

आयकर अपीलीय अधिकरण न्यायपीठ रायपुर में।  
IN THE INCOME TAX APPELLATE TRIBUNAL,  
RAIPUR BENCH, RAIPUR

BEFORE SHRI RAVISH SOOD, JUDICIAL MEMBER  
AND  
SHRI ARUN KHODPIA, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA No. 09/RPR/2020  
निर्धारण वर्ष / Assessment Year : 2019-20

Rajkumar College Society  
G.E. Road,  
Raipur (C.G.)-492 001  
PAN : AAATR2307R

.....अपीलार्थी / Appellant

**बनाम / V/s.**

The Commissioner of Income Tax (Exemption)  
Bhopal.

.....प्रत्यर्थी / Respondent

Assessee by :Shri Jehangir D. Mistry, Sr. Advocate a/b  
S/ssh. Madhur Agrawal, Advocate,  
Praveen Khandelwal, CA &  
Praveen Goyal, CA

Revenue by :Smt. Ila M. Parmar, CIT-DR

सुनवाई की तारीख / Date of Hearing : 29.05.2023

घोषणा की तारीख / Date of Pronouncement : 10.07.2023

**आदेश / ORDER****PER RAVISH SOOD, JM:**

The present appeal filed by the assessee society is directed against the order passed by the Commissioner of Income-Tax (Exemption), Bhopal u/s.10(23C)(vi) of the Income Tax Act, 1961 (for short 'the Act') dated 02.12.2019 wherein the approval granted by the then Chief Commissioner of Income Tax, Raipur vide his order u/s.10(23C)(vi) of the Act dated 29.02.2008 was withdrawn w.e.f. A.Y.2016-17. The assessee society has assailed the impugned order on the following grounds of appeal before us:

"1. That on the facts and in the circumstances of the case and in law, the Commissioner of Income Tax(Exemption) erred in cancelling the approval granted u/s.10(23C)(vi) of the Act vide order dated 02/12/2019.

2(i). That on the facts and in the circumstances of the case and in law, the Commissioner of Income Tax (Exemption) failed to prove that the condition mentioned in 15<sup>th</sup> proviso to Section 10(23C)(vi) are satisfied so as to cancel the approval granted under the said section.

2(ii). That on the facts and in the circumstances of the case and in law, the Commissioner of Income Tax (Exemption) failed to prove that the income of the society is applied in contravention to clause (a) of the third proviso to section 10(23C)(vi) of the Act.

2(iii).That on the facts and in the circumstances of the case and in law, the Commissioner of Income Tax (Exemption) failed to prove that funds of the society are invested or deposited in contravention to clause (b) of the third proviso to section 10(23C)(vi) of the Act.

2(iv). That on the facts and in the circumstances of the case and in law, the Commissioner of Income Tax (Exemption) failed to prove that the activities of the society are not genuine or not carried out in

accordance with all or any of the conditions subject to which it was notified or approved.

3(i) That on the facts and in the circumstances of the case and in law, the Commissioner of Income Tax (Exemption) erred in concluding that the intent of sub-leasing of small plot of land out of the total leased land of the society is an illegal activity and also is a commercial activity.

3.(ii) That on the facts and in the circumstances of the case , the allegations levelled by the Commissioner of Income Tax (Exemption) with regard to commercial activity of the assessee society is baseless and incorrect.

4. That on the facts and in the circumstances of the case and in law, the Commissioner of Income Tax (Exemption) erred in concluding that the society had not accounted for the income from sub-lease when there was no income received or accrued during the year under consideration.”

2. Succinctly stated, the assessee society which runs colleges and schools at Raipur was granted registration u/s.10(23C)(vi) of the Act vide order bearing F.No.CCIT/Tech/23(C)(vi)/41/07-08 dated 29.02.2008 by the Chief Commissioner of Income Tax, Raipur.

3. During the course of the assessment proceedings for A.Y.2016-17, it was observed by the A.O that the assessee society had violated terms and conditions on which approval was granted to it u/s.10(23C)(vi) of the Act. On the basis of the report submitted by the A.O, the CIT(Exemption), Bhopal called upon the assessee to show cause as to why the registration granted to it u/s.10(23C)(vi) of the Act may not be withdrawn. On a perusal of the records, it transpires that the registration granted to the

assessee society u/s.10(23C)(vi) of the Act was sought to be withdrawn for the following reasons:

“1. As per sub-lease deed furnished by the assessee, the assessee society has sub-leased leasehold nazul land comprised in Block No.27 Plot No.8, Block No.30 Plot No.2 & Block No.31 Plot No.2 admeasuring 40 ft. X 2080 ft. equivalent to 83,200 Sq.ft. which is referred to as "the demised premises" to M/s Avinash Builders, Raipur on 09.09.1999 for premium of Rs.24,00,000/- and annual rent of Rs.12,00,000/-for the period of 27yrs.02 months. Further, on verification it is also noticed that as per Income & Expenditure account, the assessee society is not showing any such rental income as mentioned above.

2. On perusal of the permission letter dated 22.02.95, granted to the assessee society from Registrar of Firms and Societies M.P. Bhopal it is found that in the said letter it is clearly mentioned that land or piece of land will be used only for those work, for which it is taking on lease.

3. It is necessary to mention here that the said property was owned by the Rajkumar College Society on which educational institution is running, is the leased property. This leased property is the Nazul land which was provided by the then M.P. Govt. to the assessee society only for educational purposes. It is clearly mentioned in the renewal of lease agreement dated 16<sup>th</sup> July 1996 that the land will be used only for educational purposes. The term used in the renewal of lease agreement is "Kewal Shikshan Sanstha Hetu".

4. It is also necessary to mention here that the said property was sub-leased by the assessee society which is bad in law for the reason that the said property is not the personal property of the assessee society. There is no right of the assessee society to sub-lease the same. In this regard, only right was of the then M. P. Govt. to lease the said property (Nazul land) to M/s Avinash Builders. As such, the Nazul land sub-leased by the assessee society to M/s Avinash Builders is not correct. At present, on sub-leased property owned by M/s Avinash Builders, a commercial complex is running in the name & style "Maruti Business Park".

5. The Tahsildar Nazul, Raipur also issued a letter dated 20/10/2016 to the Rajkumar College society and intimated that Hon'ble High Court vide its order dated 06/05/2013 has

directed that the purpose of land is educational, then on what basis the said land is used for commercial purpose. This is the violation of lease without permission.”

4. In reply, it was the claim of the assessee society that registration granted u/s.10(23C)(vi) of the Act could be withdrawn or cancelled only in four situations, as under:

“(A) That the institution has not applied income in accordance with the provisions of clause (a) of the third proviso where it has been provided that the income has been accumulated or applied for the purpose otherwise than wholly and exclusively to the objects of the institution for which it is established; or

(B) That the institution has not invested or deposited its funds in accordance with the provisions of clause (b) of the third proviso.

(C) And that the activities of institution are not genuine; or

(D) Such activities of institution are not being carried out in accordance with all or any of the conditions subject to which it was notified or approved.”

It was the claim of the assessee society that its case did not fall within the realm of either of the aforesaid situations which would have justified cancellation of the registration granted to it u/s. 10(23C)(vi) of the Act. Apart from that the assessee society came forth with an explanation on each of the specific issues, on the basis of which, its registration u/s.10(23C)(vi) of the Act was sought to be withdrawn, therein, stating as under:

“(ii) We further submit our, explanation on the basis of facts on each specific issue referred by you, in the show cause notice which is as follows-

(a) The sub lease of nazul land to M/s Avinash Builders has been cancelled on 30.04.2008. The reason for such cancellation was

that no financial transaction was occurred between Rajkumar College Society and M/s.Avinash Builders, Raipur (C.G.). We would like to bring to your kind attention that the land which was sub leased to M/s Avinash builders was the dispute land.

- As far as violation of conditions as specified u/s.10(23C)(vi) of the Income Tax Act, 1961 is concerned, none of the condition was violated by the assessee in this situation.

(b) The assessee had also written to the Tehsildar Nazul Raipur, that 'lessee' i.e. M/s Avinash Builders, was not using sub leased land, as per the prescribed lease conditions of government; therefore illegal construction on land may be demolished and leased land be repossessed.

(iii) The old management had taken an inappropriate decision of sub leasing the land of the 80,000 sq. Ft. Due to this, case was filed in the court by the assessee and decree was granted by the court to the assessee under which the possession of approximately 2/3 of the sub leased land was given to the assessee i.e. Rajkumar college Society, and now which is being utilized for educational purpose as per section 10(23C)(vi). Only 1/3 portion of the sub leased land at present is with M/s Avinash Builders, and such portion is still in dispute and we are in process to recover that land portion also. Further, even this situation does not warrant cancellation of registration U/s 10(23C)(vi).

(iv) As far as accrued interest and TDS is concerned, assessee was not aware about such amount of accrued interest of which TDS was deducted by the bank as the bank did not intimate deduction of TDS and same was came to knowledge of the assessee after going through form 26AS. Due, to this it was not considered as income of the assessee in its Income/Expenditure account. **However, assessee does not have any objection in treating it as the income of the assessee and the same shall no' be taxed and will not affect the tax liability of the assessee.** And this fact is also submitted to the ACIT (Exemption) Raipur-on 18.10.2018 by the assessee and it will also not warrant cancellation of registration.

(v) Regarding the accumulation in excess of 15% and violation of provision u/s.11, the activity, assessee in submission stated that, there is no violation of Section 11(1), 11(2) r.w.s. 11(3) of Income Tax, Act as claimed in the show cause notice. It is also submitted that this proceeding is in respect to 10(23C)(vi) and not in respect to section 11. We have deposited this surplus in modes or the assets as specified in section 11(5). So therefore, surplus can be accumulated and the period of accumulation is 5 years and

A.Y.2016-17 was the first year in which surplus more than 15% occurred. Your kind attention is drawn to Audit Report 10BB vide with the department which also confirms that no portion of surplus was invested in the modes of investments other than those specified in section 11(5) of the Income Tax, Act. Your kind attention is drawn to Para 15(a) of audit report in form 10BB.

(vi) On the basis of above facts, no conditions of Section 10(23C)(vi) are violated by the assessee, and on cancelling the exemption of the assessee will cause undue hardship on it. Hence, the benefit of the exemption shall not be cancelled.”

However, the aforesaid explanation of the assessee did not find favour with the CIT(Exemption). The CIT(Exemption) holding a conviction that the assessee society had violated the conditions which would justify cancellation of the registration u/s.10(23C)(vi) of the Act, observed as under:

“5. The reply furnished by assessee is not acceptable on the following grounds;

(A) The assessee society is an educational society. The State Government has leased the land at Raipur to Rajkumar College Society for the purpose of educational purpose only. However, it is found that assessee, this leased property is the Nazul land which was provided by the then M.P. Govt. to the assessee society only for educational purposes. It is clearly mentioned in the renewal of lease agreement dated 16th July 1996 that the land will be used only for educational purposes. The term used in the renewal of lease agreement is "Kewal Shikshan Sanstha Hetu". Assessee transferred the land on lease to 3rd party without seeking approval from State Government. This is a clear case of violation of the law of then State Government for which the said land was leased.

(B) As per sub-lease deed furnished by the assessee, the assessee society has sub-leased leasehold nazul land comprised in Block No.27 Plot No.8, Block No.30 Plot No.2 & Block No.31 Plot No.2 admeasuring 40 ft. X 2080 ft. equivalent to 83,200 Sq. ff. which is referred to as "the demised premises" to M/s Avinash Builders, Raipur on 09.09.1999 for premium of Rs.24,00,000/- and annual rent of Rs.12,00,000/- for the period 27 yrs. 02 months. However the society has not shown any such income in the year under

consideration. It is seen from the Income & Expenditure accounts that the society has shown Rs. 65.40 lacs {Lease pr 24.00 lacs and rent Rs. 41.40 lacs} in the F.Y. 2007-08. The lease agreement with M/s Avinash Builders was on 09.09.1999 and therefore the lease rent would be Rs.1.08crs (approx.). Hence the society has not shown the entire rent during the F.Y.2007-08 or in the earlier assessment years. The society is also not showing such rental incomes subsequent to F.Y. 2007-08 except for receiving the old rent receivable from M/s Avinash Builders out of Rs 65.40 lacs as on 31.03.2016.

(C) It is necessary to mention here that the property on which educational institution is running, is the leased property. This leased property is the Nazul land which was provided by the then M.P. Govt. to the assessee society only for educational purposes. It is clearly mentioned in the renewal of lease agreement dated 16th July 1996 that the land will be used only for educational purposes. The term used in the renewal of lease agreement is "Kewal Shikshan Sanstha Hetu".

(D) It is also necessary to mention here that the property sub-leased by the assessee society is bad in law for the reason that the said property is not the personal property of the assessee society. There is no right of the assessee society to sub-lease the same. In this regard, only right was of the then M. P. Govt. to lease the said property (Nazul land), if any, to M/s Avinash Builders. As such, the Nazul land sub-leased by the assessee society to M/s Avinash Builders is not correct and a violation of law. At present, on sub-leased property owned by M/s Avinash Builders, a commercial complex is running in the name & style "Maruti Business Park".

(E) Assessee in its reply dated 10.01.2019 has accepted that, the old management had taken an inappropriate decision of sub leasing the land of the 80,000 sq. Ft. The submission that the society has subsequently cancelled the said sub lease agreement with M/s Avinash Builders is also not acceptable. It is a fact that the society had passed a resolution dated 04<sup>th</sup>& 5<sup>th</sup> 09.1994, to authorize the management committee of the society for commercial use of the said land. As per documents produced, it is seen that the society had earlier sub leased the said property to another entity M/s. Jintendra Properties in the year 1995, which was cancelled and subsequently given to M/s. Avinash Builders. It is a fact that the society has unauthorizedly changed the land use of the said leased property in violation of the land use mentioned in the lease agreement with the then State Govt. Furthermore, as per submission it is argued that old management had done such irregular transactions and after noticing the same then management have taken immediate action to

take back the sub leased land to M/s Avinash Builders. However, it is seen that there was a change in management in the year 2004 but the notice for cancellation of the said sub-Lease agreement is stated to have issued in 2008 only. This shows that the action -of the new management of the society was also not prompt to nullify such illegal agreements. As per the report of the AO the commercial complex i.e. "Maruti Business Bank" on the said leased land is still existing and is not in the possession of the society nor Government and not being used for the purpose of education as mandated by the then State Government in the lease grant. The Society has also not brought this fact before the Authority at the time of approval given to it u/s.10(23C)(vi) of the Act, hence it amounts to misrepresentation of correct facts.

Also the said sub lease agreement still exists and property concerned is in the possession of the Sub lease holder but the assessee society has not shown any such lease rent, income in the accounts of the society. The decision of the management was taken without prior information and approval of State Government. This shows that it is all done for commercial gain and has violated the State Government law. Further, assessee has not reported this violation of lease agreement during the proceedings for approval U/s 10(23C). Therefore, it has violated terms and conditions stated in clause (vii) of the approval order U/s.10(23C)(vi), which states as under :

(vii) "the approval shall be void if it is subsequently found that it has been obtained by fraud or misrepresentation of facts"

The above amounted to concealment/mis-representation of information sufficient to cancel or withdraw the approval given u/s.10(23C)(vi).

F. Regarding the suppression of interest income of Rs.27,12,186/-, it is stated to be an omission by it. However, it is not acceptable. The society being enjoyed the benefit of exemption does not allow the society not to maintain its account properly. The society is audited by C.A. and Auditors, having special knowledge in accounts. Hence, cannot take the excuse that, such income was not intimated by Bank. Now a day such interest incomes from Banks are visible and accessible to the assessee online. Moreover, had there been no scrutiny by the AO, such irregularities would never come to light. This shows that the society has not carried out its activities in accordance with law.

6. The matter being so, the approval already granted under section10(23C)(vi) can be withdrawn as the authority is satisfied

that the activities of the assessee are not being carried out in accordance with all or any of the conditions subject to which it was approved.”

5. The CIT(Exemption) on the basis of his aforesaid observations was of the view, viz. (i) that the activities of the assessee society were not being carried out in accordance with all or any of the conditions subject to which it was approved registration u/s.10(23C)(vi) of the Act; and (ii) that the activities of the assessee society were not found to be carried out in accordance with law. Accordingly, the CIT(Exemption) on the basis of his aforesaid deliberations withdrew the registration that was granted to the assessee society vide his order dated 02.12.2019 u/s.10(23C)(vi) of the Act – “15<sup>th</sup> proviso” w.e.f. A.Y.2016-17.

6. The assessee being aggrieved with the order of the CIT(Exemption) u/s.10(23C)(vi) of the Act dated 02.12.2019 has carried the matter in appeal before us.

7. We have heard the ld. Authorized Representatives of both the parties, perused the orders of the lower authorities and the material available on record, as well as considered the judicial pronouncements that have been pressed into service by them to drive home their respective contentions.

8. As withdrawing of assessee's registration u/s.10(23C)(vi) of the Act is based on multi-facet reasons, therefore, we shall deal with the same in chronological manner, as under:

**A). Re: Assessee society had no right to sub-lease the Nazul land which was provided to it on lease by the Government of Madhya Pradesh**

9. As is discernible from the order passed by the CIT(Exemption), Bhopal u/s.10(23C)(vi) of the Act dated 02.12.2019, it transpires that it was observed by him that the property sub-leased by the assessee society to M/s. Avinash Builders was bad in law and in violation of law, for the reason that the exclusive rights to lease the said property (Nazul land) were vested with the Government of Madhya Pradesh.

10. We have given a thoughtful consideration to the aforesaid observation of the CIT(Exemption) and are unable to persuade ourselves to subscribe to the same. On a perusal of the lease deed dated 16.07.1996, on the basis of which land was granted on lease to the assessee by the State Government of Madhya Pradesh, it transpires that the same clearly contemplates vesting of the rights of assignment of the premises or any part thereof with the lessee, i.e. assessee society. For the sake of clarity, the relevant clause of the aforesaid lease deed dated 16.07.1996, Page 2A of APB is culled out, as under:

“(6) The lessee shall upon every assignment of the premises or any part thereof and within one calendar month thereafter deliver a

notice of such assignment to the Collector setting forth the names and description of the parties to every such assignment and the particulars and elect thereof.”

Considering the aforesaid facts, we are of the considered view that the observation of the CIT(Exemption), Bhopal that the assessee society was not vested with any right to sub-lease the property in question, i.e. Nazul land to M/s. Avinash Builders and thus, by so doing had violated the law, is found to be misconceived and incorrect. Apart from that, a perusal of the extract of the minutes of the ordinary meeting of the assessee society held on 04/05.09.1994, Page 3 of APB, reveals that the managing committee was duly authorized and empowered to apply to the Collector/State Government for granting of permission to explore the possibility of disposing off the land in question, inter alia, by lease at the prevailing market rates. For the sake of clarity the extract of aforesaid minutes dated 04/05.09.1994 are culled out as under:

“It was unanimously resolved that in order to generate funds for implementing the Astro-Turf project & to provide more hostel accommodation to the Girls of the school and also to provide adequate safe guard against unlawful encroachment of the lease hold hand granted to the society by the state govt., the Managing Committee is fully authorized and empowered to apply to the collector/state govt. for permission to divert 40 ft. wide strip of land facing G.E. Road, Raipur and 50 ft. wide open area on the Eastern side of the lease hold area contained in Block No.27, Plot No.8, Block No.30, Plot No.2 and Block No.31, Plot No.2 for commercial & residential purposes and after grant of such permission to explore the possibility of disposing off the aforesaid two strips of land either by sale or by lease or by any other suitable arrangements at the prevailing market rates.

It was further resolved that the Managing Committee shall be fully empowered to invite offers from the prospective transferees for the

disposal of the aforesaid two strips of land comprised in the lease hold area; to negotiate with the prospective transferees and after getting formal approval regarding terms & condition of the bargain from the President & the Vice President of the Rajkumar College Society, Raipur (M.P) to enter into final agreement/agreements with the prospective transferees.”

Further, we find that the Registrar, Firms & Society, Madhya Pradesh vide its letter dated 22.02.1995 addressed to the Chairman of the assessee society, Page 4-5 of APB, had categorically stated that the permission for granting the land situated on Plot No.27, 28, 29, 30 & 31 and Plot No. 0, 1,12 and 2 i.e. 40 x 2901 =1,16,720 feet on lease to M/s. Jitendra Properties and M/s. Avinash Builders u/s.21 of the Act had been granted subject to certain conditions. For the sake of clarity, the aforesaid letter dated 22.02.1995 is culled out, as under

Office of the Registrar, Firms & Society, Madhya Pradesh  
Old Secretariat, Bhopal

Number/...../.....

Bhopal, dated 22-2-95

To,

The Chairman,  
Rajkumar College Society,  
Raipur.

Subject: Regarding permission for granting land on lease

Reference: Society's letter no. dated 13.2.95

Rajkumar College Society, Raipur is society registered vide number 21 dated 2.4.1932. On which all provisions of Madhya Pradesh Society Registration Act 1973 applies. The permission for granting the land of the said society situated on plot no. 27, 28, 29, 30 and 31 and plot no. 0, 1, 12 and 2 i.e. 40 x2901=1,16,720 feet, on lease to M/s Jitendra Properties and M/s Avinash Builders under Section 21 of the Said Act, has been granted

under following terms. Copy of the resolution passed on 4/5 September94 by the General Assembly be sent.

1. The amount so received on the lease of land, will be expended by the Society for use of the College.
2. Land or any part thereof, be used for the same purpose, for which it is giving on lease. The ownership right should remain with the Society itself.
3. The rate of lease shall not be less than the present market rate.
4. Copy of the lease deed will be sent to Registrar, wherein all the terms should be mentioned.
5. Permission by the competent authority should be taken for construction of building etc. over this land.

Sd/-  
Registrar  
Firms & Society, Madhya Pradesh”

11. On the basis of the aforesaid facts, we are of the considered view that the CIT(Exemption), Bhopal had wrongly observed that the assessee society had in violation of law sub-leased the property i.e. Nazul land to M/s. Avinash Builders. In our considered view, as can safely be gathered on a perusal of the aforesaid documents, as the assessee society remaining well within its rights, had sub-leased the property, therefore, the aforesaid observation of the CIT(Exemption) cannot be sustained and is liable to be struck down.

**B). Re : that as the State Government as per the lease agreement (renewal) dated 16.07.1996 had leased the land to the assessee society for “Kewal Shikshan Sanstha Hetu” ( for educational purpose only), therefore, sub-leasing of the said land by the latter without seeking approval from the State Government to M/s. Avinash Builders, Raipur was clear case of violation of law.**

12. Although as observed by the CIT(Exemption), Bhopal and, rightly so, as per the lease deed dated 16.07.1996 the land in question was leased by the State Government of Madhya Pradesh to the assessee society for **“Kewal Shikshan Sanstha Hetu”** (for educational purpose only), Page 1 to 2B of APB. However, we are of the considered view that the scope for which, the aforesaid land had been leased to the assessee society had wrongly been construed by the CIT(Exemption). Our aforesaid observation is fortified by the fact, that as per the terms of the aforesaid lease deed, the lessee i.e. the assessee society was vested with the rights, though subject to previous permission of the Collector, to carry on or permit to be carried on, on the premises any trade, business or activity for the regulation of which provision has for the time being been made by or under the law relating to municipalities; or carry on any trade, business or activity which had not been so regulated, subject to condition that the same does not result to any annoyance or offence to the neighbours. For the sake of clarity, the relevant Clause of the aforesaid lease deed dated 16.07.1996 (supra) is culled out as under:

“(5)(a) The lessee shall not without the previous permission of the Collector carry on or permit to be carried on, on the premises any trade business or activity for the regulation of which provision has for the time being been made by or under the law relating to municipalities; provided that such permission shall not exempt the lessee from fulfilling any requirements under the said law to which he shall always remain subject.

(b) The lessee may carry on or permit to be carried on, on the premises, any trade, business or activity which has not been so regulated but he shall be bound to discontinue the same, if the lessor on being satisfied on the complaint of the neighbours that it is a source of annoyance or offence to them, requires the lessee to do so within such time as may be fixed in the requisition.”

On the basis of aforesaid conditional vesting of right with the lessee i.e. the assessee society to carry on the demised premises any trade, business or activity, clearly reveals that carrying out of the said activity was permitted on the same. At this stage, we may herein observe, that a perusal of the objects of the assessee society, Page 50 of APB reveals that the same, inter alia, included controlling and administering movable or immovable property belonging to the assessee society to raise funds; and acquire such property and to do all acts which are incidental and conducive to the attainment of the primary objects of the society i.e. maintaining and managing the institution run by it, viz. “Rajkumar College”, a public school at Raipur. For the sake of clarity, the objects of the assessee society as gathered from its by-laws are culled out, as under:

“(a) to maintain and manage the institution known as the “Rajkumar College” as a public school at Raipur which will be open to all without distinction of race or creed or caste or special status with a view to develop in an atmosphere of Indian Traditions, culture and social environment, the best features of a Public School such as its discipline, esprit de corps, the building up of character, team work, physical development and spirit of chivalry, fairplay and straight dealing.

(b) to control and administer the property, movable or immovable belongs to the said college, to raise funds and

acquire property movable or immovable, hereinabove and to hold all in trust for the said college and

(c) to do all acts which are incidental and conducive to the attainment of the above objects of the society.”

On a conjoint perusal of the aforesaid clauses r.w. lease deed dated 16.07.1996, it can safely be gathered that the exploitation of the land in question by the assessee society i.e. lessee by either carrying on; or granting permission to carry on, on the same any trade, business or activity subject to conditions therein provided, as long as the said acts were incidental and conducive of its primary objects, i.e. maintaining and managing of the institution, viz. Rajkumar College, a Public School at Raipur, which would involve raising of funds for controlling and administering the said property as well as attainment of its objects, would thus clearly fall within the realm of using of land for educational purpose. In fact, we find on a perusal of the legal notice dated 19.03.2018 issued by the assessee society to the aforesaid M/s. Avinash Builders seeking vacation of its property read a/w. resolution No. 4 passed in ordinary meeting of assessee society held on 04/05.09.1994, that the Managing Committee of the assessee society considering the recurring and pressing needs of finance for its smooth functioning and undertaking of other development activities on its campus; and also to avoid infiltration by undesired elements, had thus, decided to sub-lease out small strips of land admeasuring 40 feet x 2080 feet equivalent to 83200 sq.ft, Block 27,

Plot No.8 and Plot No.2 in Block Nos. 30 & 31 (G.E. Road, NH-6) abutting the road of the main gate on the northern side of the college compound, and was situated far away from the academic blocks to M/s. Avinash Builders.

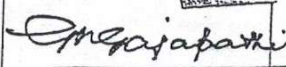
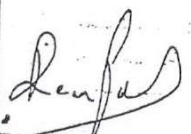
13. Considering the aforesaid facts, we are of a strong conviction that the sub-leasing of the land in question by the assessee society was in conformity with its objects clause of controlling and administering its movable property a/w. garnering of funds, which as per the pressing financial needs were at the relevant point of time required for smooth functioning of its institution. Apart from that, we find on a perusal of the letter issued by the Office of the Joint Director, Town & Country Planning, Raipur (MP) dated 23.01.1998, Page 28 to 31 of APB that permission was granted to the assessee society for construction of shops on 20,000 sq.ft land (out of land admeasuring 540612 lacs sq.ft.) which though were to be used only for the requirements of integrated residential school, i.e. for stationary, medical stores, counter articles stores, sports articles, laundry and general stores etc. Further, the letter dated 06.06.1998 of the Municipal Corporation, Raipur, Page 32 to 35 of APB reveals that sanction was granted for construction of a building on the demised premises. In fact, the Municipal Corporation (Building Construction Permission Division), Page 36 of APB, had clearly stated in its letter that shops

proposed to be constructed were only to be used for the requirements of integrated residential school, i.e. for stationary, medical stores, counter articles stores, sports articles, laundry and general stores etc.

14. At this stage, it would be pertinent to point out that as the sub-lessee i.e. M/s. Avinash Builders had failed to fulfil the terms and conditions of the registered lease executed with the society, therefore, the latter vide its resolution dated 08.11.2004 had unanimously resolved to issue legal notice for termination of the sub-lease deed. For the sake of clarity, the minutes of the ordinary meeting of the General Council of the assessee society held on 08.11.2004 is culled out as under:

EXTRACT OF MINUTES OF THE ORDINARY MEETING OF  
THE GENERAL COUNCIL RAJKUMAR COLLEGE SOCIETY,  
RAIPUR (CG) HELD ON 08<sup>TH</sup> NOVEMBER 2004

11. It was unanimously resolved that since M/s Avinash Builders have not fulfilled the terms and conditions of the registered lease due with the Society, legal notice for termination of the said lease deed. Further resolved that the legality of the registered lease deed be examined in the light of the decision of the Chhattisgarh Government to cancel the order of the erstwhile M.P. Government changing use of land on the northern boundary of the College premises. It is further resolved that Rajkumar College Society acting through its Principal cum Jt. Secretary to disengage itself as a party contesting any and all court cases having common interest with M/s Avinash Builders.

Thereafter, the assessee society had issued legal notice dated 19.03.2008 to M/s. Avinash Builders and others, wherein the latter was called upon to vacate the premises as the lease was determined w.e.f.30.04.2008 for two fold reasons, viz. (i) that the sub-lessee had contravened the terms of sub-lease and had encroached upon the land of the assessee society; and (ii) that the sub-lessee had failed to pay premium and rent. Also, we find that the assessee society in reply to the letter received from Court of Tahsildar, Nazul, Raipur (C.G.), dated 20.10.2016 had vide its letter dated 04.11.2016, Page 72-73 of APB brought to his notice that it had vide its legal notice dated 19.03.2008, inter alia, on learning about the failure of the sub-lessee, viz. Avinash Builders to obtain requisite permissions/NOC from the Government, had terminated the lease. Also, the assessee society had submitted before the Court of Tahsildar that it had no objection in case any action was taken against the sub-lessee viz. M/s. Avinash Builders with respect to illegal construction carried out by it.

15. Considering the aforesaid facts, we are of the considered view that the land in question granted on lease to the assessee society by the State Government of Madhya Pradesh only for educational purposes, had thereafter been exploited by the latter as per terms of the lease deed after obtaining the requisite approvals from the government authorities and, the said activities being clearly in conformity with its object clause of running

a educational institution i.e. Rajkumar College, a public school at Raipur, thus, could not have been held to have been used for a purpose other than that for which, it was granted on lease to it' nor in violation of any law as observed by the CIT(Exemption), Bhopal. We, thus, not being able to concur with the view taken by the CIT(Exemption) that the assessee society had violated any law by using the land in question for a purpose other than education purpose, vacate the same.

**C). Re: Assessee society had not accounted for the rental income from sub-lessee in its return of income**

16. On a perusal of the order of the CIT(Exemption), Bhopal u/s.10(23C)(vi) of the Act, we find that he had, inter alia, based the withdrawal of the registration of the assessee society for the reason that though the demised premises was sub-leased to M/s. Avinash Builders on 09.09.1999 for a premium of Rs.24 lacs and annual rent of Rs.12 lacs for a period of 27 years 02 months but no such income was accounted for by the assessee society during the year under consideration. Apart from that, it was observed by him that a perusal of the income and expenditure account of the assessee society revealed that it had accounted for an amount of Rs.65.40 lacs [lease premium: Rs.24 lacs (+) rent Rs.41.40 lacs] in the F.Y.2007-08. On the basis of the aforesaid facts and figures, it was observed by the CIT(Exemption) that as the sub-lessee i.e. M/s. Avinash Builders was put into possession of the demised premises from

09.09.1999, therefore, the entire rental income of Rs.1.08 crore had not been accounted for by the assessee society during the year under consideration i.e. F.Y.2007-08 and earlier years. Also, it was observed by the CIT(Exemption) that subsequent to FY 2007-08, the assessee society, except for receiving the old rent that was receivable from sub-lessee i.e. out of Rs.65.40 lacs as was receivable on 31.03.2016 had not shown any further rental income.

17. On a perusal of the records, it transpires that it is the claim of the assessee society that the total amount of Rs.61 lacs was received from the sub-lessee, viz. M/s. Avinash Builders up to April, 2008 and amount of Rs.5.90 lacs was reflected as outstanding/pending. It is the claim of the assessee society that last payment of lease rent for March, 2008 was credited in its account on 30.04.2009. It is further stated by the assessee society that since March, 2008 it had no financial dealing with the aforesaid sub-lessee. It was also submitted by the assessee society that in its on-going case before the Court of Tahsildar, Nazul, Raipur it had clearly stated that it had no objection if the structure as constructed by the sub-lessee of 20,000 sq. ft. may be removed and demolished in case the same was in violation of the government norms and rules.

18. We have perused the records and details that have been filed by the assessee before us, and find that an amount of Rs.5.90 lacs, as stated by

the assessee was receivable from the sub-lessee i.e. M/s. Avinash Builders on 31.03.2008, Page 196 of APB. For the sake of clarity, the details furnished by the assessee society as regards the amount receivable from the aforementioned sub-lease is culled out as under:

**RAJKUMAR COLLEGE, RAIPUR, [C.G.]**  
YEAR WISE LEGER DETAILS OF  
M/S AVINASH BUILDERS, RAIPUR

F. YEAR	Date		DEBIT	CREDIT	BALANCE
1994-95	29.12.1994	By Cheque	0	100000	1,00,000.00
	07.02.1995	By Cheque	0	100000	2,00,000.00
	07.02.1995	By Cheque	0	100000	3,00,000.00
	07.02.1995	By Cheque	0	100000	4,00,000.00
	07.02.1995	By Cheque	0	100000	5,00,000.00
1995-96	21.06.1995	By Cheque	0	250000	7,50,000.00
	26.06.1995	By Cheque	0	250000	10,00,000.00
	03.07.1995	By Cheque	0	200000	12,00,000.00
1996-97			0	0	12,00,000.00
1997-98	08.12.1997		1000000	0	2,00,000.00
	14.02.1998	By Cheque	0	500000	7,00,000.00
1998-99			0	0	7,00,000.00
1999-2000			0	0	7,00,000.00
2000-01			0	0	7,00,000.00
2001-02			0	0	7,00,000.00
2002-03			0	0	7,00,000.00
2003-04	30.08.2003	By Cheque	0	150000	8,50,000.00
	01.09.2003		150000	0	7,00,000.00
	29.09.2003	By Cheque	0	150000	8,50,000.00
	27.02.2004	By Cheque	0	300000	11,50,000.00
2004-05	23.07.2004	By Cheque	0	300000	14,50,000.00
	23.07.2004	By Cheque	0	300000	17,50,000.00
2005-06			0	0	17,50,000.00
2006-07			0	0	17,50,000.00
2007-08	31.03.2008		6540000	0	-47,90,000.00
2008-09	02.08.2008	By Cheque	0	600000	-41,90,000.00
	02.08.2008	By Cheque	0	300000	-38,90,000.00
	02.08.2008	By Cheque	0	300000	-35,90,000.00
	02.08.2008	By Cheque	0	300000	-32,90,000.00
	02.08.2008	By Cheque	0	600000	-26,90,000.00
	02.08.2008	By Cheque	0	600000	-20,90,000.00
	02.08.2008	By Cheque	0	600000	-14,90,000.00
2009-10	30.04.2009	By Cheque	0	600000	-8,90,000.00
	30.04.2009	By Cheque	0	300000	-5,90,000.00
2010-11			0	0	-5,90,000.00
2011-12			0	0	-5,90,000.00
2012-13			0	0	-5,90,000.00
2013-14			0	0	-5,90,000.00
2014-15			0	0	-5,90,000.00
2015-16			0	0	-5,90,000.00
2016-17			0	0	-5,90,000.00
2017-18			0	0	-5,90,000.00
			7690000	7100000	

Total Amount of sub lease premium & Rent charged to M/s Avinash Builders on 31.03.2008 (F.Y. 2007-08)	65,40,000.00
Less Amount Received from M/s Avinash Builders	61,00,000.00
Balance	4,40,000.00
Add disputed amount debited to party on 01.09.2003 paid through Raja Shri Surendra Bahadur Singh of Sakti (then Chairman) as per his verbal order	1,50,000.00
Balance receivable from Party	5,90,000.00

On a perusal of the financial statements of the assessee society, we find that the aforesaid amount of Rs.5.90 lac (supra) was duly reflected as receivable in its balance sheet on 31.03.2016. Considering the fact that the assessee society had terminated the sub-lease with M/s Avinash Builders vide its legal notice dated 19.03.2008 for multi-facet reasons as culled out by us hereinabove; and had filed a suit for getting the demised property vacated, therefore, no rent for the ensuing period could have been received by it. In our considered view, as litigation is going on between the assessee society and the aforesaid sub-lessee, viz. M/s. Avinash Builders, therefore, as stated by the ld. AR and, rightly so, no rent would have been received and accounted for by the assessee as its income for the period subsequent thereto.

19. We, thus, in terms of our aforesaid observations, are unable to concur with the observation of the CIT(Exemption) that there is failure on the part of the assessee society to account for the lease rent with respect to the property sub-leased by it to M/s. Avinash Builders.

**D). Re: Suppression of interest income of Rs.27,12,186/- by the assessee society**

20. On a perusal of the order of the CIT(Exemption), Bhopal, it transpires that it was observed by him, that while for the assessee society had during the year received interest from State Bank of India amounting

to Rs.1,48,81,709/-, but as per its income and expenditure statement, it had accounted for interest income on fixed deposits and savings bank account of Rs.1,17,38,298/- and Rs.4,31,225/-/-, therein aggregating to Rs.1,21,69,523/- only. Accordingly, it was observed by the CIT(Exemptions) that the assessee society had suppressed its interest income to the tune of Rs.27,12,186/-.

21. On being confronted with the aforesaid facts, it was stated by the assessee society that as its bank had not intimated about the aforesaid short accounting of the amount of accrued interest on its bank deposits, which it had gathered only after going through its Form 26AS, therefore, for the said reason, there was shortfall in accounting of the balance amount of interest income while filing its return of income. At the same time, it was stated by the assessee that it had no objection if the balance amount of interest income be treated as part of its income, and the same would not have any bearing on its tax liability for the year under consideration.

22. We have given a thoughtful consideration to the aforesaid short accounting of the accrued interest on the bank deposits by the assessee society, and find substance in its claim, that the same had occasioned for the reason that the requisite details were not provided by its bank at the stage of filing of the return of income. We, say so, for the reason, that as

stated by the assessee society and, rightly so, its bonafides can safely be gathered from the fact that the said interest income would have no bearing on its tax liability for the year under consideration. Considering the facts pertaining to the aforesaid issue, we are of a strong conviction that the bonafide omission of the assessee to account for balance interest income of Rs.27,12,186/-, which is clearly in the nature of an inadvertent omission on its part, could not have formed a justifiable basis for drawing of adverse inferences in its case i.e much the less as a reason for withdrawing its registration under Sec. 10(23C)(vi) of the Act.

**E). Re: Obtaining of approval by the assessee society by fraud or misrepresentation of facts.**

23. On a perusal of the order of the CIT(Exemption), Bhopal, withdrawing the registration of the assessee society u/s.10(23C)(vi) of the Act – “15<sup>th</sup> proviso”, it transpires that he had, inter alia, based the said withdrawing of assessee’s registration for the reason that it had obtained the same by taking recourse to fraud or misrepresentation of facts.

24. We have given a thoughtful consideration to the facts involved in the present case before us, and are unable to persuade ourselves to subscribe to the view taken by the CIT(Exemption) that the assessee society had obtained the registration u/s.10(23C)(vi) of the Act vide order passed by the Chief Commissioner of Income-tax, Raipur marked as F. No.

CCIT/Tech/10(23C)(vi)/41/07-08 dated 29.02.2008 on the basis of fraud or misrepresentation of facts. We, say so, for the reason, that the issue that had weighed in the mind of the CIT(Exemption) to support his aforesaid claim was that the assessee society while obtaining the registration/approval, had not brought the complete facts to the knowledge of the concerned authority who had granted the approval u/s.10(23C)(vi) of the Act, i.e. the fact that the assessee society's land was being used for commercial purposes. On a perusal of the financial statements of the assessee society, as were brought to our notice by the Ld. AR, it transpires that it had in its balance sheet for the last three years viz. F.Y.2003-04, F.Y.2004-05 and F.Y.2005-06 as were appended a/w. the application in Form 56D dated 19.02.2007 duly disclosed the "*deposits for sub-lease of land to M/s. Avinash Builders, Raipur*", Page 127 to 157 of APB. Apart from that, on a perusal of the subsequent details filed by the assessee a/w. requisite annexures in Form 56D, Page 112 to 114 of APB, does neither reveal any such details which were wrongly filed or misrepresented by the assessee before the appropriate authority nor any such fact was brought to our notice in the course of hearing of the appeal by the Ld. DR. On the basis of the aforesaid facts, we are unable to persuade ourselves to subscribe to the allegation of the CIT(Exemption) that the assessee society had obtained the approval u/s.10(23C)(vi) of the Act vide order passed by the Chief Commissioner of Income-tax in F. No. CCIT/Tech

/10(23C)(vi)/41/07-08 dated 29.02.2008 on the basis of any fraud or misrepresentation of facts before him.

25. On the basis of our aforesaid deliberations, we are unable to persuade ourselves to subscribe to the multi-facet reasons accorded by the CIT(Exemption), Bhopal for withdrawing the registration that was granted to the assessee society u/s.10(23C)(vi) of the Act vide F. No. CCIT/Tech /10(23C)(vi)/41/07-08 dated 29.02.2008.

26. Be that as it may, we may herein observe that the assessee society had after withdrawal of its registration u/s.10(23C)(vi) of the Act by the CIT(Exemption), Bhopal vide latter's order dated 02.12.2009, had thereafter filed an application for registration u/s.10(23C)(vi) of the Act in Form 10AB on 26.09.2022 under the new provision of Income Tax Act, 1961, which was granted by the CIT(Exemption), Bhopal vide his order dated 20.02.2023, Page 179-180 of APB r.w. corrigendum issued u/s.10(23C)(vi) of the Act dated 28.02.2023, Page 184-185 of APB for A.Y 2022-23 to A.Y 2026-27. At this stage, we may herein observe that the CIT(Exemption), Bhopal while processing the assessee's application for registration u/s.10(23C)(vi) of the Act, vide his letter dated 02.12.2022, Page 167-168 of APB, had at Sr. No.16 specially called upon the assessee society to submit a copy of the order of rejection of registration u/s.10(23C)(vi) of the Act. In reply, the assessee society had vide its letter

dated 15.12.2022, Page 169-170 of APB categorically brought to the notice of the CIT(Exemption), Bhopal that though its application for registration u/s.10(23C)(vi) of the Act was never rejected by the department, but that granted under the said statutory provision before 01.04.2021 was cancelled by the CIT(Exemption), Bhopal vide his order dated 02.12.2019, and had enclosed a copy of the said order a/w his reply. For the sake of clarity, the relevant extract of the reply dated 15.12.2022 filed by the assessee is culled out as under:

“16. The application for registration u/s.10(23C)(vi) of the Act filed by the applicant society has never been rejected by the department. However, the registration granted u/s.10(23C)(vi) of the Act before 01.04.2021 was cancelled by the CIT(E), Bhopal vide its order dated 02.12.2019, the copy of the order is enclosed herewith. The applicant society has filed an appeal before the Hon’ble ITAT Raipur Bench, Raipur against the cancellation order and the case of the applicant society is pending before the Hon’ble Bench.”

27. Our attention was drawn by Shri. JD Mistri, Ld. Senior Advocate to the documents which were filed by the assessee society with the CIT(Exemption), Bhopal a/w. with its letter dated 15,12,2022 which, inter alia, included copy of the order of cancellation of registration granted u/s.10(23C)(vi) of the Act dated 02.12.2019, Page 171 of APB. Further, it transpires on a perusal of the records that the CIT(Exemption), Bhopal vide his letter dated 01.02.2023, Page 172 of APB had after taking cognizance of the fact that the registration granted to the assessee society

u/s.10(23C)(vi) of the Act was cancelled on the ground that the government's land which was provided to it was further sub-leased to M/s. Avinash Builders, had called upon the assessee society to file a copy of the agreement with the said sub-lessee a/w. details as regards the present status of the said lease. Also, the assessee society was queried about the amount of Rs.5.90 lacs that was reflected against the aforesaid sub-lessee i.e. M/s. Avinash Builders and was also called upon to furnish complete details of transaction which it had entered into with the latter during the last five years. For the sake of clarity, the relevant extract of the aforesaid query raised by the CIT(Exemption), Bhopal vide his letter dated 01.02.2023 is culled out as under:

“2. The registration granted u/s.10(23C)(vi) of the Act before 01/04/2021 was cancelled vide order dated 02.12.2019, however, you are still claiming exemption in ITR 7. Kindly explain the same.”

In reply, the assessee society had vide its letter dated 16.02.2023, inter alia, filed before the CIT(Exemption) a copy of the sub-lease agreement with M/s. Avinash Builders. It was stated by the assessee society that though the sub-lease agreement was operative and valid till 31.03.2022, but it had terminated the same on 19.03.2008 on the basis of legal notice of termination issued to the said sub-lessee. It was further brought to the notice of the CIT(Exemption), Bhopal that the assessee society as on date was neither having any sub-lease agreement with M/s. Avinash Builders

nor had thereafter entered into any transaction with it during last five years.

28. Apropos the amount of Rs.5.90 lacs reflected as receivable against the name of aforesaid sub-lessee in the balance sheet of the assessee society, it was stated by the assessee society that it had duly accounted for the lease rent upto March, 2008 in its books of account of Rs.65,40,000/-, against which it had received sum of Rs.59.50 lacs and the recovery of the balance amount of Rs.5.90 lacs which was pending on date was recorded on the debit side of its balance sheet. Also, the assessee had submitted before the CIT(Exemption), Bhopal that the observation of his predecessor that though the assessee society which was granted lease of land by the Government of Madhya Pradesh only for the purpose of **“Kewal Shikshan Sanstha Hetu”** (for educational purpose only) but had illegally granted the sub-lease of the same to M/s. Avinash Builders, was factually incorrect. In support of its aforesaid contention, it was stated by the assessee society that the Government of Madhya Pradesh which had granted lease of land to the assessee society in itself had had changed the usage of the 20,000 sq. ft. from educational to commercial and vehicle parking etc. which, thereafter, was approved by the competent authority and permission was granted to construct a commercial building on the said site. Carrying the issue further, it was stated by the assessee society that it had though fairly

exercised its right to sub-lease the property but on failure on the part of the sub-lessee i.e. M/s. Avinash Builders to pay rent, the said sub-lease agreement was, thereafter, terminated by it. For the sake of clarity, the relevant extract of the aforesaid letter dated 16.02.2023 is culled out as under:

“3. The copy of sub-lease agreement with Avinash Builders is enclosed herewith. The sub-lease agreement with the Avinash Builders was operative and valid till 31/03/2022, however, the assessee society has initially terminated the sub-lease deed on 19/03/2008, the copy of legal notice of termination is enclosed herewith. Further, as on date, the assessee society does not have any sub-lease agreement with Avinash Builders neither' the assessee society has entered into any transaction with Avinash Builders during last 5 years. The assessee society has duly accounted for lease rent upto March, 2008 in its books of account i.e. Rs.65,40,000/- against which the assessee society has received sum of Rs.59,50,000/-, hence, recovery of Rs.5,90,000/- is still pending, which has been duly recorded by the assessee society and stated in the debit side of the balance sheet.

It is important to mention here that the premise that the assessee society has illegally granted sub lease to Avinash Builder of a land which was leased by the Government of then united Madhya Pradesh only for the purpose of "Kewal Sikshan Sansthan Hetu" meaning only for "Educational Institution Purposes" is itself incorrect. In this regard, it is submitted that it was the Government of Madhya Pradesh being the owner of land who changed the land use in relation to 20,000 square feet from educational to commercial, vehicle parking etc, and also the competent authorities approved the development plan of Avinash Builders to construct a commercial building on the said site. The only right of the assessee society was limited to the sub-lease rent which was not paid by Avinash Builder and accordingly, the assessee society terminated the sub- lease agreement.”

29. As observed by us hereinabove, the CIT(Exemption) after deliberating on the issue pertaining to sub-lease of land by the assessee society to M/s. Avinash Builders, in the backdrop of the explanation on the queries which

were raised by him, had, therein, vide his order dated 20.02.2023 r.w. corrigendum dated 28.02.2023, Page 177-180 of APB a/w. Page 184-185 of APB granted registration to the assessee society u/s.10(23C)(vi) of the Act for the A.Y 2022-23 to A.Y 2026-27. We may herein observe, that the aforesaid registration granted to the assessee society by the CIT(Exemption), Bhopal, as stated by the Ld. AR, was based on the same bye-laws and objects as was earlier there at the stage of cancellation of its registration by his predecessor vide his order for withdrawal of registration u/s.10(23C)(vi) of the Act dated 02.12.2019.

30. Considering the fact that there has neither been any shift in the facts or bye-laws/regulations or object clause of the assessee society at the stage of granting of registration u/s.10(23C)(vi) of the Act vide order of the CIT(Exemption), Bhopal dated 20.02.2023 r.w. order dated 23.02.2023, therefore, on the said count also, we find substance in the claim of the Ld. AR that there was no justifiable reason for his predecessor to have withdrawn the registration that was earlier granted to the assessee society vide order u/s.10(23C)(vi) of the Act dated 29.02.2008 on the basis of the impugned order of withdrawal dated 02.12.2019.

31. We, thus, on the basis of our aforesaid deliberations, are unable to concur with the observations of the CIT(Exemption), Bhopal, on the basis of which, he had vide his order passed u/s.10(23C)(vi) of the Act dated

02.12.2019 withdrawn the registration that was earlier granted to the assessee society vide order bearing FNo.CCIT/Tech/23(C)(vi)/41/07-08 dated 29.02.2008. Accordingly, we herein set-aside the order of the CIT(Exemption) passed u/s.10(23C)(vi) of the Act – “15<sup>th</sup> proviso”, dated 02.12.2019. Thus, the **grounds of appeal** raised by the assessee are allowed in terms of our aforesaid observations.

32. In the result, appeal of the assessee is allowed in terms of our aforesaid observations.

Order pronounced in open court on 10<sup>th</sup> day of July, 2023.

Sd/-  
**ARUN KHODPIA**  
**(ACCOUNTANT MEMBER)**

Sd/-  
**RAVISH SOOD**  
**(JUDICIAL MEMBER)**

रायपुर/ RAIPUR ; दिनांक / Dated : 10<sup>th</sup> July, 2023  
SB

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(Exemption), Bhopal (C.G)
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, रायपुर बेंच,  
रायपुर / DR, ITAT, Raipur Bench, Raipur.
- 5.गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

निजी सचिव / Private Secretary  
आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur.