

**आयकर अपीलीय अधिकरण 'बी/एस एम सी' न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'B/SMC' BENCH, CHENNAI**

**महनीय श्री मनोज कुमार अग्रवाल, लेखक सदस्य के समक्ष।**  
**BEFORE SHRI MANOJ KUMAR AGGARWAL, AM**

आयकर अपील सं./ **ITA No.324/Chny/2020**  
(निर्धारण वर्ष / **Assessment Year: 2014-15**)

<b>Pondicherry Science Forum</b> No.30, Second Cross, Thiru Nagar, Moolakulam, Pondicherry – 605 010.	<b>बनाम/</b> Vs.	<b>DCIT</b> CPC, Bengaluru.
स्थायी लेखा सं./जीआइ आर सं./ <b>PAN/GIR No. AABAP-0455-E</b>		
(पीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थी की ओरसे/ <b>Appellant by</b>	:	Shri T. Vasudevan (Advocate) - Ld. AR
प्रत्यर्थी की ओरसे/ <b>Respondent by</b>	:	Shri Sanat Kumar Raha (Addl. CIT)-Ld. DR

सुनवाई की तारीख/ <b>Date of Hearing</b>	:	20-02-2023
घोषणा की तारीख / <b>Date of Pronouncement</b>	:	20-02-2023

**आदेश / ORDER**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2014-15 arises out of the order of learned Commissioner of Income Tax (Appeals), Puducherry [CIT(A)] dated 28-09-2018 in the matter of an intimation dated 27-03-2017 issued by Centralized Processing Center, Bangalore (CPC) u/s. 143(1) of the Act. In the said intimation, the exemption as claimed by the assessee u/s 11/ 12 has been denied and gross receipts have been brought to tax.
2. The Registry has noted delay of 432 days in the appeal, the condonation of which has been sought by the assessee on the strength of condonation petition. It has been submitted that the assessee had to shift its office premises within a short notice. In the process, the

relevant papers got misplaced and immediate steps were taken to file the appeal when the papers were found. The affidavit of the lessor has also been attached in support of the same. It has further been submitted that the delay is neither intentional nor willful. Though Ld. Sr. DR opposed condonation of delay, I am of the view that the assessee deserves condonation of delay since it would not gain anything by late filing the appeal. Accordingly, the appeal is admitted for adjudication on merits.

3.1 From the case records, it emerges that the assessee is a non-profit organization registered under Societies Act. The assessee receives grants-in-aid from Department of Science and Technologies, Govt. of India for implementing Government programs as per directives. The funds are always released based on project requirements and any unspent balances are deducted from release of next installment based on submission of utilization certification by the assessee.

3.2 The assessee filed return of income for this year declaring 'nil' income. Upon perusal of computation of income, it could be seen that the assessee has earned gross receipts of Rs.40.72 Lacs out of which amount of Rs.38.89 Lacs has been expended by the assessee for charitable purposes. The assessee has received corpus donations of Rs.2.34 Lacs and the assessee has accumulated its surplus u/s 11(1). Thus, the net income has been arrived at Nil. The assessee has filed return of income in the capacity of AOP (Trusts). However, the deduction as claimed by the assessee has been denied by CPC on the ground that the assessee was not registered to claim such a deduction.

3.3 The Ld. CIT(A) held that the assessee applied for exemption only in the year 2015-16 and it received approval w.e.f. 01.04.2016 only, Since the assessee did not have any tax exemption, net surplus of Rs.4.79 Lacs was to be taxed in its hands. Aggrieved, the assessee is in further appeal before me.

4. From the facts it is very clear that the assessee has been registered w.e.f. 01-04-2016 only and it is not entitled for impugned exemption for this year. In such a case, its income, on commercial basis, has to be taxed. I find that the assessee is receiving grants-in-aid from Government of India and is required to spend the same on certain projects. Even unspent balance is to be deducted while releasing next installment. Thus, in effect, the assessee would not earn any income out of its receipts. The Ld. AR has submitted that the amount as received by the assessee, in this year, has completely been spent in next year and therefore, the same could not be considered as its income. Concurring with the same, I direct Ld. AO to verify this aspect and re-compute the income, if any, which is to be brought to tax keeping in mind the principle that only income component would be taxable in the hands of the assessee. The assessee is directed to provide the requisite details.

5. The appeal stand partly allowed for statistical purposes.

Order pronounced on 20<sup>th</sup> February, 2023.

**Sd/-**  
**(MANOJ KUMAR AGGARWAL)**  
**लेखा सदस्य / ACCOUNTANT MEMBER**

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF