

**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES "B" : HYDERABAD**

**BEFORE SMT. P. MADHAVI DEVI, JUDICIAL MEMBER  
AND  
SHRI A. MOHAN ALANKAMONY, ACCOUNTANT MEMBER**

**(THROUGH VIRTUAL CONFERENCE)**

**I.T.A. No. 1573/HYD/2018**

Bhimavarapu Rami Reddy  
Foundation, Hyderabad.

Vs Commissioner of Income-  
tax ( Exemption),  
Hyderabad.

PAN – AADTB 0681 K

(Appellant)

(Respondent)

For Assessee : Shri K.C. Devdas  
For Revenue : Smt. Nivedita Biswas

Date of Hearing : 15-12-2020  
Date of Pronouncement : 17-12-2020

**ORDER**

**PER P. MADHAVI DEVI, J.M. :**

This is an appeal of the assessee against the order of CIT(Exemptions), Hyderabad, dated 18/05/2018 denying registration u/s 12AA(1)(b)(ii) of the IT Act.

2. Brief facts of the case are that the assessee is a Trust, which filed application in Form No. 10A on 07/11/2017 seeking registration u/s 12A of the Act. The CIT(E) required the assessee to produce original trust deed for verification and furnish detailed

reply on specific points raised by him. The assessee filed the relevant material. On perusal of the same, CIT(E) observed that the settler Mr. Madhu Bheemavarapu has appointed himself as the Managing Trustee for life and the other trustees are his close family members like wife, son and daughter in law and they have also been appointed by the settler for life. Therefore, he came to the conclusion that it is a private trust. When the assessee was asked to explain, the assessee stated that it is a family trust but created for the welfare of the poor. The CIT(E) observed that, though, the trust was created in May, 2017, the assessee has not filed its income and expenditure statement for the FY 2017-18 as required under rule 17A. When asked, the assessee submitted that they have not prepared the income and expenditure statements till such date as the due date for filing of return of income for relevant FY was 31/07/2018. . Observing that the assessee has failed to comply with Rule 17A, the CIT(E) refused to grant registration u/s 12A of the Act, against which, the assessee is in appeal before the Tribunal by raising the following grounds of appeal:

*"1. The order of the Hon'ble CIT(E) is erroneous in law as well as on facts.*

*2. The Hon'ble CIT(E) erred in refusing registration u/s.12AA of the IT Act though the assessee fulfilled all the requirements making themselves eligible for registration.*

*3. The observation of the Hon'ble CIT(E) that the trust has not submitted income and expenditure statement for the FY*

*:2017-18 as per Rule 17A, as the same requires to produce the same for earlier years if the application is made in subsequent financial years and the society was registered on 06.05.2017.*

*4. The Hon'ble CIT(E) erred in rejecting the registration u/s.12A of the IT Act sought by the trust without taking all the facts into consideration and therefore such rejection cannot be sustained.*

*5. Any other ground will be raised at the time of hearing.”*

3. The Id. counsel for the assessee submitted that CIT(E) has not has not held the objectives of the trust to be not charitable, but, the only reason given by the CIT(E) for rejection is that the assessee has not furnished its income and expenditure statement for FY 2017-18. He submitted that the due date for filing of return of income for the relevant assessment year was 31/07/2017, and since the time for filing of return of income for AY 2018-19 has not yet lapsed, the assessee has not prepared the income and expenditure statement. Since the assessee has now prepared such statement, it would be in a position to comply with Rule 17A. He, therefore, prayed for an opportunity to file relevant material before the CIT(E). The Id. DR was also heard.

4. Having regard to the rival submissions and perusing the material on record, it is noticed that at the time of passing of the order u/s 12AA, the assessee has not prepared the income and expenditure statement for the relevant AY 2018-19 since the time to file return of income was still available. Since the assessee has

all the relevant material now, we deem it fit and proper to remit the issue back to the file of CIT(E) for denovo consideration in accordance with law. Needless to mention that the assessee should be given fair opportunity to submit all the details and the same shall be considered while disposing of the application by the CIT(E). Accordingly, the grounds raised by the assessee are treated as allowed for statistical purposes.

5. In the result, appeal of the assessee is treated as allowed for statistical purposes.

*Order pronounced in the open court on 17<sup>th</sup> December, 2020.*

*Sd/-*  
**( A. MOHAN ALANKAMONY )**  
**ACCOUNTANT MEMBER**

*Sd/-*  
**( P. MADHAVI DEVI )**  
**JUDICIAL MEMBER**

Hyderabad, Dated: 17<sup>th</sup> December, 2020.  
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Copy to :

1. *Bhimavarapu Rami Reddy Foundation, Apt. No. 201,  
Plot No. 302, Orchid Homes, Road No. 78, Jubilee Hills  
Hyderabad – 500 033.*
2. *CIT (Exemptions), Aayakar Bhavan, Basheerbagh,  
Hyderabad.*
3. *Addl. CIT(E), Hyderabad.*
4. *ITO (E), Ward – 1, Hyderabad.*
5. *D.R. ITAT, Hyderabad.*
6. *Guard File.*