CSR Spending & 80G: Decoding the Litigation

What Corporate India Needs to Know!

The concept of **Corporate Social Responsibility (CSR)** in India is rooted in the belief that businesses, while creating wealth, also carry a responsibility towards the society and environment in which they operate. Recognising this, India became one of the first countries in the world to legally mandate CSR through the Companies Act, 2013.

The Statutory Framework

- Section 135 of the Companies Act, 2013 is the cornerstone. It applies to companies meeting any of the following financial thresholds in the immediately preceding financial year:
  - Net worth of Rs.500 crore or more, or
  - Turnover of Rs.1,000 crore or more, or
  - Net profit of Rs.5 crore or more.
- Such companies are required to spend at least 2% of the average net profits of the past three financial years on CSR activities specified in Schedule VII.
- Schedule VII lists the permitted CSR activities—covering a broad canvas of public good: eradication of hunger and poverty, promotion of education, healthcare, gender equality, environmental sustainability, protection of national heritage, contributions to relief funds, and more.

The Governance Mechanism

To ensure accountability and structured implementation:

- Companies must constitute a CSR Committee of the Board, typically comprising three or more directors, with at least one independent director.
- This Committee formulates a CSR Policy, recommends projects and budgets, and monitors implementation.

- The Board of Directors approves the CSR Policy, ensures spending, and discloses the details in the Board's Report and in prescribed CSR filings with the Ministry of Corporate Affairs (MCA).

The Policy Rationale Behind CSR Legislation

When Parliament introduced Section 135 of the Companies Act, 2013, it was not merely imposing another corporate compliance requirement. The intent was carefully shaped around two policy pillars:

✓ **Public Interest: Nation-Building Through Corporate Participation**

India faces vast developmental challenges in areas such as education, healthcare, sanitation, and environmental sustainability. Government resources alone were insufficient to bridge these gaps. By legislating CSR, the State sought to mobilise the financial and managerial resources of corporates to supplement public spending.

- The idea was to make corporate India an active partner in national development- channelising a fraction of profits into measurable social outcomes.
- CSR ensures a steady, predictable flow of funds into social sectors, insulating such activities from the vagaries of voluntary giving or market cycles.
- This also aligns with global trends where businesses are increasingly evaluated not only on financial performance but also on their Environmental, Social, and Governance (ESG) impact.

✓ **Accountability: Institutionalising Responsibility**

Before 2013, CSR was largely voluntary philanthropy. Contributions varied across companies and were often ad-hoc or branding-driven. The law changed this by embedding CSR into corporate governance frameworks:

- Mandatory CSR Committees, Board-level oversight, and disclosure norms created transparency and reduced the scope for tokenism.
- Non-spending companies are now required to explain the reasons in their annual Board's Report, creating reputational and regulatory pressure to comply.

- In certain cases, unspent CSR amounts must be transferred to designated accounts or funds within strict timelines, reinforcing seriousness of obligation.

This shift transformed CSR from a voluntary gesture into a structured corporate duty, aligning corporate strategy with broader societal goals.

Since its enforcement, CSR has emerged as a significant source of social financing in India. Annual corporate CSR spends collectively run into tens of thousands of crores, funding schools, hospitals, rural development projects, environmental initiatives, and pandemic relief measures.

By embedding CSR into law, the Government ensured that “doing good” became part of doing business—a statutory requirement rather than an optional goodwill act. This has created long-term, institutionalised streams of social investment, a policy experiment unique to India and watched closely worldwide.

What Income-Tax Changed in 2014 – And Why

Position Before 2014

Until the Companies Act, 2013 made CSR spending mandatory, the Income-tax Act did not deal specifically with such expenses. Many corporates claimed CSR-type spends (such as building schools, hospitals, or community facilities) as business expenditure under Section 37(1). The logic such that these spends enhanced brand value, employee goodwill, and community relationships, and therefore qualified as being “for the purposes of business.”

- Several Assessing Officers accepted such claims, especially where companies could show commercial expediency.
- CSR, being voluntary then, was not distinguished from other promotional or welfare expenses.

The 2014 Amendment

The landscape changed with the Finance (No. 2) Act, 2014. Parliament inserted Explanation 2 to Section 37(1), which states:

"For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession."

This meant that from AY 2015-16 onwards, any CSR expenditure, though compulsory under company law, would not reduce taxable business profits.

Why Parliament Did This?

The reasoning was clearly explained in the Explanatory Memorandum and later in CBDT Circular No. 01/2015 dated 21.01.2015:

- CSR was designed to share the government's social development burden with corporates.
- If CSR expenses were also allowed as a tax deduction, the Government would effectively be funding one-third of corporate CSR outlay through foregone tax revenue (given the 30% corporate tax rate at that time).
- To avoid this "indirect subsidy," the law made CSR spend a pure application of income rather than an allowable deduction.

Prospective Application Only

After the insertion of Explanation 2 to Section 37(1) by the *Finance (No. 2) Act, 2014*, a key question arose—whether the disallowance of CSR expenditure operated retrospectively or only from AY 2015-16 onwards. The provision, worded as a "clarifycatory explanation," gave scope to the Revenue to argue that it merely codified existing law and therefore applied retrospectively.

The CBDT also issued Circular No. 01/2015, dated 21-01-2015 (Explanatory Notes to the Finance (No. 2) Act, 2014), which explicitly recorded the legislative intent:

"The provisions of section 37(1) of the Income-tax Act provide that deduction for any expenditure, which is not mentioned specifically in section 30 to section 36 of the Income-tax Act, shall be allowed if the same is incurred wholly and exclusively for the purposes of carrying on business or profession. As the CSR expenditure (being an application of income) is not incurred for the purposes of carrying on business, such expenditures cannot be allowed under the provisions of section 37 of the Income-tax Act. Therefore, in order to provide certainty on this issue, said section 37 has been amended to clarify that for the purposes of sub-section (1) of section 37 any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to have been incurred for the purpose of business and hence shall not be allowed as deduction under said section 37. However, the CSR expenditure which is of the nature described in section 30 to section 36 of the Income-tax Act shall be allowed as deduction under those sections subject to fulfillment of conditions, if any, specified therein"

This circular is significant because while it reinforces the disallowance under Section 37(1), it also acknowledges that CSR expenditure may still qualify under other sections like 80G, provided the statutory conditions are satisfied.

In sum, both judicial precedent and the CBDT's own explanatory circular confirm that:

1. The disallowance under Section 37(1) applies prospectively from AY 2015-16.
2. CSR spends before that year cannot be disallowed retrospectively.
3. Importantly, the amendment does not bar deduction under other provisions such as Section 80G.

Thus, CSR disallowance under Section 37(1) became binding only from AY 2015-16 onwards.

Section 80G: The Separate Lane for Donations

While Section 37(1) deals with deductions in computing *business income*, Section 80G sits in Chapter VIA of the Income-tax Act and has a completely different purpose and design. It provides a deduction for donations made to specified funds, trusts, and institutions, subject to its own conditions and compliance framework.

Independent Compartment

Section 80G operates independently of business expenditure rules. Even if an outlay is disallowed under Section 37(1), it may still qualify under 80G if:

- The donation is made to an approved institution or fund notified under Section 80G(5).
- The contribution is in the form of a "sum of money" (cash, cheque, draft, or digital transfer; in-kind contributions do not qualify).
- The donee furnishes a Form 10BE certificate to the donor and files Form 10BD with the Income Tax Department, ensuring audit trail and compliance.
- The assessee observes applicable percentage limits (50% or 100% deduction, with or without qualifying limits depending on the donee fund).

This structure shows that 80G is not about whether the expense serves business purposes, but whether the donation meets the statutory conditions.

Targeted Carve-outs for CSR

When Parliament wanted to prevent CSR contributions from attracting 80G relief, it said so expressly. Two specific exclusions were introduced:

- Swachh Bharat Kosh (s.80G(2)(iiihk)), and Clean Ganga Fund (s.80G(2)(iiihl)), where donations made in pursuance of CSR obligations cannot be claimed under 80G.

Beyond these carve-outs, however, the law does not impose a blanket prohibition on CSR-linked donations. For instance, donations to the Prime Minister's National Relief Fund (PMNRF) or PM CARES Fund remain fully eligible for 80G deduction, even if made as CSR.

Why This Matters

This drafting approach is central to the taxpayer's argument:

- CSR disallowance under Section 37(1) cannot be automatically imported into 80G, because the two provisions serve distinct purposes.

- If Parliament had intended a general ban on CSR-related 80G deductions, it would have said so—as it did with Swachh Bharat Kosh and Clean Ganga Fund.
- By carving out *only two exclusions*, the legislature implied that all other CSR donations remain eligible under 80G if conditions are met.

Thus, the statutory text of 80G itself forms the strongest basis for corporates to legitimately claim deduction on CSR donations routed through approved trusts or funds.

COVID-era Clarifications: When CSR and 80G Co-existed

The COVID-19 pandemic created an unprecedented need for private sector contributions to national relief efforts. To channel these resources, the Government provided specific clarifications aligning CSR obligations with tax incentives under 80G.

PM CARES Fund

- In March 2020, the Ministry of Corporate Affairs clarified that contributions to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES) would be treated as eligible CSR expenditure under Schedule VII of the Companies Act, 2013.
- At the same time, Section 80G of the Income-tax Act was amended to grant 100% deduction for contributions to PM CARES.
- Further, these donations were given a special cap exemption—unlike most 80G donations that are restricted to 10% of adjusted gross total income, PM CARES contributions were not subject to this limit.

Policy Message

This dual recognition was significant because it demonstrated that CSR status and 80G eligibility can co-exist when Parliament or the executive clearly intend so. In other words:

- The same contribution could simultaneously satisfy a company law mandate (CSR) and yield a tax deduction under 80G.
- It undercut the Revenue's argument that CSR-linked donations should never be eligible for tax deduction.

Practical Impact

- During FY 2020–21, corporates contributed thousands of crores to PM CARES, claiming them both as CSR spends and as fully deductible under 80G.
- Companies learned the importance of structuring CSR through approved routes where explicit recognition exists.
- It provided a live example that CSR × 80G is not an "either-or" question, but a matter of how the law is drafted and applied.

Early Tribunal ruling on 80G for CSR Donations

The first decisive shift in jurisprudence came in 2021, when benches began consciously separating Section 37(1) from Section 80G. The consistent pattern was:

- CSR expenditure is not allowable under Section 37(1) as business expenditure (post Finance Act, 2014).
- But if the same outlay qualifies under Section 80G — i.e., it is a donation to an approved fund or institution, paid in money, and supported by statutory compliance — the deduction can still be allowed.
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JMS Mining (P) Ltd. v. PCIT ([2021] 130 Taxmann 118 (Kolkata – Trib.))

In a landmark decision, the ITAT Kolkata in *JMS Mining (P.) Ltd. v. Pr. CIT* ruled that corporate social responsibility expenses routed as donations to charitable trusts duly registered under Section 80G(5)(vi) are eligible for deduction under Section 80G, notwithstanding their disallowance under Section 37(1). Importantly, the Tribunal emphasized that Section 37(1) and

Section 80G serve independent functions—while CSR expenditure is excluded from business deduction, there is no statutory bar on its tax treatment as a donation under Chapter VIA, except for the explicitly excluded funds. Further, the Tribunal held that invoking revision under Section 263, on the basis that Section 80G claims of CSR donations were impermissible, was not justified where the Assessing Officer's decision was plausible and supported by precedent.

The Tribunal reasoned:

- Section 37(1) and Section 80G belong to different chapters and compartments.
- The Finance Act, 2014 barred deduction of CSR expenses as "business expenditure" but did not impose a general bar under Chapter VIA.
- Where Parliament intended an exclusion, it did so expressly (as with the Swachh Bharat Kosh and Clean Ganga Fund).

This case created the doctrinal foundation for later rulings:

1. It decoupled business expenditure rules from donation deductions.
2. It emphasised the principle of expressio unius - when the legislature has mentioned only certain exclusions, others are impliedly allowed.
3. It reassured corporates that CSR routed through compliant trusts could legitimately yield tax benefits under 80G.

Following the *JMS Mining* judgment, several ITAT Mumbai decisions have consistently upheld the principle that CSR-related donations, when properly structured, are eligible for deduction under Section 80G, despite being disallowed under Section 37(1). Here are the key rulings:

✓ **Sikka Ports & Terminals Ltd. (Revenue Appeals for AY 2018-19 & 2020-21) TAT Mumbai "A" Bench, ITA No. 1865/Mum/2024, order 06-09-2024**

ITAT Mumbai allowed 80G deductions on CSR contributions totalling ₹33.85 crore to 80G-registered trusts, rejecting revenue objections around voluntariness. The Tribunal noted that if Legislature intended to bar such deductions, it would have done so—just as it did for specified funds. It quashed s.263; AO's allowance of 80G on CSR after enquiry is a plausible view; statute has only two express carve-outs.

✓ **Sharda Cropchem Ltd. (ITA Nos. 6163 & 6164/Mum; 21 Jan 2025)**

The Tribunal dismissed the AO's denial of 80G deduction on CSR spends, emphasizing:

- "Test of voluntariness is irrelevant where the Act does not require it."
- Parliament carved out only two exclusions (Swachh Bharat Kosh, Clean Ganga Fund), implying other CSR-linked donations remain 80G-eligible)"

✓ **ACG Pam Pharma Technologies Pvt. Ltd. (AY 2020-21) ITAT Mumbai "A" Bench, ITA No. 2734/Mum/2025**

ITAT Mumbai quashed a revision order under Section 263 that denied 80G deduction on CSR donations to Axis Foundation. The Tribunal held that once AO had examined the claim and found it plausible, 263 revision was not warranted. The Tribunal reaffirmed that CSR donations meeting 80G conditions are allowable.

✓ **Axis Securities Ltd. (2025) ITAT Mumbai (bench per order), ITA No. 2736/Mum/2025, order 17-06-2025 ."**

The Tribunal followed a string of precedents (e.g., *Inter Gold (India) Pvt.Ltd.* v. *Pr. CIT* [IT Appeal No. 4400 (Mum) of 2023] (para 12).) reaffirming that 50% of CSR donations to 80G entities qualify for deduction, upholding consistency in jurisprudence - followed *Sharda Cropchem*; confirmed that CSR donations can qualify u/s 80G; reiterated MCA FAQ and CBDT Circular 1/2015 logic.

What This Architecture Means in Practice

The Companies Act, 2013 makes CSR a statutory obligation, not a matter of corporate choice. Section 135 requires eligible companies to constitute a CSR Committee, adopt a CSR policy, and ensure that a minimum of 2% of average profits is spent on activities listed in Schedule VII. Compliance is monitored through Board reporting and MCA filings, with unspent amounts subject to transfer provisions. For instance, in cases such as *Coal India Ltd.* (a PSU with large mandated spends), CSR disclosure and compliance are treated as integral elements of corporate governance, not voluntary initiatives.

On the other hand, the **Income-tax Act, 1961** draws a clear line:

- ***Section 37(1)*** — From AY 2015-16 onwards, by virtue of Explanation 2 inserted by the *Finance (No. 2) Act, 2014*, CSR expenditure is not deductible as a business expense. This reflects legislative policy that CSR is an application of income, not incurred "wholly and exclusively" for business.

- ***Section 80G*** — Yet, Parliament did not impose a blanket prohibition on CSR under Chapter VIA. Donations to approved institutions can still qualify for deduction under Section 80G, unless specifically excluded. The statute expressly carves out only two exceptions: contributions to the Swachh Bharat Kosh (s.80G(2)(iiihk)) and the Clean Ganga Fund (s.80G(2)(iiihl)) are ineligible when made under CSR. No general embargo exists.

  This dual track — CSR mandated by company law, partially recognised under tax law — has created the fertile ground for litigation.

Judicially, three points are now well-settled:

1. **Separate compartments:** Multiple benches have ruled that disallowance under s.37(1) does not spill over to Chapter VIA. In *Sharda Cropchem Ltd. v. ACIT* (ITAT Mumbai, ITA Nos. 6163 & 6164/Mum/2024, order 21.01.2025) and *Inter Gold (India) Pvt. Ltd.* v. *Pr. CIT* (ITA No.4400/Mum/2023 (para 12), the tribunals held that once 80G conditions are met (approved donee, payment by money, Form 10BE/10BD compliance), deduction must be allowed. ."

2. **Compliance is critical:** While the law favours assessees, tribunals have stressed strict adherence to 80G conditions — valid registration of the donee, proper documentation, and timely filing. Failure in paperwork can still lead to denial.

   In effect, the architecture of CSR law in India is a three-layered reality:

   - *Company law* mandates CSR and enforces spend discipline.

- *Tax law* blocks the business-expense route under section 37(1) but leaves the 80G door open (except for expressly excluded funds).
- *Judicial interpretation* has largely tilted in favour of taxpayers, upholding 80G claims on CSR donations as long as statutory conditions are satisfied.

The Allowability Debate: CSR Donations under Section 80G

- **The Department's Objections ;-**

The Revenue has consistently opposed the idea that CSR donations routed through approved trusts or institutions should be allowed under Section 80G. Its resistance rests on two main arguments:

a) "Double Benefit" Argument

The Department's primary objection is that permitting a Section 80G deduction on CSR donations grants companies a dual advantage:

1. They meet their statutory CSR obligation under Section 135 of the Companies Act, 2013; and
2. They reduce their tax liability through an additional deduction under the Income-tax Act.

From the Revenue's perspective, this undermines the policy intent of the Finance Act, 2014, which explicitly barred CSR outlays from being deducted as business expenditure under Section 37(1). The Department argues that allowing a deduction under Section 80G would *"subsidise"* CSR spends through tax breaks, shifting part of the corporate burden back to the Government — contrary to the legislative rationale that corporates should shoulder this responsibility entirely.

b) "Not Voluntary" Argument

Historically, Section 80G was enacted to incentivise voluntary philanthropy — encouraging businesses and individuals to contribute freely to approved funds and institutions. The Department therefore contends that CSR, being compulsory by law, does not qualify as a *"voluntary donation."* Since voluntariness is seen as implicit in the concept of donation, CSR spends cannot, in the Revenue's view, fit within the scope of Section 80G.

This line of reasoning has been repeatedly pressed in assessments and appeals. Assessing Officers frequently deny 80G claims on CSR donations, and Commissioners often invoke Section 263 (revisionary power) or reopen completed assessments under Sections 147/148. The Department's stated justification is that such deductions are "erroneously allowed" by Assessing Officers, resulting in orders "prejudicial to the interests of the Revenue."

- **Judicial Responses: How Courts & Tribunals Have Rebutted**

The judiciary has consistently emphasised that **Section 37(1)** and **Section 80G** operate in **separate compartments**. While Explanation 2 to Section 37(1) clearly blocks CSR expenses as a *business deduction*, this embargo cannot be extended to Chapter VIA, which governs deductions on donations.

Once a payment satisfies the **technical requirements of Section 80G** — i.e., donation to an approved institution, in monetary form, supported by Form 10BE/10BD — the claim cannot be denied merely because the outlay also qualifies as CSR.

Importantly, **CBDT Circular No. 01/2015, dated 21-01-2015**, itself recognised this dichotomy. The circular clarified that while CSR expenses are not allowable under Section 37(1), such spends *may still be deductible under other provisions*, including Section 80G, if conditions are met. This departmental circular has been cited repeatedly by Tribunals as evidence of legislative intent.

A strong body of tribunal jurisprudence has now tilted firmly in favour of taxpayers. The consistent view is that CSR donations routed through approved institutions are deductible under Section 80G, provided statutory conditions are met. Tribunals have repeatedly clarified that the "voluntariness" test has no application in this context, and that only the two specific carve-outs—Swachh Bharat Kosh and Clean Ganga Fund—are excluded by statute.

Early jurisprudence contained decisions that seemed to align with the Department's position. A frequently cited example is ***DCIT v. First American (India) Pvt. Ltd.*** **(ITAT Bangalore, order**

dated 29-04-2020, [2020] 116 taxmann.com 899), where the Tribunal discussed the "voluntary" character of donations under Section 80G. At first glance, some commentaries interpreted the ruling as suggesting that CSR-linked donations were not deductible because they lacked voluntariness.

However, a closer reading of the order shows that *First American* was not a denial of 80G deduction outright. The Tribunal actually set aside the disallowance and remitted the matter to the Assessing Officer with a clear direction to allow Section 80G deduction if the statutory conditions were satisfied. It underscored that Section 37(1), which governs business expenditure, and Section 80G, which belongs to Chapter VIA, operate at different stages of computation. The Bench also acknowledged that Parliament had created only two carve-outs in Section 80G(2)(a)(iiihk)/(iiihl) — Swachh Bharat Kosh and Clean Ganga Fund — and had not imposed a blanket bar on CSR-linked donations.

Subsequent tribunals have generally treated *First American* as consistent with the pro-assessee line. For example, in *Jeevandeep Edumedia Pvt. Ltd. (ITAT Mumbai, order dated 17-07-2025)*, the assessee relied directly on *First American* and *Allegis Services*, and the Bench recognised these rulings as supporting authority for the allowability of 80G deduction on CSR contributions made to approved institutions. Similarly, *Supreme Buildestates Pvt. Ltd. (ITAT Jaipur, order dated 30-10-2023)* expressly cited *First American* in upholding the taxpayer's claim, noting the doctrinal separation between Section 37(1) disallowance and Section 80G eligibility.

By contrast, many of the landmark Mumbai ITAT rulings — such as, *Sharda Cropchem Ltd.* (21-01-2025), *ACG Pam Pharma Technologies Pvt. Ltd.* (01-07-2025) and *Axis Securities Ltd.* (17-06-2025) — do not cite *First American* explicitly but adopt its architecture: that voluntariness is irrelevant, that Parliament has provided only two express carve-outs, and that the Section 37(1) embargo does not extend to Chapter VIA.

The critical takeaway is that while some secondary commentaries have mischaracterised *First American* as having disallowed 80G on CSR spends, the actual order shows the opposite — it opened the door to allowability, subject to conditions. In reality, the Revenue's more substantial contrary precedent is *Agilent Technologies (Internat*, where the Tribunal denied

80G deduction by importing a "voluntariness" test and legislative policy rationale from the Section 37(1) amendment. Yet, Mumbai benches have declined to follow this approach, preferring a literal statutory reading that recognises the independence of Chapter VIA and respects the principle that where Parliament intended an exclusion, it expressly provided one.

In conclusion, *First American* should be read as an early, cautious endorsement of the 80G route for CSR, not as an adverse ruling. Later benches either cite it directly or reach the same conclusion independently.

The dominant jurisprudence, especially in Mumbai, is now firmly that CSR donations routed through 80G-approved institutions are deductible (subject to compliance and excluding the two statutory carve-outs), while the Section 37(1) disallowance remains intact.

- **Why the Revenue Still Litigates**

  Even though a consistent body of Tribunal rulings now supports the availability of Section 80G deduction on CSR donations, the Revenue continues to challenge such claims, often through revision under Section 263 or reassessment proceedings. The Department's stance rests on three principal grounds. First, it argues that permitting 80G relief on CSR amounts creates a "double benefit," turning a statutory corporate obligation into a tax-subsidised activity—an outcome Parliament never intended. Second, officers continue to press the "voluntariness" objection, claiming that 80G was designed only for voluntary philanthropy. This line, though rejected by Mumbai and Kolkata benches, still finds occasional support, as in *Agilent Technologies (International) Pvt. Ltd. v. DCIT*, the Revenue's stronger authority, because unlike *First Ame*, which *Agilent* squarely denied 80G by saying CSR is not voluntary. But the Mumbai benches (Sharda, Axis Securities, etc.) have consciously not followed this Delhi ruling — instead emphasising that only the two statutory carve-outs (SBK/CGF) exist, and that voluntariness is not part of the text of s.80G.

  Overlaying these factors is the absence of binding guidance from the Supreme Court or consistent High Court pronouncements. While CBDT Circular No. 1/2015 (21-01-2015) itself acknowledged that CSR disallowance under Section 37(1) does not automatically extend to Chapter VIA deductions, field officers often invoke the same circular as though it were a complete bar. This selective reading, combined with the lack of higher judicial clarity, keeps the litigation cycle alive.

The Department's persistence reflects a blend of policy apprehension, interpretative ambiguity, and reliance on procedural lapses. Until a conclusive High Court or Supreme Court ruling settles the matter, taxpayers must anticipate scrutiny, ensure meticulous compliance, and be prepared for appellate defence.

CSR donations routed through 80G-approved institutions remain eligible for deduction, provided statutory conditions and documentation are strictly complied with. The jurisprudence today largely favours assessees, but given continuing departmental challenges, corporates must maintain watertight records and be prepared to substantiate their claims before appellate forums.