

**IN THE INCOME TAX APPELLATE TRIBUNAL  
Camp Bench at Jalandhar**

**Before Shri N.K. Saini, Vice President  
and Shri Ravish Sood, Judicial Member**

**ITA No. 443/Asr./2018  
(Assessment Year: 2015-16)**

Arya Samaj Trust,  
Railway Road,  
Outside Grain Market,  
Kapurthala.

Vs.

DCIT, CPC,  
Bangalore.

PAN – AADTA9351M

**(Appellant)**

**(Respondent)**

Appellant by: Shri Y.K. Sud, A.R.

Respondent by: Shri M.S. Parmar, D.R

Date of Hearing: 15.01.2019

Date of Pronouncement: 05.04.2019

**ORDER**

**PER RAVISH SOOD, JM**

The present appeal filed by the assessee trust for A.Y. 2015-16 is directed against the order passed by the CIT(A)-2, Jalandhar, dated 29.04.2017, which in turn arises from the intimation under Sec. 143(1) of the Income Tax Act, 1961 (for short 'IT Act'), dated 27.03.2017. The assessee assailing the order of the CIT(A) has raised before us the following grounds of appeal:

- “1. That the CIT(A) was not justified in confirming the order passed by AO u/s 143(1) of Income Tax Act, 1961.

2. *That the CIT(A) failed to appreciate that the appellant had made an application before the CIT(A) for registration u/s 12A which was lying pending with the CIT(E) and therefore the assessee was entitled to exemption u/s 11 of the Income Tax Act.*
3. *That the CIT(A) has wrongly sustained the action of the AO of assessing the gross total income of Rs. 599076/- without allowing the expenses amounting to Rs. 5954491/- claimed by the assessee in Income & Expenditure account.*
4. *That the orders of CIT(A) and AO are against the law and facts of the case.”*

2. Briefly stated, the assessee trust had e-filed its return of income under Sec. 139(4) on 31.03.2016 declaring nil income. The return of income filed by the assessee was processed by the Centralized Processing Centre, Bangalore (for short ‘CPC’) under Sec. 143(1) of the IT Act and the entire receipts of the assessee trust were brought to tax without allowing any deduction in respect of the outgoings and placement of funds claimed by the assessee in its return of income. On the basis of the aforesaid facts the income of the assessee trust chargeable to tax was worked out by the CPC at Rs. 5,99,080/- and a consequential demand of tax and interest of Rs. 2,06,398/- (after adjusting the TDS of Rs. 29,567/-) was raised in the hands of the assessee.

3. Aggrieved, the assessee carried the matter in appeal before the CIT(A). However, the CIT(A) not finding favour with the contention advanced by the assessee that its entire receipts without considering the outgoings had wrongly been brought to tax by the CPC while summarily processing its return of income under Sec. 143(1), declined to accept the same.

4. The assessee being aggrieved with the order of the CIT(A) has carried the matter in appeal before us. The Ld. Authorized Representative (for short ‘A.R’) for the assessee submitted that even in the absence of registration under Sec. 12AA which was applied for by the assessee trust, it stood entitled towards claim of expenses incurred for undertaking its activities. It was also submitted by the Ld.

A.R that the disallowance of the expenses aggregating to Rs. 5,95,449/- as claimed by the assessee in the course of processing of its return of income under Sec. 143(1) was not in accord with the settled position of law.

5. Per contra, the Ld. Departmental Representative (for short 'D.R') relied on the order of the CIT(A).

6. We have heard the authorized representatives for both the parties, perused the order of the CIT(A) and the intimation issued by the CPC, Bangalore under Sec. 143(1) of the IT Act. Admittedly, the assessee trust which during the year had gross receipts of Rs. 5,99,076.86, had after claiming deduction of certain outgoings and expenses aggregating to Rs. 5,95,449/- which were claimed to have been applied for its charitable purpose reflected its balance income at Rs. 3,628/-, which in itself was excluded from its total income under Sec. 11 of the IT Act. The CPC, Bangalore while processing the return of the assessee under Sec. 143(1) had brought the entire amount of receipts of Rs. 5,99,077/- to tax in the hands of the assessee. On a perusal of the intimation issued by the CPC, it stands revealed that the claim of the assessee who had sought exclusion of the receipts to the extent of Rs. 5,95,449/- which were stated to have been utilized for the charitable and religious purposes in India, was summarily rejected. Further, the balance amount of Rs. 3,628/- which was sought by the assessee to be excluded from its total income under Sec. 11(1)(a) was also not accepted in the course of the processing of the return of income under Sec. 143(1) of the IT Act. In the backdrop of the aforesaid facts the CPC, Bangalore had brought the entire receipts of Rs. 5,99,077/- to tax in the hands of the assessee.

7. We are of the considered view that as is discernible from the grounds of appeal, the assessee trust had though filed an application before the CIT(Exemption) for registration under Sec. 12A, however, it was not granted the registration during the relevant period. In our considered view as the assessee trust is not registered under Sec. 12AA, therefore, the provisions of Sec. 11 and Sec. 12 would not be applicable in relation to its income for the year under consideration. However, the income of the assessee in the absence of registration under Sec. 12AA had to be worked out in a commercial manner, and as such its entire receipts could not have been brought to tax by way of a summary processing of the return of income under Sec. 143(1) of the IT Act. Insofar the scope of processing of a return of income under Sec. 143(1)(a) of the IT Act is concerned, we find that the same is restricted to two aspects viz. (i) making adjustments as regards arithmetical errors in the return of income; or (ii) making adjustments in respect of an incorrect claim which is apparent from any information discernible from the return of income. We though are of the considered view that in the absence of the assessee trust being registered under Sec. 12AA of the IT Act the provisions of Sec. 11 and Sec. 12 would not be applicable in relation to its income for the year under consideration, however, at the same time are unable to persuade ourselves to subscribe to the view taken by the lower authorities that the entire receipts of Rs. 5,99,076.86 of the assessee trust was liable to be brought to tax without considering the outgoings/expenses incurred by it. In fact, a perusal of the nature of the expenses incurred by the assessee trust during the year viz. (i) advertisement; (ii) bank charges; (iii) general expenses; (iv) printing and stationery; (v) repair and maintenance; (vi) staff salary; (vii) uniform expenses; (viii) water and sewerage charges; and (ix) white washing expenses, reveals that the same are expenses which can

safely be held to have been incurred by the assessee for its very existence and in furtherance of its objects. Be that as it may, we are of the considered view that despite non applicability of the provisions of Sec. 11 and Sec. 12 the income of the assessee was to be worked out in a commercial manner. In case the revenue was of the view that the expenses claimed by the assessee were not liable to be allowed then the recourse available to them was to have subjected the case of the assessee for scrutiny assessment under Sec. 143(2) of the IT Act. We thus not being able to accept the declining of the assesses claim of expenses by the CPC, Bangalore, vide its intimation under Sec. 143(1) on processing of the return of income of the assessee trust for the year under consideration, thus set aside the order of the CIT(A) who had upheld the said adjustment carried out by the CPC, Bangalore and delete the addition of Rs. 5,95,449/-.

8. The appeal of the assessee is allowed.

Order pronounced in the open court on 05/04/2019

Sd/-  
(N.K. Saini)  
VICE PRESIDENT

Sd/-  
(Ravish Sood)  
JUDICIAL MEMBER

Place : Chandigarh; Dated 05.04.2019  
Ps. Rohit

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. **अपीलार्थी** / The Appellant
2. **प्रत्यर्थी** / The Respondent.
3. **आयकर आयुक्त(अपील)** / The CIT(A)-
4. **आयकर आयुक्त** / CIT
5. DR, ITAT, Camp Bench, Jalandhar
6. **गार्ड फाईल** / Guard file.

**सत्यापित प्रति //True Copy//**

आदेशानुसार/ BY ORDER,  
उप/सहायक पंजीकार (Dy./Asstt. Registrar)  
आयकर अपीलीय अधिकरण/ITAT, **Camp.**  
**Bench, Jalandhar**