

**IN THE INCOME TAX APPELLATE TRIBUNAL
BANGALORE BENCH 'A', BANGALORE**

**BEFORE SHRI A. K. GARODIA, ACCOUNTANT MEMBER
AND
SMT ASHA VIJAYARAGHAVAN, JUDICIAL MEMBER**

**ITA No.1408(Bang) 2015
(Assessment year : 2014-15)**

M/s Southern India Banks Staff Training College,
No.9, Shankarmath Road,
Shankarapuram,
Bangalore-560 004

PAN No.AAATS5632E

Appellant

Vs

The Income Tax Officer,
Ward-14(2),
Bangalore

Respondent

**Assessee by : Shri S. Parthasarathi, Advocate
Revenue by : Dr. P.K.Srihari, Addl.CIT**

Date of hearing : 21-07-2016

Date of pronouncement : 26-08-2016

ORDER

PER A.K.GARODIA, AM:

This is assessee's appeal directed against the order passed by the ld. CCIT, Bangalore dated 29-09-2015 u/s 10(23C)(vi) of the IT Act, 1961.

2. The grounds raised by the assessee are as under;

"1. On the facts of the case, he ld. CCIT erred in declining to grant exemption u/s 10(23C)(vi) of the IT Act, to the appellant.

2. The order of the ld. CCIT is opposed to law in that various submissions made by the appellant supported by case law cited have not been considered and

accordingly the order passed is liable to be set aside, as opposed to the principles of natural justice.

3. The ld. CCIT erred in holding that the appellant institution as not only solely for educational purposes without appreciating that the various activities carried on by the appellant were towards educational purposes of the banking staff and consequently, the appellant had fulfilled all the conditions required u/s 10(2C) (vi) of the Act to avail the exemption as provided therein.

4. The ld. CCIT ought to have appreciated that though various objects provided in the Trust Deed, the appellant had wholly promoted the objects in educating the banking staff and consequently, he ought to have held that the appellant was eligible to get the exemption u/s 10(23C)(vi) of the Act.

5. The ld CCIT ought to have appreciated that the other objects provided in the Trust Deed would also relate to the promotion of the education amongst the staff and were not to be considered isolated to deny the benefit u/s 10(23C)(vi) of the Act.

6. For these and other grounds that may be urged at the time of hearing the appeal, prays that the appeal may be allowed.

3. It was submitted by the ld. AR of the assessee that even these objects for which the objections were raised by the ld. CCIT are also for educational purpose and therefore, the order of the ld. CCIT should be set aside and he should be directed to grant registration to the assessee u/s 10(23C)(vi) of the Act. He also submitted that the registration u/s 12A of

the Act was also granted to the assessee. Reliance has been placed on the following judicial pronouncements.

- a) *CIT Vs Vidya Vikas Vihar, 265 ITR 489(Bom)*
- b) *CCIT Vs St. Peter's Educational Society, 385 ITR 66(SC)*
- c) *Ecumenical Christian Centre Vs CIT, 139 ITR 226(Kar.)*

4. As against this, Id DR of the revenue supported the order of the Id. CCIT. He also submitted that the registration u/s 12A of the IT Act is different then granting exemption u/s 10(23C)(vi) of the Act. Regarding various judgments cited by the Id. AR of the assessee, he submitted that these judgments are not applicable in the present case.

5. We have considered the rival submissions.

6. First of all, we reproduce the relevant portion of the order of the Id. CCIT from page no.2 & 3 of his order. The same is as under:-

"It is seen from the Memorandum of Association that the objects of the society are as under:

(a) *To establish and to carry on the administration and management of Southern India Bank's Staff Training College*

(b) *To plan, promote and provide for education and training in operations and management of banking to undertake, organize and facilitate conferences, seminars, study courses, lectures and similar other activities for the purpose of training*

(c) *To promote and conduct research in matters pertaining to (i) improvement of bank's operations; (ii) education, training and development of banking personnel.*

(d) *To assist banking institution in matters' suet; as appraisal programmes, conducting morale and productivity studies, streamlining organizational structure and to review, from time to time, the impact of educational training and research activities and offer suggestions for filling the gaps in the banking system,*

(e) *To promote and undertake faculty development programmes, to assess an adequate supply of competent trainers for conducting*

training programmes for the personnel of banking institutions,

(f) To maintain liaison with banking and financial institutions and educational bodies for purpose of promoting education and training of personnel of banking and financial institutions,

(g) To provide consultancy services under its auspices or through its faculty to banks or any other institutions or individuals on matters having a bearing on production in Banking services, optimum use of financial resources or any other matter conducive to economic betterment.

(h) To disseminate information on management know-how by undertaking and providing for the publication of journals, reports, pamphlets and other literature and research papers and books in furtherance of the objects.

(i) To establish and maintain libraries and information services,

(j) To establish and maintain regional centres to promote the objects of the society.

(k) To institute and award scholarships, prizes and medals in accordance with the rules.

(l) To maintain close contact with other institutions having similar objectives, either wholly or partially, by way of payment of subscription enrolment. as a member thereof, fiscal Or other sorts of assistance, amalgamation,

Collaboration, co-operation and in any other way as the society may deem

(m) To establish, maintain and manage halls and hostels for accommodation of the trainees.

(n) To do all lawful things as the society may deem fit for attainment of all or any of the objects.

Section 10(23c)(vi) provides that 'any income received by any person or behalf of any university or other educational institution existing society for educational purposes

A perusal of this section clearly shows that in order to qualify for exemption u/s 1023C(vi) the applicant university or other educational institution should be society for 'education purposes'. From the list of objectives filed by the applicant, it is seen that the objectives relating to providing appraisal programme (clause 'd') providing consultancy services (clause 'g') and promotion and undertaking faculty development program are not strictly speaking 'objectives solely for educational purpose'. The society is conducting training to the personnel of member banks and providing consultancy services through its faculty to banks or any other

institutions. These activities cannot be construed as activities for educational purposes.

. It can be construed that the applicant trust is not satisfying the condition envisaged in section 10(23C)(vi) that the applicant should be "existing solely for educational purposes" Hence exemption under section 10(23C)(vi) of the Income tax Act, 1961 cannot be granted for the Assessment Year 2014-15. Accordingly, the assessee's application for grant of exemption for the above said period is rejected.

7. From the above paras from the order of the ld. CCIT, it is seen that his objections are regarding clause-D & G of the objects of the assessee society. As per clause-D of the objects of the assessee society which is also reproduce above, the assessee society will assist banking institution in matters such as appraisal programmes, conducting morale and productivity studies, streamlining organizational structure and to review from time to time, the impact of educational training and research activities and offer suggestions for filling the gaps in the banking system. As for clause-G, which is also reproduced above, the assessee society has to provide consultancy services under its auspices or through its faculty to banks or any other institutions or individuals on matters having a bearing on production in Banking services, optimum use of financial resources or any other matter conducive to economic betterment. This is the objections of the ld. CCIT that these two objects of the assessee society are not for educational purposes because as per these objects, the assessee society would conduct training to the personnel of member banks and provide consultancy services through its faculty to banks or any other

institutions. Hence, these activities cannot be construed as for educational purposes. We find force in this objection of the Id. CCIT because providing consultancy services to banks cannot be construed as activities for educational purposes.

8. In the light of these facts, now we examine the applicability of various judgments cited by the Id. AR of the assessee. First judgment cited is the judgment of the Hon'ble Bombay High Court rendered in the case of CIT Vs Vidya Vikas Vihar (Supra). In that case, the facts as noted by the Hon'ble Bombay High Court are that the dominant objects of the assessee society is to open and run college of Polytechnic to impart technical education and one of the objects shown in the constitution of the society is to construct houses for weaker sections, if anything remains surplus after incurring expenses on the activities of imparting education. But this was not implemented or acted upon by the assessee society. Under these facts, the finding of the Bombay High Court is that it is not in dispute that the assessee and the institution solely existed for educational purposes and the individual object of construction of houses for weaker sections was not implemented or acted upon by the assessee in the relevant assessment year and under these facts and circumstances of the case, no fault can be found with the finding recorded by the Tribunal. In the present case, even the so called educational objects itself include rendering of consultancy services to banks and this is not the case of the assessee that in the relevant assessment year, no such activity was undertaken

by the assessee society. Therefore, this judgment of the Hon'ble Bombay High Court is not rendering any help to the assessee in the present case.

9. The second judgment on which reliance has been placed by the Id. AR of the assessee is the judgment of the Hon'ble Apex Court rendered in the case of CCIT Vs St. Peter's Educational Society(Supra). In this case, it was not the dispute before the Hon'ble Apex Court as to whether the object of the assessee society is educational or not. The dispute before the Hon'ble Apex Court was this as to whether an assessee institution which makes some profit means that it exists for profit whereas in the present case, objections of the department is this that some of the objects of the assessee society are not educational and therefore, this judgment of the Hon'ble Apex Court also does not render any help to the assessee in the facts of the present case.

10. The third judgment on which reliance has been placed by he learned AR of the assessee is the judgment of the Hon'ble Karnataka High Court rendered in the case of Ecumenical Christian Centre Vs CIT (Supra). In this case, the dispute was not regarding exemption u/s 10(23C) but the dispute was as to whether the assessee company is entitled for an order u/s 80G of the Act. In that case, the CIT laid some stress on the use of the expression 'restaurants' in clause-3A(vi) and that no specific reply had been given in that behalf. It is noted by the Hon'ble High Court on page-232 & 233 of 139 ITR that there was no restaurants as such which was being run by the company and in

reply, it was stated that whatever facilities were given were only to benefit the inmates of the institution and cater to their needs for food etc. Thereafter, it has been noted that object clause-3(A(iv)) specifies an object to undertake farming. Thereafter, it is noted that this was also explained in the reply stating that the company had about 30 acres of land and what it was doing was only by way of kitchen gardening and to educate the pupils in that behalf and even the gardening was being carried on in between the buildings and only in a small way. Hence, it is seen that in that case, although some objections were raised by the department regarding the objects of the assessee being education, but these objections of the department were adequately rebutted by the assessee. In the present case, the objections of the revenue that clause-D & G of the objects clause are not for educational purposes could not be rebutted by the assessee to the satisfaction of the department or to our satisfaction. Hence, under these facts, this judgment of the Hon'ble Karnataka High Court is also not rendering any help to the assessee in the present case.

As per the above discussion, we have seen none of the judgments cited by the ld. AR of the assessee is rendering any help to the assessee in the present case.

11. It is also noted that we find force in the objections of the ld. CCIT as per which clauses D & G of the objects of the assessee society are not in respect of educational purposes because the same amounts

to rendering consultancy services and hence, we find no reason to interfere with the order of the ld. CCIT.

12. In the result, the appeal filed by the assessee is dismissed.

Order pronounced in the open court on the date mentioned on the caption page.

Sd/-
(ASHA VIJAYARAGHAVAN)
JUDICIAL MEMBER

Sd/-
(A.K.GARODIA)
ACCOUNTANT MEMBER

Place: Bangalore:
D a t e d : 26.08.2016
am*
Copy to :

- 1 Appellant
- 2 Respondent
- 3 CIT(A)-II Bangalore
- 4 CIT
- 5 DR, ITAT, Bangalore.
- 6 Guard file

By order, AR, ITAT, Bangalore

1.	Date of Dictation
2.	Date on which the typed draft is placed before the dictating Member
3.	Date on which the approved draft comes to the Sr. P. S.
4	Date on which the order is placed before the dictating Member for pronouncement
5.	Date on which the order comes back to the Sr. P.S.
6.	Date of uploading the order on website
7.	If not uploaded, furnish the reason for doing so.....
8.	Date on which the file goes to the Bench Clerk
9.	Date on which order does for Xerox & endorsement
10.	Date on which the file goes to the Head Clerk.....
11	The date on which the file goes to the Assistant Registrar for signature on the order.....
12	The date on which the file goes to the dispatch section for dispatch of the Tribunal order.....
13	Date of dispatch of order.....