IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 28.01.2026

CORAM :

THE HONOURABLE DR.JUSTICE ANITA SUMANTH
and
THE HONOURABLE MR.JUSTICE MUMMINENI SUDHEER KUMAR

T.C.A.Nos. 925 & 926 of 2014

M/s. MRF Ltd.,
No.124, Greams Road,
Chennai – 600 006.

.. Appellant
in both appeals

vs

The Joint commissioner of Income Tax
Large Taxpayer Unit,
Chennai – 600101.

.. Respondent
in both appeals

Prayer in TCA No. 925 of 2014 : Appeal filed under Section 260A of the Income-Tax Act,1961 against the order of the Income Tax Appellate Tribunal, Madras 'A' Bench dated 30.05.2014 in ITA No.520/Mds/2014.

Prayer in TCA No. 926 of 2014 : Appeal filed under Section 260A of the Income-Tax Act,1961 against the order of the Income Tax Appellate Tribunal, Madras 'A' Bench dated 30.05.2014 in ITA No.522/Mds/2014.

(in both)

For Appellant : Mr.R.Vijayaraghavan
for M/s.Subbaraya Aiyar Padmanabhan

For Respondents : Mr.D.Prabhu Mukunth Arunkumar
Senior Standing Counsel

COMMON JUDGMENT

(Delivered by Dr. ANITA SUMANTH, J.)

These two assessee's appeals relate to assessment years (AY) 2009 – 10 and 2010 – 11 and have been admitted on 08.12.2014 on the following three questions of law:-

> *"1.Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the expenditure incurred towards advertisement/business promotion in the form of MRF Pace Foundation is not an allowable deduction?*
> *2. Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the expenditure incurred towards MRF Pace Foundation which has high advertisement value is not an allowable expenditure?*
> *3.Whether on the fact and in the circumstances of the case, the Tribunal failed to appreciate that providing training through MRF Pace Foundation is one mode of promoting and sponsoring sports by which the appellant's name and brand has received enormous publicity and hence the expenditure for the same was incurred in the course of business?"*

2. The questions have been considered by this Court in the case of this assessee (*MRF v Deputy Commissioner of Income Tax*, Central[1] (AY 2006 – 07 and 2007 – 08)) and *MRF Ltd., v Deputy Commissioner of*

[1] 128 taxmann.com 21(Madras)

Income-Tax (LTU)[2], (AY 2003 – 04, 2005 – 06 and 2008 – 09), and the operative portion reads as under:-

> *"21.As already observed, the expenditure incurred by the assessee in the Pace Foundation cannot be regarded as a donation and it was never the case of the assessee, nor there was anything on record for the Assessing Officer to draw such a conclusion. Secondly, the assessee has been able to point out certain facts before the Assessing Officer as well as before the First Appellate Authority as to how the training of pace bowlers has helped them in a business activity. The contentions placed by the assessee have not been found to be false or baseless. In such circumstances, it is best for the Department to leave it to the assessee to take a decision as to what is best for them and for the health of the company. These aspects were rightly taken note of by the CIT(A) by observing that the assessee~company is able to get popularity because of its close association with the game of cricket and it is comparable to any other mode of advertisement establishing hoardings, publicity material and other conventional modes of advertisement.*
>
> *22.Further, the CIT(A) rightly took note of the decision in Delhi Cloth and General Mills Co. Ltd. (supra) by observing that the power of the Revenue is confined only to examine the purpose of genuineness of the expenditure and not the expediency or the quantum. Nowhere there is any observation either made by the Assessing Officer or the Tribunal that the expenditure was not genuine. In fact, Mr.T.Ravikumar would fairly submit that all other expenditure, which have been claimed by the assessee towards sponsorship, advertisement, have been allowed in its entirety. The Tribunal fell in error in coming to a conclusion that donations were extended towards the Pace Foundation, when the fact remains that the assessee has established the foundation and it is part and parcel of the assessee themselves and not a*

[2] 173 taxmann.com 915(Madras)

separate entity to draw any such inference of donation."

3. Since the facts and legal position remains identical in the present years as well, we follow the ratio of the aforesaid decisions and answer the questions in favour of the assessee. The Tax Case (Appeals) are allowed. No costs.

[A.S.M, J.] [M.S.K, J.]
28.01.2026

Index:Yes/No
Neutral Citation:Yes
ssm

To

1.The Joint Commissioner of Income Tax
Large Taxpayer Unit,
Chennai – 600101.

2.The Income Tax Appellate Tribunal, Madras 'A' Bench,
Chennai.

DR. ANITA SUMANTH,J.
and
MUMMINENI SUDHEER KUMAR,J.

ssm

T.C.A.Nos. 925 & 926 of 2014

28.01.2026