ram Gum and Chemicals P Ltd., AAKCS5802M	2013-14	CIT-1 Jodhpur	NA	19.69
21	Rajasthan	Jaisalmer Marbles P Ltd., AAACJ8755C	2013-14	CIT-2 Jodhpur	NA	3.81
22	Rajasthan	Shri Ram Goel, ABXPG4604Q	2013-14	CIT-2 Jodhpur	NA	13.27
23	Rajasthan	Delhi Rajasthan Transport Company Ltd. AAACD4979N	2013-14	CIT-2 Jodhpur	27-11-13	11.79
24	Rajasthan	Prakash Chand Bhawnani, ADEPB1073B	2013-14	CIT-2 Jodhpur	NA	5.06
25	Rajasthan	Prem Cables P Ltd., AAACP6660N	2013-14	CIT-2 Jodhpur	NA	10.52
26	Rajasthan	Hindustan Zinc Ltd., AAACH7354K	2013-14	CIT Udaipur	NA	20717.5
27	Rajasthan	Kavita Marbles P Ltd., AAACK5897Q	2013-14	CIT Udaipur	NA	4.37
28	Rajasthan	Madhav Marbles & Granites Ltd., AAACM9243M	2013-14	CIT Udaipur	NA	44.71
29	Rajasthan	Nahar Colours & Coating P Ltd., Udaipur AAACN6942K	2013-14	CIT Udaipur	NA	24.57
30	Rajasthan	Raj Kumar Surana, AJSPS5690M	2013-14	CIT Udaipur	NA	3.83
31	Rajasthan	Dunston Goods P Ltd., AAACD9348R	2013-14	CIT Udaipur	NA	25.73
32	Rajasthan	Orient Glazes P Ltd., AAACO6932G	2013-14	CIT Udaipur	NA	8.37
33	Rajasthan	K K Enterprises, AADFK9054B	2013-14	CIT Udaipur	NA	23.21
34	Rajasthan	Ramesh Kshetrpal, Ajmer ABEPK2831J	2013-14	CIT Ajmer	NA	20.68
35	Rajasthan	Nav Bharat Buildcon P Ltd., AAACN4493R	2013-14	CIT Ajmer	NA	14.02
36	Rajasthan	Khamor Khadi Gramodhyogh Utpad Sahkari Samiti Limited Khamor Shahpura AACCK6406D	2013-14	CIT Ajmer	NA	0.15
37	Rajasthan	Babu Lal Bangar AFZPB8483N	2013-14	CIT Ajmer	NA	0.26
		Total				**25908.60**

Appendix-25

(Refer para 4.7.1)

Non selection of 80IA cases for scrutiny

Sl. No.	State	Name of the Assessee/PAN	AY	CIT charge	Tax effect (₹ in lakh)
1	Tamilnadu	Amaravathi Textiles AAFFA 9673E	2011-12	CIT I Trichy	19.17
2	Tamilnadu	Atlas Export Enterprises AAAFA 4788R	2011-12	CIT I Trichy	21.19
3	Tamilnadu	British Weaving Company AAAFB 2746C	2011-12	CIT I Trichy	6.08
4	Tamilnadu	Devarajan Murugesh AAHPM 8327R	2011-12	CIT I Trichy	8.98
5	Tamilnadu	Intex AAAFL 1075M	2011-12	CIT I Trichy	5.82
6	Tamilnadu	Mallow International AABFM 1014B	2011-12	CIT I Trichy	10.13
7	Tamilnadu	Metro Fabrics AAAFM 5247P	2011-12	CIT I Trichy	2.32
8	Tamilnadu	NNM & Company AAAFN 4651N	2011-12	CIT I Trichy	4.01
9	Tamilnadu	RK Textiles AAAFR 6620H	2011-12	CIT I Trichy	73.27
10	Tamilnadu	VNC Electrodes AAAFV 4698M	2011-12	CIT I Trichy	8.32
11	Tamilnadu	VNC Steel Distributors AADFV 9137E	2011-12	CIT I Trichy	15.28
12	Madhya Pradesh	Madhya Pradesh Road development Corporation Ltd, AAGCM5306C	2011-12	Pr.CIT I, Bhopal	579.62
13	Andhra pradesh	Madurai Power Corpn/AACCM7661C	2011-12	CIT-Tpty	0
14	Andhra pradesh	Kakinada Sea Ports Ltd/ AABCC2006Q	2011-12	CIT-II Hyderabad	0
15	Maharashtra	Max Alert Systems Pvt. Ltd. AAECM0770G	2010-11	PCIT 5 Mumbai	0
16	Maharashtra	Mahati Hydro Power Project P Ltd AAFCM0676G	2011-12	Pune PCIT 2 Pune	0
17	Maharashtra	Sanjana Cryorganic Storage Ltd. AADCS5093D	2011-12	PCIT 3 Mumbai	0
18	Maharashtra	Atharva Infranet Pvt. Ltd. AAGCA6087L	2011-12	PCIT 9 Mumbai	0
19	Maharashtra	Hercules Hoists Ltd. AAACH2706D	2011-12	PCIT 5 Mumbai	0
		Total			**754.19**

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