

**IN THE INCOME TAX APPELLATE TRIBUNAL
AMRITSAR BENCH, AMRITSAR**

**BEFORE DR. M. L. MEENA, ACCOUNTANT MEMBER
AND SH. ANIKESH BANERJEE, JUDICIAL MEMBER**

I.T.A. No. 685/Asr/2019
Assessment Year: NA

Bandi Chhor Educational
Charitable Trust (Gwalior)
Dera Kaar Sewa, Khadur
Sahib, Tarn Taran 143117
Punjab

[PAN: AACAB 4889M]

(Appellant)

Vs. CIT(Exemptions)
Chandigarh

(Respondent)

Appellant by : Sh. J. P. Singh, CA

Respondent by: Sh. Rahul Dhawan, CIT DR

Date of Hearing: 12.10.2022

Date of Pronouncement: 21.10.2022

ORDER

Per Dr. M. L. Meena, AM:

This appeal has been filed by the assessee against the order dated 18.09.2019 passed by the Id. Commissioner of Income Tax (Exemptions), Chandigarh (hereinafter referred to as 'the CIT(E)', challenging therein

rejection of its application for registration u/s 12AA of the Income Tax Act, 1961.

2. At the outset, the Id. counsel for the assessee submitted that the Id. CIT(A) has no objection to the charitable nature of objects and the genuineness of the activities of the assessee's trust except questioning the claim of transportation expenses. The counsel further stated that it was explained before the Id. CIT(A) that the applicant is maintaining regular books of account and the transportation charges were debited under the wrong head i.e. salary account to the extent of Rs.7,04,500/- although the same was being paid through bank transfers. However, the Id. CIT(E) was not satisfied with the explanation of the Id. counsel and held that the two transportation expenses claimed to be paid by bank transfers by Mohna School and Madhya Pradesh Gramin Bank were not matching and held that the assessee was not maintaining its books of account properly and in turn the activities of the societies cannot be ascertained.

3. The counsel for the assessee has submitted that the assessee has filed all the details before the Id. CIT(A) including Income and expenditure account, bank account, affidavit, bank statement of income and expenditure reflecting transport expenses duly signed by the CA of the assessee trust. But the CIT(E) without appreciating the facts of the case,

rejected its application for registration. The Ld. AR pleaded that the assessee may be granted registration u/s 12AA.

4. The Id. DR stands by the order of the Id. CIT(E). However, the Id. CIT DR has no objection to the contention of the Id. AR except that income expenditure statement filed by the assessee was required to be certified by the CA.

5. We have heard both the sides, perusal of record and the impugned order. We find that the Id. CIT(A) has not disputed the objects and genuineness of the activities of the trust, and that the only objection raised by the Id. CIT(E) was as regards to the claim of transportation charges being not shown in the relevant year under consideration and being not satisfied with the explanation of the assessee duly supported with the income and expenditure statement signed by the Chartered Accountant of the assessee trust, duly reflecting the transportation expenses incurred during the financial year under consideration and which are being explained to be wrongly debited under the salary account by the Id. counsel during the course of hearing before the bench.

6. The Id. counsel argued that the two entries of transportation expenses were inadvertently accounted for under the head salary account

which has not been appreciated by the Id. CIT(E) and jumped upon the conclusion that books of account were not properly maintained. Although, he has not raised any objection to the charitable nature of the objects and genuineness of the activities of the assessee's society by way of pointing out any adverse comments on the genuineness of the activities in consonance to the objects of the trust.

7. Considering the factual matrix of the case, we hold that the assessee society/trust has a justified claim for registration u/s 12AA of the Income Tax Act. Since the CIT(E) was satisfied with the two basic conditions required for the grant of registration u/s 12AA of the Act, i.e., objectives of the trust and the genuineness of activities. Further, the applicant society was an ongoing entity, and the assessee society is only required to produce a certificate of the CA of the assessee's society to the effect of correction of the two accounting entries to the effect that the transportation expenses were accounted under the salary head (APB pg. no. 79A) before the Id. CIT(E) for the grant of registration. Accordingly, the Id. CIT(E) is directed to grant registration to the appellant society after verification of the CAs certificate on the expenditure of accounting of transportation expenses in its books of account at an early date.

8. In the result, the appeal of the assessee is allowed in the terms indicated as above.

Order pronounced in the open court on 21.10.2022

**Sd/-
(Anikesh Banerjee)
Judicial Member**

**Sd/-
(Dr. M. L. Meena)
Accountant Member**

GP/Sr/PS

Copy of the order forwarded to:

- (1) The Appellant:
- (2) The Respondent:
- (3) The CIT(Appeals)
- (4) The CIT concerned
- (5) The Sr. DR, I.T.A.T

True Copy
By Order