

**IN THE INCOME TAX APPELLATE TRIBUNAL “B” BENCH, MUMBAI**  
**BEFORE SHRI PRAMOD KUMAR, VP AND SHRI ABY T. VARKEY, JM**

आयकर अपील सं/ I.T.A. No. 2176/Mum/2021

(निर्धारण वर्ष / Assessment Year: 2022-23 )

Bai Navajbai Tata Zoroastrian Girls School Bombay House, Ground Floor, Homi Mody Street, Fort, Mumbai.	<b>बनाम/</b> Vs.	CIT(Exemptions) 6 <sup>th</sup> Floor, Cumballa Hill, MTNL Building Pedder Road, Mumbai-400026.
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AAATB0258P		

the Act, the assessee is an appeal before us.

(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)
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Assessee by:	Shri Sukhsagar Syal
Revenue by:	Shri Chetan M. Kacha (Sr. AR)

सुनवाई की तारीख / Date of Hearing: 30/09/2022

घोषणा की तारीख /Date of Pronouncement: 11/10/2022

**आदेश / ORDER**

**PER ABY T. VARKEY, JM:**

This is an appeal preferred by the assessee against the order of the Ld. Commissioner of Income Tax (Exemptions), Mumbai dated 02.10.2021 whereby the Ld. CIT(E) granted approval u/s 80G(5) of the Income Tax Act, 1961 (hereinafter “the Act”). However, the grant of approval was made subject to several conditions imposed in Form no. 10AC while granting registration under clause (iii) of proviso to section 80G(5) of the Act. Being aggrieved by the Ld. CIT(E)’s action stipulating several conditions while granting registration u/s 80G of the Act, the assessee is an appeal before us

2. It is admitted fact that the assessee is registered u/s 12A of the Act and further it is noted that similar issue has cropped up (i.e.



CIT(E) had prescribed similar conditions in case of other assessee's also while granting approval) before this Tribunal in the case of Chamber of Indian Charitable Trusts Vs. PCIT in ITA. Nos. 2168 & 2169/Mum/2021 wherein this Tribunal vide order dated 28.09.2022 has allowed the appeal of the assessee by holding as under: -

**“38.** Now we take up the appeal in ITA No. 2169/Mum/2021. It is noted that, the assessee trust had submitted an application u/s 80G of the Act and vide order dated 28<sup>th</sup> May, 2021 in Form No. 10AC, the Ld. CIT(E) granted the registration under clause (iii) of the second proviso to section 80G(5) of the Act. It is noted that the Ld. CIT(E) again imposed conditions while passing the impugned order. Being aggrieved by the Ld. CIT(E)'s action of stipulating several conditions while granting registration u/s 80G, the assessee is in appeal before us.

**39.** It was brought to our notice by the Ld. Sr Counsel appearing on behalf of the assessee that, clause (vi) of Section 80G of the Act provided that the Trust has to be approved by the PCIT or CIT. He thereafter invited our attention to the provisos the said Section which lays down the form and manner for the PCIT or CIT for granting of approval. Taking us through the same, the Ld. AR submitted that the Ld. PCIT / CIT were not conferred with any powers to impose conditions while granting provisional approval u/s 80G and therefore urged that these conditions be struck down. He pointed out that, similar to section 12AB, the second proviso to section 80G(5) only grants the Commissioner the power to grant registration. And no power to impose any conditions has been conferred on the Commissioner. For this, Shri Pardiwala invited our attention to clause (iii) of the second proviso, which reads as under-



*“(iii) where the application is made under clause (iv) of the said proviso, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the registration is sought, and send a copy of such order to the institution or fund”*

**40.**For completeness, Shri Pardiwala further showed us that section 80G lays down six (6) conditions, the violation of which can lead to the cancellation of the approval. The said conditions are contained in the second proviso to section 80G(5) and read as under-

*(ii) where the application is made under clause (ii) or clause (iii) of the said proviso,—*

*(a) call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about—*

*(A) the genuineness of activities of such institution or fund; and  
(B) the fulfilment of all the conditions laid down in clauses (i) to (v);*

*(b) after satisfying himself about the genuineness of activities under item (A), and the fulfilment of all the conditions under item (B), of sub-clause (a),—*

*(A) pass an order in writing granting it approval for a period of five years; or*

*(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its approval after affording it a reasonable opportunity of being heard;*

**41.**Further, the conditions specified in clauses (i) to (v) read as under-

*“(i) where the institution or fund derives any income, such income would not be liable to inclusion in its total income under the provisions of sections 11 and 12 or clause (23AA) or clause (23C) of section 10 :*

*Provided that where an institution or fund derives any income, being profits and gains of business, the condition that such income would not be liable to inclusion in its total income under*



*the provisions of section 11 shall not apply in relation to such income, if—*

*(a) the institution or fund maintains separate books of account in respect of such business;*

*(b) the donations made to the institution or fund are not used by it, directly or indirectly, for the purposes of such business; and*

*(c) the institution or fund issues to a person making the donation a certificate to the effect that it maintains separate books of account in respect of such business and that the donations received by it will not be used, directly or indirectly, for the purposes of such business;*

*(ii) the instrument under which the institution or fund is constituted does not, or the rules governing the institution or fund do not, contain any provision for the transfer or application at any time of the whole or any part of the income or assets of the institution or fund for any purpose other than a charitable purpose;*

*(iii) the institution or fund is not expressed to be for the benefit of any particular religious community or caste;*

*(iv) the institution or fund maintains regular accounts of its receipts and expenditure;*

*(v) the institution or fund is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India or under section 253 of the Companies Act, 1956 (1 of 1956), or is a University established by law, or is any other educational institution recognised by the Government or by a University established by law, or affiliated to any University established by law, or is an institution financed wholly or in part by the Government or a local authority;”*



42. Referring to the above, Shri Pardiwala submitted that, in law, an approval under section 80G can only be cancelled if the activities of the Trust are not genuine or the conditions specified in clauses (i) to (v) above are violated. He pointed out that none of the conditions imposed in the impugned order are in conformity with the six (6) conditions mentioned in the second proviso to section 80G(5) of the Act.

43. It was submitted that Circular no. 11 of 2022 has also retrospectively modified the conditions imposed in all orders passed under section 80G of the Act between 1<sup>st</sup> April, 2021 and 3<sup>rd</sup> June, 2022. The said circular provides for the following (4) four conditions-

*“1. The registration granted under section 12AB or approval granted under clause (23C) of section 10 has not been cancelled by the Principal Commissioner or Commissioner for specified violations as mentioned in sub-section (4) of section 12AB or under fifteenth proviso to clause (23C) of section 10.*

*2. The form for approval in Form No 10A has been duly filled in by providing all the information or documents and no false or incorrect information or documents have been provided.*

*3. The registration granted under section 12AB or approval granted under clause (23C) of section 10 has not been cancelled by the Principal Commissioner or Commissioner as authorised by the Board for non-compliance of conditions mentioned in rule 2C or rule 17A of the Income-tax Rules, 1962.*

*4. Where the institution or fund is required to furnish application for approval under clause (ii) of first proviso to sub-section (5) of section 80G, the said institution or fund shall furnish such application within the time allowed under that clause.”*



**44.**Correlating the above conditions with the provisions of Section 80G, the Ld. Sr. counsel submitted that only the first condition mentioned in the aforesaid Circular is in accordance with section 80G of the Act. Therefore, without prejudice to any of the aforesaid submissions, even if the Commissioner can be said to have the power to impose conditions, then also it was only the first condition of the aforesaid Circular that could at the most be sustained and under any circumstances, the other conditions ought to be struck down. All other submissions made by the Ld. Sr. counsel on the correctness of the order passed under section 80G was *mutatis mutandis* to the submissions made in relation to the grounds raised in the appeal filed in ITA No.2168/Mum/2021 against the order u/s 12AB of the Act. Per contra, the Ld. CIT-DR was unable to point out any provision in the Act or Rule which could allow the Ld. PCIT/ CIT to prescribe/impose the conditions other than what is stipulated in statute while granting approval u/s 80G of the Act.

**45.**Therefore, following our conclusions drawn while adjudicating the appeal in ITA No.2168/Mum/2021 holding that the Ld. CIT(E) did not enjoy the power to prescribe/impose any conditions on his own (other than what is stipulated in law) while granting the registration u/s 12AB of the Act (supra), we similarly hold that the Ld. CIT(E) lacked jurisdiction to impose any conditions on his (other than what is stipulated in law) while granting the approval u/s 80G of the Act as well. Accordingly, this appeal also stands allowed. Needless to say, any violations of the conditions prescribed by the statute, will have consequence as sanctioned by law and our observation set out in Para



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37 above shall apply with equal force in the context of this registration accorded by the Ld. CIT(E) u/s 80G of the Act as well.”

3. Respectfully following the Tribunal decisions as cited (supra), we hold that the Ld. CIT(E) did not enjoy the power to impose any conditions on his own while granting the approval u/s 80G of the Act (other than what is stipulated in law). Therefore, the assessee’s appeal is allowed.

4. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 11/10/2022.

Sd/-  
**(PRAMOD KUMAR)**  
**VICE PRESIDENT**

मुंबई Mumbai; दिनांक Dated : 11/10/2022.  
*Vijay Pal Singh, (Sr. PS)*

Sd/-  
**(ABY T. VARKEY)**  
**JUDICIAL MEMBER**



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**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. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुंबई / DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

**आदेशानुसार/ BY ORDER,**

सत्यापित प्रति //True Copy//

**उप/सहायक पंजीकार / (Dy./Asstt. Registrar)  
आयकर अपीलीय अधिकरण, मुंबई / ITAT, Mumbai**