

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL
CHANDIGARH BENCH, 'B', CHANDIGARH

**BEFORE SHRI A.D. JAIN, VICE PRESIDENT &
SHRI KRINWANT SAHAY, ACCOUNTANT MEMBER**

आयकर अपील सं./ ITA Nos. **324 & 325/CHD/2024**
निर्धारण वर्ष/ Assessment Year : 2024-25

Rana Sugar Foundation, SCO 51-52, Sector 8-C, Chandigarh	Vs. बनाम	The CIT, Exemptions, Chandigarh
स्थायी लेखा सं./PAN No: AAMCR4438A		
अपीलार्थी/ APPELLANT		प्रत्यर्थी/ RESPONDENT

(VIRTUAL HEARINTG)

निर्धारिती की ओर से/Assessee by : Shri Parikshit Aggarwal, CA
राजस्व की ओर से/ Revenue by : Smt. Kusum Bansal, CIT DR

सुनवाई की तारीख/Date of Hearing : 26.09.2024
उद्घोषणा की तारीख/Date of Pronouncement : 26.09.2024

आदेश/Order

Per Krinwant Sahay, A.M.:

Appeals in these cases have been filed by the Assessee against the separate orders each dated 26.02.2024 of the Id. Commissioner of Income Tax (Exemptions), Chandigarh u/s 12AA and 80G of the Income Tax Act, 1961 (in short 'the Act') respectively.

2. The common grounds taken by the Assessee in both the appeal are as under: -

1. *That, on the facts, circumstances and legal position of the case, the Worthy CIT(E) has erred in rejecting registration application moved u/s 12AB (ITA No. 324/Chd/2024) and u/s 80G (ITA No. 325Chd/2024) even when the appellant was eligible for the same.*
2. *That on law, facts and circumstances of the case, the order passed by Worthy CIT(E) deserves to be quashed since has been passed without affording reasonable opportunity of being heard to the appellant.*
3. *That the appellant craves leave for any addition, deletion or amendment in the grounds of appeal on or before the disposal of the same.*

3. The ld. CIT (E) in her order has given the reasons for the rejection of registration u/s 12AB as under: -

“5. As regards the activities the Assessee company stated that it has helped the Villagers during the flood affected area of Punjab in evacuating the people from the flood affected area of Sultanpur Lodhi by providing the relief material i.e., Diesel in order to conduct the rescue operation and to manage the leakages in the Bandh on the Kaliben near Sarupwal Village and for this the assessee has spent an amount of Rs.19,31,539/-. In support of his contention the assessee Company has furnished the Nill no. 488 dated 02.10.2023, 490/15.10.2023, 491/23.10.2023, 550/04.11 2023. 566/18.11.2023 and 567/30.11.2023 issued by M/s Deot Sidh KSK which, raises suspicious in view of the serial number of the bills and the dates of the bills, as

from. 02.10.2023 to 15.10.2023, only one bill has been issued by the petrol pump and, similar in the case of other bills. As per the Income & Expenditure Statement furnished, the assessee company received contribution from the M/s Rana Sugar Limited amounting to Rs. 15,00,000/- against which the assessee Company made the expenditure of Rs.19,31,739/- which is entirely on the purchase of Diesel. No other expenses have been incurred. The activities of the assessee Company do not appear to be genuine. No detail of the person/organization to whom this diesel was supplied furnished. Neither day wise distribution of diesel nor any agreement in support of this claim of Assessee has been furnished. A substantial amount of Rs. 19 lakhs has been claimed to have been spent without any record of beneficiaries or organization with whom Assessee would have entered into agreement for denoting the diesel as it appears that the Assessee did not deploy any such equipment by itself. In this regard, reliance is also placed on the various news items downloaded from the Internet which reveals that there was heavy rainfall in Punjab during the mid of August 2023, due to which the school were closed till August 26. It is pertinent to mention here that even as per the News item dated 25 September 2023, the farmers demanded the compensation for flood related issues and begin 3 days Rail Roko protest over the flood compensation demand, Hence, the contention of the assessee that it bought diesel in November 2023 for purpose of providing relief to victims of flood in Punjab does not appear to be correct.

7. In the backdrop of above discussion, no satisfaction about the genuineness or the activities can be recorded in the case and accordingly the application filed by the applicant for registration u/s 12AB of the Act is hereby rejected, which rejection

and consequent lack of registration will apply from this AY 2023-24 onwards and also any registration granted u/s 12AB or 12AA of The Act by any authority at any earlier time.”

Similarly, the ld. CIT (E) in her order has given the reasons for the rejection of registration u/s 80G as under: -

“2. In the present case, an application for registration u/s 12AB was also filed simultaneously. The said application has been rejected vide DIN & Notice No. DIN & Notice No. ITBA/EXM/F/EXM45/2023-24/1061478398(1) dated 26.02.2024.

The present application, in absence of any registration under section 12A/12AB or 10(23)/10(23C), doesn't meet the requirement for approval as mandated by section 80G(5)(vi) of the IT. Act, 1961 and Rule 11AA of the I.T. Rules, 1962. Accordingly, the request for grant of approval u/s 80G cannot be decided on the merits of the case and, therefore, declined.”

4. During the proceedings before us, the ld. Counsel has brought on record the bills for the purchase of diesel with a certificate that these were filed before the authorities below also. From the bills, it is clear that payments were made on a later date which are indicated on the bills for a period which was prior to the date of billing.

6. The ld. DR relied on the order of the CIT(A).

7. We have heard both the parties and considered the findings of the CIT(E) and material available on record. We find that the matter requires through verification and further that the CIT (E) findings are given on the basis of newspaper reports etc. should not be made a reason of rejection of registration u/s 12AB / 80G without giving a cogent reasons for that.

8. As these matters require further verification, both the cases are remanded back to the CIT(A) to give a clear-cut finding on the genuineness of the activities of the trust and then pass speaking order in accordance with law. Accordingly, in view of the above, in the interest of justice, the matter is remitted to the file of the CIT(A), to be decided afresh on merit, in accordance with law, on affording due and adequate opportunity of hearing to the Assessee. The Assessee, no doubt, shall cooperate in the fresh proceedings before the CIT(A). All pleas available under the law shall remain so available to the assessee. Ordered accordingly.

9. In the result, both the appeals are allowed for statistical purposes.

Order pronounced on 26.09.2024.

Sd/-

(A. D. JAIN)
Vice President

“आर.के.”

Sd/-

(KRINWANT SAHAY)
Accountant Member

आदेश की प्रतिलिपि अग्रेषित / Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT,
CHANDIGARH
5. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,

सहायक पंजीकार/ Assistant Registrar