

**IN THE INCOME TAX APPELLATE TRIBUNAL  
"B" BENCH: BANGALORE**

**BEFORE SHRI GEORGE GEORGE K., JUDICIAL MEMBER AND  
SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER**

ITA No.711/Bang/2020
AssessmentYear:2010-11

St. Ann's Education Society No.742, 6 <sup>th</sup> Block Rajaji Nagar Bangalore 560 010 <b>PAN: AACTS7381J</b>	Vs.	ITO (Exemption)-3 Bangalore
APPELLANT		RESPONDENT

Appellant by	:	Shri V. Narendra Sharma, Advocate
Respondent by	:	Shri Gudimella VP Pavan Kumar, DR.

Date of Hearing	:	23.03.2023
Date of Pronouncement	:	.05.2023

**ORDER**

**PERLAXMI PRASAD SAHU, ACCOUNTANT MEMBER:**

This is an appeal filed by the assessee against the order passed by the Id. CIT(A), Bangalore dated 20.8.2020 DIN & Order No.ITBA/APL/S/250/2020-21/1027762518(1) on the following grounds of appeal:-

- 1. The order of the learned Commissioner of Income-tax (Appeals) - 14 passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as "Act") for AY 2010-11 in so far as to the extent it is held against the Appellant is opposed to law, weight of evidence, natural justice, probabilities, facts and circumstances of the Appellant's case.*
- 2. The learned Commissioner of Income-tax (Appeals) was not justified in law in confirming the disallowance of financial charges*

*a sum of Rs.2,27,12,206/- made by the learned Assessing Officer on the facts and circumstances of the case.*

3. *The learned Commissioner of Income-tax (Appeals) failed to appreciate that the appellant is entitled to claim the financial charges a sum of Rs.2,27,12,206/- incurred in respect of the amount borrowed for the object of the society as application of income on the facts and circumstances of the case.*
4. *The learned Commissioner of Income-tax (Appeals) failed to appreciate that out of financial charges a sum of **Rs.2,27,12,206/- (Rs.1,87,098/- is Bank charges, Rs.74,47,570/- interest paid on term loan to State Bank of India, Rs.1,48,90,558/- interest on loan, Rs.4,710/- loan processing charges and Rs.1,82,270/- interest on vehicle loan)** and the same is allowable as expenditure in **the hands** of the appellant on the facts and circumstances of the case.*
5. *Without prejudice the learned Commissioner of Income-tax (Appeals) failed to appreciate that the learned Assessing Officer in the assessment order observed that financial charges, remuneration to the Secretary to the extent of 50 percent are not to be considered as application of income in computing the income of the society under the provisions of section 11 of the Act and the learned Assessing Officer disallowed the entire financial charges in the computation of income on the facts and circumstances of the case.*
6. *The learned Commissioner of Income-tax (Appeals) erred in confirming the findings of the learned Assessing Officer for the disallowance of financial charges a sum of Rs. 2,27,12,206/- on the facts and circumstances of the case.*
7. *The learned Commissioner of Income-tax (Appeals) erred in confirming the disallowance of 50 percent of the remuneration paid to the Secretary a sum of Rs.12,00,000/- on the facts and circumstances of the case.*
8. *The learned Commissioner of Income-tax (Appeals) failed to appreciate that the remuneration paid to the Secretary is reasonable and not excessive and secretary also paid income tax on the said amount of remuneration of Rs.24,00,000/- in his individual hands on the facts and circumstances of the case.*
9. *Without prejudice the learned Commissioner of Income-tax (Appeals) failed to appreciate that there is a double taxation on the disallowance a sum of Rs.12,00,000/- being remuneration paid to the Secretary, once in the hands of the appellant as well in the*

*hands of the Secretary which is impermissible in law on the facts and circumstances of the case.*

10. *The learned Commissioner of Income-tax (Appeals) was not justified in law in holding that the repayments of loans made during the year a sum of Rs.13,61,59,772/- cannot be treated at application of income while computing income under the provisions of section 11 of the Act on the facts and circumstances of the case.*
11. *The appellant denies the liability to pay interest under section 234B of the Act, in view of the fact that there is no liability to additional tax as determined by the learned Assessing officer. Without prejudice, the rate, period and on what quantum the interest has been levied are not in accordance with the law and are not discernible from the order and hence deserves to be cancelled on the facts and circumstance the case.*
12. *The appellant craves leave of this Hon'ble Tribunal, to add, alter, delete, amend or substitute any or all of the above grounds of appeal as may be necessary at the time of hearing.*
13. *For these and other grounds that may be heard at the time of hearing of appeal, the appellant prays that the appeal may be allowed for the advancement of substantial cause of justice and equity."*

2. The brief facts of the case are that the assessee filed return of income on 14.10.2010 declaring taxable income at Nil after claiming exemption u/s 11 of the Income-tax Act,1961 ['the Act' for short]. The return was selected for scrutiny under CASS. Accordingly, notice u/s 143(2) of the Act was issued to the assessee on 16.9.2011 and other statutory notices were also issued to the assessee. The assessee submitted its reply on different dates. The AO also issued notice u/s 133(6) to the depositors who also replied.

2.1. On perusal of the replies received in response to letters issued u/s 133(6) of the Act from various persons, the AO observed that most of the persons have stated that the amount was given for earning interest at a higher rate and there is no other specific purpose. Many of the deposits made are still lying with the assessee society since three to four years and the society has been paying interest regularly at the rate of interest of 1.5 to 3% per month. Some of the persons have invested their entire retirement benefits with an intention to earn interest at a higher rate and have shown only such interest as their annual income. The Secretary of the Society Sri. T. Balakrishna and Smt. Sulochana Balakrishna have only stated that the advance is provided to support the working capital requirements of the society and no security is given for the advances made to society and it is like current account.

2.2. The AO further observed that from the above it is clearly evident that the money received from the above said creditors are not loan, rather the same are the deposits made by the various persons for earning interest at a higher rate. The interest offered/paid on the deposits accepted is between 1.5 percent to 3 percent per month and differs from party to party. Many of the depositors have also enclosed the ledger extract of the assessee's account in their books, where it is clearly mentioned that the interest given by the St. Ann's Society is at 3%, 2.5%, 2.25% per month. The assessee has also issued "on demand promissory note" signed either by Smt. Sulochana Balakrishna or by Sri. T. Balakrishna mentioning the interest rate to many of the parties. It

is also evident from the receipt issued by the assessee society to Mrs. Vyjayanthi (Sl.No.20) and Smt. M. Asha(Sl.No.10), wherein the interest rate mentioned is at 2.25% per month on the deposits made of Rs. 3.50 lakhs and Rs. 2,00,000/- respectively. According to the AO, all these activities of the assessee indicate that the assessee Society has been indulging in Banking and finance business.

2.3. During the course of assessment proceedings, the AO further observed that the assessee has submitted the details of Bank accounts held in various Banks. The Bank pass book statements for the period 1-04-2009 to 31-03-2010 were called for from all the Banks as per the provisions of section 133(6) of the Act. On perusal of transactions made by the assessee society particularly in Oriental Bank of Commerce account No. Pragati Current A/c No.10991131000069 and the account in Axis Bank it is observed by the AO that Bank account of the Society/Trust has been utilized as the personal current accounts of the Secretary/Trustee and his family members. Majority of the debit/credit entries exceeding Rs. 1 lakh are in the name of Sri. N. Balakrishna, Smt. Sulochana Balakrishna and M/s. Global Paper Agency, a proprietary concern of Sri. B. Venkatesh, Son of Sri. N. Balakrishna. The approximate amount of payment made to M/s. Global Paper Agency itself is around Rs. 1.95 Crores as per the entries found in the Bank account in Oriental Bank of Commerce. It is evident from the entries of all big amounts that if an amount is deposited by one person of the family, subsequently the amount will be withdrawn by another person of the family. Likewise, so many entries are

there in the Bank account statement. These entries clearly indicate that the family members are using the Bank account of the institution as conduit for their personal business and without any purpose are withdrawing the amount and remitting the amount.

2.4. The main objectives of the assessee society as per the Memorandum of Association are:

- i. To conduct Nursery, Primary and Middle school, High school.
- ii. To conduct technical institutions, like as typewriting, shorthand, etc.,
- iii. To conduct Teachers training school
- iv. To conduct adult education
- v. To conduct blind and deaf schools.

2.5. From the above object clause of the assessee society the AO observed that the present activities of the society are running and maintaining schools in the name of St. Ann's School. The Society has been registered under the Karnataka Registrar of Societies Act vide registration certificate No. Sl.No.405/80-81 dated: 10th October 1980. The registration earlier rejected u/s 12A has been re-granted vide order No. ITO(E)/W-2/10A/C-751/DIT(E)/03-04 dated: 03-06-2003.

2.6. On perusal of the Income and expenditure account of the assessee for the period ending 31-03-2010, the AO observed that the total receipts is Rs. 10,38,04,365/- comprising of Fees collection amounting to Rs. 8,53,24,245/- and Capital expenditure receipts from the parents of the students Rs. 1,10,83,100/- and from co-curricular activities fees of Rs. 73,48,020/-. Total excess of income over expenditure as per I & E account is Rs. 89,51,783/.

The major expenditure claimed by the assessee society are Rs. 2,27,12,206/- as financial charges, Rs.1,49,01,235/- as depreciation, Rs. 3,44,46,111/- as establishment charges and Rs. 1,54,50,435/- towards Administration expenses. The assessee has also furnished the bifurcation of interest payment accounted as financial charges as follows: Interest on term loan: Rs. 74,47,570/- on the secured loans borrowed from Banks. Rs. 1,48,90,558/- on other loans i.e shown as unsecured loans. Another peculiar fact observed on perusal of the Balance sheet of the assessee is that the Capital account is running in negative figure i.e., (-)Rs.3,31,35,419. This negative figure is being shown since last few Asst.years. The total assets of the society i.e Rs. 18,02,48,287/- as per Balance sheet inclusive of cash balance, fixed assets, Bank balance and investments is less than the total amount of liability shown as loan outstanding i.e. Rs. 18,22,21,931/-.The liability side also includes Rs.1,85,73,446/- of outstanding liabilities and Rs. 88,74,838/- under the head Current liabilities. These figures lead to a suspicion that the assessee's income go outside the books without utilizing funds for the objectives of the institution and the funds are being utilized for the personal business of the trustees.

2.7. The AO further noticed that the Secretary is working for the institution and he is also involved in personal business activities, which is mixed up with the activities of the society institution and the remuneration drawn by the Secretary from the society is amounting to Rs.24 lakhs. In this regard, the assessee submitted that the Secretary is involved in the day to day activities of the institution and he is a senior most official/faculty of the institution.

The institution is a Charitable institution and claiming exemption u/s 11 of the Act. As per the opinion of the AO, the amount paid to the Secretary towards remuneration is covered u/s 13(3) of the Act, which is not reasonable amount looking to the services rendered by him. Accordingly, he allowed 50% of the remuneration paid to the Secretary. Accordingly, the AO completed the assessment as under:-

COMPUTATION OF INCOME		
	Rs.	Rs.
Income as per Income & Expenditure A/c		10,38,11,881
Less: Exemption u/s 11(1)(a) at 15% of the total receipts		1,55,71,781
Total Income		8,82,40,100
Total Income		8,82,40,100
<u>Less: Application of Income</u>		
(i) Revenue Expenditure claim	9,48,60,098	
Less: Depreciation disallowed as per para 10 above	<u>1,39,14,243</u>	
Balance	8,09,45,855	
Less: Financial charges as discussed in para 9(a) and 9(c) above	<u>2,27,12,206</u>	
Balance Revenue expenditure	5,82,33,649	
Less: 50% of the remuneration to Secretary being disallowed as discussed in para 9(a)	<u>12,00,000</u>	
Balance Revenue expenditure allowable	5,70,33,649	5,70,33,649
Balance available		3,12,06,451

Balance available b/f from previous page		3,12,06,451
Less: Capital Expenditure		65,65,344
Balance taxable income		2,46,41,107
Balance taxable income		2,46,41,107
Tax thereon		73,92,332
ADD: Education cess at 3%		2,21,770
Total tax and Education Cess		76,14,101
Add: Interest u/s 234B		27,41,076
Total tax and interest payable		1,03,55,177

3. Aggrieved from the above order, the assessee filed appeal before the Id. CIT(A). Before the Id. CIT(A), the assessee filed detailed written submissions which were examined by the Id. CIT(A) and he observed that the assessee had taken loan from the banks as well as from others and the amount of the loan is increasing year to year. After considering the detailed submissions, the Id. CIT(A) partly allowed the appeal of the assessee. Aggrieved from the above order, the assessee has filed appeal before this Tribunal.

4. The Id. A.R. reiterated the submissions made before the lower authorities. He further submitted that during the previous year, the assessee has incurred expenditure towards interest of Rs.2,27,12,206/- for the funds borrowed and utilized for the purpose of activity of the society since the expenditure is related to the activity of the society the same was to be allowed as expenditure. The details of expenditure provided by the assessee as under:

Sl.No.	Party Name	Interest amount (Rs.)	Security provided	Purposes
1	State Bank of India	74,47,570	Building	Term loan for construction of building and amenities
2	HDFC Bank Ltd.	1,80,656	Vehicles	Vehicle loan
3	Tata Motors Ltd.	1,614	Vehicles	Vehicle loan
	Total	76,29,840		

4.1. He further submitted that the balance amount of interest of Rs.1,50,82,366/- were paid to the depositors. He further submitted that the loans taken by the assessee from the depositors have not been questioned by the AO. He has disallowed only the interest paid on the loans. Once the principal amount of loan has been accepted then the AO should have accepted the interest paid on principal loan amount. He further submitted that the loans were taken for the running the day to day activity of the society, the revenue authority cannot sit on the arms chairs of the assessee and cannot suggest, how to run the business. During the course of assessment proceedings, some of the depositors were called for examined in detail by the AO and statements were also recorded by him and he did not find any fake deposit of accounts. He also stated that earlier years assessment orders were furnished before the Id. CIT(A) to show that this practice is adopted by the assessee since AY 2003-04 and the revenue has not questioned on this issue in previous years, therefore, the principle of consistency should be followed. The AO has not pointed out that the amounts taken as a loan has been utilized by the society other than the purpose for

which the society is created. The entire amount has been used for the day to day activity of the society and the amount is also not advanced for any other purpose. He further submitted that consequent to the enquiries it is clearly proved that the loans are genuine. Accordingly, the interest payment is also genuine and it should be allowed as expenditure in the hands of the assessee society.

4.2 The Id. A.R. further submitted that in respect of remuneration paid to the Secretary Shri T. Bala Krishnan, he was discharging day to day activity of the society as well as the institutions in the capacity of principal and he is also a Secretary of the society and having lot of work load of the institution/society. He further submitted that the genuineness of the payments have not been doubted by the AO. He has only concluded that the assessee is involved in business activity also. He further referred to paper book pages 31 to 32 which is a computation of income of Shri T. Bala Krishnan in which he offered salary and other income and paid tax thereon. Therefore, there is no loss to the revenue. The Secretary's taxable income is Rs.55,82,921/- and he is coming under the tax bracket of 30%. Since the AO has accepted 50% of the salary paid to the Secretary, therefore, he requested that this amount should not be added into the hands of the assessee.

4.3. The Id. A.R. in regard to ground No.10 submitted that the repayment of loan has not been granted by the lower authorities as application of income while computing the income u/s 11 and 12 of the Act based on wrong facts since the loan was taken for the

day to day activity of the society and such loan has not been doubted by the revenue authorities, therefore, the repayment of such loan shall be granted as an application of income. The details of repayment of loans are as under:

Sl.No.	Details	Amount (Rs.)
1	To bank and financial institutions	2,47,39,545/-
2	To Trustees	3,89,94,500/-
3	To others	7,24,25,727/-
	<b>Total</b>	<b>13,61,59,772/-</b>

4.4. He also referred to the Circular No.100 dated 24.01.1973 issued by the Central Board of Direct Taxes in which it has been stated that the repayment of loan which has been raised for Charitable purpose is also to be considered as an application of income. Relying on the same Circular, the various courts have held that the repayment of loan is also to be considered as application of income for charitable purpose. In support, he relied on the following judgements:-

1. DIT(Exemptions) Vs. Govindu Naicker Estate (2009) 227 CTR 283 (Mad)
2. CIT Vs. Janmabhoomi Press Trust (2000) 242 ITR 457 (Kar)

4.5. He further submitted that during the course of hearing before the AO by way of letter dated 01.03.2013, these facts were brought to the notice of the AO for considering it as an application of income but he rejected the same. He also relied on the following judgements:-

1. CIT Vs. Sridev Enterprises (1991) 59 Taxman 439 (Kar)
2. CIT Vs. Shri Plot Swetamber Murthi Pujak Kain Mandal (1995) 211 ITR 293 (Gujarat)

3. DIT (Exemption) Vs. Span Foundation (2009) 178 Taxman 436 (Delhi)
4. DIT (Exemption) Vs. Govindu Naickr Estate (2009) 227 CTR (Mad) 283
5. CIT Vs. Kothari Sugars and Chemicals Ltd. dated 29.7.1997 of Hon'ble Madras High Court
6. CIT Vs. Janmabhumi Press Trust dated 9.8.1995 of Hon'ble Karnataka High Court.
7. Salem District Lorry Owners Association Vs. CIT dated 8.4.1999 of Hon'ble Madras High Court.

5. On the other hand, the Id. D.R. relied on the order of the lower authorities and submitted that the assessee society is taking loans from other persons and their intention is to make money/earn more interest after investing into the society. The rate of interest paid by the assessee society is very high. Therefore, the entire interest paid by the assessee society should not be allowed. The AO has categorically examined the depositors after issuing notice u/s 133(6) of the Act and statements have been recorded and they have clearly accepted that for earning more money they have invested in the assessee society. It clearly shows that the society is involved in the financing activities also. Further in respect of remuneration paid to the Secretary, he submitted that both lower authorities have rightly examined the issue and found excess amount as per their activities done in the society, which is very unreasonable and excessive. He also submitted that assessee was not able to bring any case of charitable society where the remuneration is equivalent to the assessee society for the same activities. He also submitted that the remuneration is excessive, therefore, the tax should be charged in the hands of the right

person and further submitted that the arguments advanced by the ld. A.R. that there is no loss to the revenue is incorrect.

5.1. Further, in respect of application of income the ld. D.R. relied on the order of the lower authorities and he drew our attention to the assessment orders for AYs 2003-04 to 2010-11 before the lower authorities, where for the AY 2010-11 there is a loss of Rs.1,31,33,243/-. It clearly shows that there was no income available for application of income for considering the income u/s 11& 12 of the Act and the assessee has repaid the loan by taking/accepting additional loan but not from the internal accrual of funds. Therefore, the case law and Circular No.100 of CBDT relied by the ld. A.R. of the assessee is not applicable.

6. After hearing both the sides and perusing the entire material available on record and orders of the authorities below, we note that during the impugned assessment year, the AO has disallowed a sum of Rs.2,27,12,206/-, out of which the assessee has paid interest to three financial institutions to the extent of Rs.76,29,840/- as noted in table (supra) and the rest amount of Rs.1,50,82,366/- has been paid towards discharging the interest to other depositors at a higher rate as observed by the AO in the order. The statements of the depositors have been recorded by the AO during the assessment proceedings in which they have accepted that their motive to invest in the society is to earn more income. Since, the AO has disallowed the on the premise that the interest rate is very high& the loan taken has been utilized for the payment of earlier loans leading to unnecessary/excess interest

& running in loss. The funds of the assessee is not utilized for the objectives of the institution, but utilized for repayment of earlier loan and interest. On perusal of details at pages 95 to 101 of PB, it is noticed that the SBI has sanctioned loan to the assessee at 9.25% p.a. on monthly basis. The bank has granted loan for the specific purpose i.e. land development expenses, Building & amenities & computer etc. for Rs. 10.80 Crores., On perusal of the page No. 47 & 53 of the paper book the assessee has shown application of income under the capital expenditure, it shows that the bank loans were utilized for the designated purpose. In view of this, interest paid to the bank of Rs.74,47,570/- is allowed.

7. Further, the assessee has paid interest to HDFC Bank Ltd. of Rs.1,80,656/- and Tata Motors Ltd. of Rs.1,614/- for the vehicle loan and the use of the vehicles have not been doubted by any of the lower authorities, therefore, this interest is also to be allowed. For the balance of the interest of Rs.1,50,82,366/- paid to others lenders/depositors, the AO is directed to examine whether the loans were utilized for the objective of the society and if so, we direct the AO to restrict interest @ 9.25% p.a., which is equal to the interest rate of loan taken from State Bank of India. The assessee is directed to provide necessary documents for substantiating its case that the loans were utilized for the charitable purpose as set out in the object clause of the assessee and avoid unnecessary adjournments. Accordingly, this ground of appeal is partly allowed for statistical purpose.

8. In ground Nos. 7 to 9 regarding disallowance of Rs.12,00,000 of remuneration paid to the Secretary, the Id. AR submitted that the nature of duties performed by the Secretary cum Principal was furnished before the lower authorities and Rs.24.00/- lakhs paid to the Secretary-cum-Principal was justified who was carrying out various business activities of the trust. The Id. DR submitted that the AO has rightly noted that the Secretary was engaged in personal activities and remuneration is very high which is 4 times the salary paid to other senior faculty. Further, from the details of activities of the Secretary furnished by the assessee before the AO, it was evident that the duties of the Secretary were normal duties and there were no special duties. Even otherwise, the remuneration allowed by the lower authorities at Rs.12 lakh/year is justified & the Id. AR of the assessee is unable to provide details to show that the remuneration paid is commensurate with other similar institutions. The CIT(A) has rightly observed that the nature of work undertaken by the Secretary-cum-Principal are common in other institutions also & it is routine work. The CIT(A) while deciding the issue verified through online information that the average pay is Rs.10.98 lakhs per year as of 2020, whereas the case of the assessee relates to AY 2010-11 i.e., 10 years back, where the remuneration must be much lower. However, the assessee's contention is that the recipient has paid due taxes on the entire amount of Rs.24 lakhs and produced computation of income along with the copy of acknowledgment of return and submitted that there is no loss to the revenue. We find that this aspect has not been examined by the lower authorities. Therefore, we remit this issue to the AO for the purpose of verification as to

whether there is any loss to the Revenue or not and decide the issue as per law. This ground is allowed for statistical purposes.

9. The next ground No.10 raised is regarding application of income for repayment of loan of Rs.13,61,59,772/-. On perusal of the order of the CIT(A), the assessee has submitted details of the borrowed funds and excess expenditure as under:-

A.Y	Capital Account Balance	Income/Loss	Interest Bank	Interest to others	Loan Banks	Loans from others
2003-04	(45,10,642)	(120,08,694)	9,94,283	10,69,483	39,59,398	1,55,95,695
2004-05	(104,16,323)	(3,22,51,522)	8,81,277	23,77,202	2,09,99,048	2,08,52,463
2005-06	(32,58,936)	(3,96,78,806)	10,05,256	25,63,864	5,26,06,852	2,45,11,328
2006-07	(1,32,63,677)	(9,52,83,434)	10,00,431	45,75,976	10,98,35,185	5,52,23,553
2007-08	(1,87,25,027)	(4,17,43,913)	1,08,30,923	1,26,23,677	10,64,09,863	7,84,80,794
2008-09	(3,38,99,658)	(3,20,65,857)	1,10,53,988	1,42,11,292	8,53,24,472	12,10,37,515
2009-10	(4,20,87,202)	(4,44,97,386)	93,97,229	1,99,72,079	7,22,74,895	13,59,65,307
2010-11	(3,31,35,419)	(1,31,33,243)	76,29,840	1,48,90,558	5,08,38,350	13,13,83,581

From the above table, we note that the assessee has suffered loss in all the years. During the course of hearing, the learned DR has pointed out that the assessee has repaid the loans from raising fresh borrowings, therefore, it does not constitute application of income. If

the loan taken by the assessee has not been considered as source of income then it cannot be considered as application of income also. The learned DR has relied on the judgment of the Madras ITAT Bench of the Tribunal in ITA No.2090 & 2172/Mds/2012, order dated 21.02.2013. On perusal of computation filed for the earlier two years, we do not find anywhere that the loan has been offered as source of income. Therefore Circular No.100 of CBDT relied on by the assessee will not support the case of the assessee. The ld. AR of the assessee has relied on judgment of the Co-ordinate Bench of the Tribunal in ITA No.1281/Bang/2016, order dated 01.11.2021 relied by the ld. AR is on a different footing.

9.1. We also note that from the facts available before us, it is not clear whether the loans taken were utilized for the application of income in the past years as well as in current year for the purpose of the objective of the institution. This issue has not been examined by the AO as well as CIT(A) in the light of the judgement relied by the ld. DR. For this limited purpose of verification, we remit this issue to the AO to examine the same and decide this issue as per law. AO is directed not to grant double benefit to the assessee. The assessee is directed to provide necessary documents for substantiating its case that the loans were utilized for the application of income for charitable purpose as set out in the object clause of the assessee and to avoid unnecessary adjournments for early disposal of the case. Accordingly, this ground is allowed for statistical purposes.

10. In the result, the appeal of the assessee is partly allowed for statistical purposes.

Order pronounced in the open court on 22<sup>nd</sup> May, 2023.

Sd/-  
**(George George K.)**  
**Judicial Member**

Sd/-  
**(Laxmi Prasad Sahu)**  
**Accountant Member**

Bangalore,  
Dated, 22<sup>nd</sup> May, 2023.

VG.Sps/Vms/*Desai S Murthy /*

**Copy to:**

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.

By order

Asst. Registrar, ITAT, Bangalore.