

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'D': NEW DELHI**

**BEFORE, SHRI G. S. PANNU, VICE PRESIDENT  
AND  
SHRI SUDHANSHU SRIVASTAVA, JUDICIAL MEMBER**

**ITA No.3761/Del/2016  
(ASSESSMENT YEAR-NIL)**

Lady Floreance Education Society, 299/21, Gali No.5, Madanpuri, Gurgaon, Haryana PAN -AAAAL 5991Q <b>(Appellant)</b>	Vs.	CIT(Exemptions), Chandigarh  <b>(Respondent)</b>
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Appellant By	<b>Sh. P.C. Yadav Adv.</b>
Respondent by	<b>Sh. J.K. Mishra, CIT-DR</b>
Date of Hearing	<b>17.02.2020</b>
Date of Pronouncement	<b>19.05.2020</b>

**ORDER**

**PER SUDHANSHU SRIVASTAVA, JUDICIAL MEMBER:**

This appeal is preferred by the Assessee against the order passed u/s 12AA of the Income Tax Act, 1961 (hereinafter called as the 'Act') by the Ld. Commissioner of Income Tax (Exemptions), Chandigarh, {CIT (E)} wherein the Ld. CIT(Exemptions) has rejected the assessee's application seeking grant of registration u/s 12AA of the Act.

2.0 The Ld. Authorized Representative submitted that the Ld. CIT (Exemptions) has drawn wrong inferences and has made incorrect

observations in the impugned order in as much as what was required at the time of grant of registration was only an enquiry into the objects of the society and to verify as to whether the activities were educational/charitable in nature and were genuine. The Ld. Authorized Representative submitted that it was incorrect on the part of the Ld. CIT(Exemptions) to have stated that there was no justification for increase in salary expenditure from Rs.21.73 lacs to 70.43 lacs and that there was no rationale behind such hefty increase in salary. It was also submitted that it was incorrect observation of the Ld. CIT (Exemptions) that the gross receipts were Rs. 1,04,71,867/- i.e., more than Rs.1 crore. He drew our attention to page 27 of the Paper Book wherein copy of the income expenditure account was placed and pointed out that the gross receipts in this year were only Rs.94,02,738/- including interest from bank amounting to Rs.21,438/-. It was also submitted that the Ld. CIT (E) has not doubted that the assessee was running a school but has also concluded that the activities of the assessee were not genuine which was, thus, contradictory. It was also submitted that the assessee society has 'recognition' from the Department of Education, Haryana under Rule

34(6) of Haryana Education Rules, 2003. The Ld. Authorized Representative submitted that the Ld. CIT (Exemptions) has wrongly declined the registration u/s 12AA of the Act based on mere conjectures and surmises. It was prayed that the Ld. CIT (Exemptions) be directed to grant the approval of registration u/s 12AA of the Act.

3.0 In response, the Ld. CIT-DR placed reliance on the impugned order and submitted that a grant of registration has been rightly denied.

4.0 We have heard the rival submissions and have perused the material on record. It is seen that it is an undisputed fact that the assessee society has been running a school and that the society is also having recognition from the Department of Education, Government of Haryana. What has led the Ld. CIT (E) to refuse registration u/s 12AA is his suspicion that cash from undisclosed sources is being introduced in the society in the form of school fees. It has been observed by the Ld. CIT (E) that the school was being run from premises that consisted of one hall and eight rooms only and was actually situated in a *Gali*. The Ld. CIT (Exemptions) has observed that it was unbelievable that receipts to the tune of nearly Rs. 1 crore are generated from such small premises. Thus, apparently the Ld.

CIT (Exemptions) was having doubts regarding the genuineness of the activities but instead of having the same verified, he chose to straightway refuse the grant of registration. This, in our considered opinion, was not correct. If the Ld. CIT (Exemptions) was having any kind of doubts, he should have got the same verified. We feel that the issue needs a relook and reconsideration by the Ld. CIT (Exemptions) and, therefore, we deem it fit to restore the issue to the file of the Ld. CIT (Exemptions) for reconsidering the assessee's application and, thereafter, for passing appropriate orders after getting the facts verified and after giving adequate opportunity to the assessee in this regard.

5.0 In the final result, the appeal of the assessee stands allowed for statistical purposes.

Order pronounced in the Open Court on 19/05/2020.

Sd/-

**(G.S.PANNU)**  
**VICE PRESIDENT**

Sd/-

**(SUDHANSHU SRIVASTAVA)**  
**JUDICIAL MEMBER**

Dated: 19 /05/2020

PK/Ps

Copy forwarded to:

1. Appellant

2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR  
ITAT NEW DELHI