

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'H', NEW DELHI**

**BEFORE SH. N. K. BILLAIYA, ACCOUNTANT MEMBER
AND
SH. C.N. PRASAD, JUDICIAL MEMBER**

ITA No.22& 23/Del/2021
Assessment Year: ---

| | | |
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| Haryana Rifle Association C/o Ashok Mittal, 367, Top Floor, Kohat Enclave, Pitampura, New Delhi- 110034 PAN No. AABAH3522N (APPELLANT) | Vs | CIT(E) Chandigarh (RESPONDENT) |
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|---------------|--------------------------|
| Appellant by | Sh. Charitra Gupta, CA |
| Respondent by | Ms. Sapna Bhatia, CIT DR |

| | |
|------------------------|------------|
| Date of hearing: | 21/06/2023 |
| Date of Pronouncement: | 23/06/2023 |

ORDER

PER N. K. BILLAIYA, AM:

ITA No.22/Del/2021 and 23/Del/2021 are two separate appeals by the assessee preferred against two separate orders of CIT(E), Chandigarh dated 16.09.2020 and 17.09.2020 by which the CIT(E) rejected the application of the assessee u/s. 12AA and 80G respectively.

2. Both the appeals are decided by this common order for the sake of convenience and brevity.

3. Briefly stated the facts of the case are that the main objects of the society are to organize, promote, encourage, popularize games and sports specially rifle shooting in the state of Haryana to organize and conduct athletics meet/cross country/ marathon/ mini marathon race at least once a year of district/ state/ national / International level to organize and conduct sports and games tournaments/ championships/ exhibition matches of district/ state/ national/ international level.

4. While examining the application of the assessee in form No.10A and on perusal of the evidences filed by the assessee, the CIT(E) observed that during the financial year 2016-17 the society has shown match fee received amounting to Rs.1210700/- and sale of ammunition amounting to Rs. 215400/-. Further during F.Y.2017-18 the sale of ammunition receipts are shown at Rs. 855554/- and during F.Y. 2018-19 receipts amounting to Rs.3376600/- are shown under Haryana State Champion ship fees.

5. The CIT(E) was of the opinion that sale of ammunition and charging of fees for conducting matches or tournaments is in the nature of commerce and there is no charitable aspect attached to it. The CIT(E) was of the firm belief that the activity of the

applicant trust cannot be said to be charitable as there is commercial motive behind it. The CIT(E) went on to reject both the applications of the assessee.

6. Before us the Counsel for the assessee drew our attention to the financial statements of the association and pointed out that the observations of the CIT(E) are contrary to the facts in as much as the association is fully dependent upon the State of Haryana who provides 'supports promotion money'. It is the say of the Counsel that whenever the association organize rifle shooting tournaments the participants are supplied with the ammunition by the association as the said bullets are not available in the open market. The Counsel concluded by saying that it is incorrect to say that the association is running with a commercial motive.

7. The DR strongly relied upon the order of the CIT(E).

8. We have given a thoughtful consideration to the orders of the authorities below. It would be better to examine the income and expenditure account for the year ending 31.03.2017 and the same is as under :-

| HARYANA RIFLE ASSOCIATION, SONIPAT | | (50) | (50) |
|--|--------------|--------------------------------------|---------------------|
| INCOME & EXPENDITURE A/C FOR THE YEAR ENDING 31ST MARCH 2017 | | | |
| Particulars | Amount | | |
| | Rs | P | |
| I INCOME | | | |
| Sports promotion money from Haryana Govt. | 26,50,000.00 | | |
| Match Fee received | 12,10,700.00 | | |
| Membership Fee Receipt | 18,900.00 | | |
| Sale Of Ammunition | 2,15,400.00 | | |
| Range Stall Charges | 27,000.00 | | |
| Misc. Income | 16,936.00 | | |
| Interest Received From Saving A/c | 83,591.00 | | |
| | | | <u>42,22,627.00</u> |
| II EXPENDITURE | | | |
| Ammunition Expenses | 15,51,816.00 | | |
| Game Expenses | 6,52,150.00 | | |
| Range Expenses | 3,09,360.00 | | |
| Sports Material Expenses | 3,29,910.00 | | |
| Medals & Trophies | 57,558.00 | | |
| Hotel Expenses | 50,111.00 | | |
| Players Refreshment Expenses | 33,859.00 | | |
| Salary Expenses | 5,98,700.00 | | |
| Conveyance Allowance | 14,400.00 | | |
| House Tax Allowance | 72,000.00 | | |
| Advertisement Expenses | 10,000.00 | | |
| Computer Expenses | 2,520.00 | | |
| Taxis Hire Charges | 1,09,200.00 | | |
| Conveyance Expenses | 15,420.00 | | |
| Office Repair & Maintenance Expenses | 1,31,267.00 | | |
| Legal & Professional Charges | 25,000.00 | | |
| Subscription & Membership paid | 2,015.00 | | |
| Postage & Telegram Expenses | 340.00 | | |
| Bank Charges | 134.22 | | |
| Misc Expenses | 7,510.59 | | |
| Printing & Stationary | 13,065.00 | | |
| Staff Welfare | 20,575.00 | | |
| Telephone Expenses | 13,371.51 | | |
| Website Expenses | 10,000.00 | | |
| Depreciation A/c | 36,735.00 | | |
| | | | <u>40,57,027.32</u> |
| Excess of Income over Expenditure | | | 1,55,499.68 |
| For V.K.ANAND & ASSOCIATES Chartered Accountants | | For HARYANA RIFLE ASSOCIATION | |

9. It can be seen from the above statement that the association has purchased ammunition at Rs.1551816/- and sold the same at a subsidized amount of Rs.215400/- by incurring a substantial loss which has been recouped by receiving sports promotion money from Haryana Government. The association organises

several tournaments of State/ National level for which it receives match fee and the same is spent on the furtherance the object of the association.

10. Considering the facts in totality in the light of the income and expenditure statement we are of the considered view that the appellant association is not running on profit motive and, therefore, is very much eligible or registration u/s. 12AA and 80 G of the Act. We accordingly direct the CIT(E) to grant registration.

11. In the result, both the appeals are allowed.

Order pronounced in the open court on 23.06.2023.

Sd/-

[C.N. PRASAD]
JUDICIAL MEMBER

Dated: .06.2023

Neha

Copy forwarded to:

1. Appellant
2. Respondent
3. CITi
4. CIT(A)
5. DR

Sd/-

[N.K. BILLAIYA]
ACCOUNTANT MEMBER

Asst. Registrar
ITAT, New Delhi