

**Relief to Tata Trusts: ITAT quashes Revised Assessment order
passed by Tax Department**

Dorabji Tata Trust vs. Deputy Commissioner of Income Tax, Mumbai

Case No.- 3909/Mum/2019

Date-28/12/2020

Fact of the Case

- ⇔ In the present case Sir Dorabji Tata trust and Ratan Tata Trust are the applicant
- ⇔ The first grievance of the Commissioner was that the payments made by trustees, including R. Venkataramanan and A.N. Singh, were in violation of the provisions of the trust deed.
- ⇔ The Commissioner said that there was no effort by the assessing officer even to examine the reasonableness of payments made to the trustees in relation to the services rendered by the trustees, that some of the basic details were not even available during the assessment proceedings, and the fact that the payments to trustees were routed through Tata Sons Limited and Tata Services Limited should have provoked further detailed inquiries by the Assessing Officer.
- ⇔ According to the Commissioner, shows that the Assessing Officer, during the course of the assessment proceedings, did not conduct due inquiries in the matter, and it is this inertia of the Assessing Officer which has rendered the related assessment order erroneous and prejudicial.
- ⇔ It said that there has been no change in the above position for more than four decades. In all the past years, the assessee has been more granted exemption under section 11. It has also submitted that section 263 cannot be applied to a matter on which no addition has been made by the revenue for several decades.

Decision of the Case

- ⇔ The coram consisting of Headed by the President Justice P P Bhatt and Vice President, Pramod Kumar said that the current financial period was over forty years after the cut-off date of June 1, 1973, and in none of those forty-plus years, the exemption was declined on the ground that these shares were not part of the corpus.
- ⇔ ITAT said that the Commissioner had acknowledged that Cyrus Mistry had flagged some of these issues after he was ousted as the Chairman of Tata Sons.
- ⇔ His action of supplying documents to the income tax department, without any authorization of the company even though which were apparently obtained by him in the fiduciary capacity, almost immediately after being removed as Chairman of the Tata Sons, cannot be said to be influenced by call of pure conscious and high ground of morality, the ITAT added.

- ⇔ “The investment in Tata Sons by the assessee trust is not thus for the purpose of investment in shares, but this shareholding being held by the assessee trust is undisputedly for the purpose of sharing the fruits of the success, of the Tata Group, for the benefit of the general public at large.
- ⇔ The Income Tax Appellate Tribunal (ITAT), Mumbai Bench in a major relief to the Tata Trusts quashed the revised assessment order passed by the tax department.