

**IN THE INCOME TAX APPELLATE TRIBUNAL
“C” BENCH: BANGALORE**

**BEFORE SHRI CHANDRA POOJARI, ACCOUNTANT MEMBER
AND
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No.893/Bang/2024
Assessment Year: 2024-25

Kannada Film Producers Association No.1025/138, SV Towers 20 th Main 5 th Block West of Chopd Road Bangalore 560 010 Karnataka PAN NO : AABAK7827M	Vs.	CIT (Exemptions) Bangalore
APPELLANT		RESPONDENT

Appellant by	:	Sri E.S. Rajan, A.R.
Respondent by	:	Ms. Neera Malhotra, D.R.

Date of Hearing	:	12.06.2024
Date of Pronouncement	:	12.06.2024

O R D E R

PER CHANDRA POOJARI, ACCOUNTANT MEMBER:

This appeal by assessee is directed against order of CIT(Exemptions) dated 20.6.2024 wherein ld. CIT(Exemptions) had rejected the application u/s 12AB of the Income Tax Act, 1961 (in short “The Act”) stating that assessee’s objects and activities do not benefit the general public, which is pre-requisite condition and the same deserves to be deleted under the facts and circumstances of the case. Against this assessee is in appeal before us.

2. Facts of the case are that the ld. CIT (Exemptions) has rejected the application u/s 12AB of the Act stating that the assessee’s objects and activities do not benefit the general public, which is prerequisite condition and the same deserves to be deleted under the facts and circumstances of the case. He has rejected the application stating that the assessee has not incurred any expenses towards "Charitable

activities" but only in the nature of administrative expenses. He has also stated that the assessee's objects and activities are only meant for the benefit of members of the association and not for general public utility. Thus, he has rejected the application filed for approval u/s 12AB of the Act.

3. Before us, ld. A.R. submitted that assessee is duly formed by incorporating to carry out following objects:

- A. *"To promote unity among the Kannada Film Producers of the State of Karnataka*
- B. *To promote and maintain highest standards of professional contact among the members.*
- C. *To foster cordial relationship between the producers and the other sectors of the film industry*
- D. *To protect and promote the privileges of members.*
- E. *To conciliate, mediate and arbitrate in all disputes that may be submitted for settlement by the members.*
- F. *To have dialogue with the State Government, Central Government or quasi government institutions about the problems of the members and seek redressal at the appropriate levels, to co-operate and co-ordinate with any other professional organizations connected with the film industry in carrying on the aims of and objects of the association.*
- G. *To do all such other things as are incidental or conducive to the attainment of the above objects.*
- H. *If there arises any income or profit the same shall be utilized for the achievement of the objects and prohibit any dividend or distribution among the members.*
- I. *To endeavor to provide help against sickness, infirmity, old age, death and to secure compensation for its members in case of accidents under suitable applicable compensation act.*
- J. *To co-operate with organizations particularly those having similar objects in Karnataka, India and abroad.*
- K. *To obtain information with reference to the film industry in Karnataka, India and abroad.*
- L. *To publish and maintain papers, periodicals, journals and books for the purpose of propagating any or all the aims and objects of the association.*
- M. *To obtain for itself representation in state, National or International film and cultural delegations sponsored by the Government of India and Government of Karnataka or by any organization of the Indian film industry.*
- N. *To buy, sell, or otherwise, trade in goods of all kinds used in connection with film production, distribution, and exhibition and promotion of cinematographic films.*
- O. *To sell, assign, mortgage, lease, hire otherwise trade in movable or immovable properties or the interest therein, with the object of augmenting the funds of the association.*

- P. To watch, protect and extend the rights and privileges of members of the association and to procure for them benefits, special advantages and concessions of all kinds wherever obtainable*
- i. To look after the welfare of the persons engaged in Kannada Film Production.*
 - ii. To maintain a library for the benefit of the members.*
 - iii. To promote export of Kannada Films to other countries*
 - iv. To study business prospects, Fluctuations, angles and opportunities and to lay before the legislature the view of the association matters effecting the Kannada Film Production and Trade*
 - v. To invest and deal with monies of the association not immediately required, upon such securities and in such manner as may be determined from time to time.*
 - vi. To receive any benefits through gifts or by donations monies, properties, (movable or immovable)*
 - vii. To accept free film shows from members and other producers for raising funds for the association and to organize film Festivals, dramas and film exhibitions to raise funds for the association.*
 - viii. To form an academy and encourage for the technical improvement of the personal engaged in film production and trade,*
 - ix. To borrow or raise monies and or issue Debentures required for the purposes of the association upon such terms and in such manner as may be decided.”*

3.1 He submitted that the above objects and charitable activities u/s 2(15) of the Act and prayed that approval u/s 12AB of the Act be granted.

4. According to the Id. DR, these objects are only to the benefit of members of the assessee trust and not to the general public. Accordingly, he rejected approval of the assessee trust u/s 12AB of the Act.

5. We have heard the rival submissions and perused the materials available on record. The assessee has been formed to carry out various objects as narrated above and the objects and activities of the assessee meant for the benefit of the members of the association. The objects of the assessee trust, when read in the proper perspective, the conclusion is that the assessee's objects were for charitable purpose within the meaning of section 2(15) of the Act. In other words, the assessee is a mutual concern and operating on principles of mutuality and the benefit spread to members of

assessee trust. This would not place any embargo on approval u/s 12AB of the Act and to avail benefit thereafter.

5.1 In similar circumstances, in the case of Sunni Muslim Jamat Aamena Madressa Ebdatgah Waqf Committee Vs. CIT (Exemption) in ITA No.705/SRT/2023 dated 26.3.2024, the registration u/s 12A was denied just because some of its objects are restricted to Sunni Muslims where the Tribunal referred to various objects of the trust deed, those were held to be charitable in nature and assessee is a religious-cum-charitable trust and the registration u/s 12AB of the Act cannot be denied merely because the benefit is restricted to the particular religion, community or caste, i.e. of Sunni Muslims.

5.2 In view of this, in our opinion, it is appropriate to remit the issue in dispute to the file of Id. CIT(Exemptions) Bangalore to decide the issue afresh in the light our above observations.

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

Order pronounced in the open court on 12th June, 2024

Sd/-
(Keshav Dubey)
Judicial Member

Sd/-
(Chandra Poojari)
Accountant Member

Bangalore,
Dated 12th June, 2024.
VG/SPS

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The DR, ITAT, Bangalore.
5. Guard file

By order

Asst. Registrar,
ITAT, Bangalore.