

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'C' BENCH  
MUMBAI**

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER  
&  
SHRI GIRISH AGARWAL ACCOUNTANT MEMBER**

**ITA No. 2023/Mum/2024  
(Assessment Year: 2024-25)**

**&**

**ITA No. 2025/Mum/2024  
(Assessment Year: 2024-25)**

City As Lab Foundation B-74, Floor-7, B Wing, Dadar PacchimChs., Kashinath Dhuru Marg, Near Kirti College, Dadar West – 400028.	Vs.	Commissioner of Income Tax (Exemptions), Mumbai Room No. 601, 6 <sup>th</sup> Floor, Cumballa Hill, MTNL TE Building, Pedder Road, Dr. Gopalrao Deshmukh Marg, Cumballa Hill, Mumbai – 400026.
<b>PAN/GIR No. AAICC1144Q</b>		
<b>(Appellant)</b>	..	<b>(Respondent)</b>

Assessee by	Shri. Nishant Thakkar & Shri. Hiten Thakkar
Revenue by	Shri. Amol Kirtane (CIT DR)
<b>Date of Hearing</b>	<b>22/10/2024</b>
<b>Date of Pronouncement</b>	<b>30/10/2024</b>

**आदेश / O R D E R**

**PER AMIT SHUKLA (J.M):**

The aforesaid appeal has been filed by the assessee against separate order passed by Id. CIT(Exemption) Mumbai rejecting the application u/s.12AA and 80G vide order dated 22/02/2024.

2. The brief facts are that assessee company was incorporated under Companies Act, 2013 u/s.8(1) of the Companies Act. The assessee company was originally incorporated with the following objects:-

i. To promote the activities of research & development among the school children by enabling them to use their city as a laboratory by various modes including journals/ conferences /experiments /courses/ workshops, to develop children's writing skills, to develop their ability to reason, to think critically, to develop a problem-solving mindset in them.

ii. To conduct education and outreach activities through lectures, workshops, conferences, excursions, and study programs.

iii. To procure instruments and aids related to facilitating scientific research.

3. The assessee company thereafter approached the Commissioner of Income tax (Exemptions) on 13/12/2019 for a certificate of registration under section 12AA of the Income Tax Act, 1961. After conducting an enquiry into the assessee activities, the Commissioner of Income tax (Exemptions) granted the assessee registration under 12AA of the Act on 03/07/2020 under the category "Education".

4. Since with effect from 01/04/2021 section 12A was amended requiring all assessees claiming exemption under sections 11 and 12 to apply within three months for a fresh certificate under the newly introduced section 12AB. Unfortunately, the assessee missed the due date provided under section 124(1)(ac)(i). The assessee accordingly made a fresh application for registration under section 12AB and was granted provisional registration on 28th February 2023.

5. On 13/12/2023, the Commissioner of Income tax (Exemptions) issued a notice to the assessee seeking details with respect to its activities. The assessee by its letter furnished on 10 January 2024 the details called for. On 25 January 2024, the commissioner of income tax (exemptions) once again called for seven further details, which were furnished by the assessee by letter submitted on 08/02/2024.

6. On 22/02/2024, the Commissioner of Income tax (Exemptions) passed an order rejecting the registration of the petitioner under section 12AB. The Commissioner of income tax (exemptions) has given the following two reasons to reject the registration of the assessee:

- a. The assessee is not affiliated to any board or university and is not providing formal education as held by the Apex Court in the case of Sole Trustee, Lok Shikshana Trust vs CIT (101 ITR 234).

b. The assessee is providing education for a fee and with a profit motive.

7. Before us Id. Counsel submitted that assessee may not be affiliated to any Board or University however, it was carrying out the activities in the field of education only. He has given the following activities and objects which were carried out by the assessee;

- a. The assessee's programme is a nine month long programme. Registration for the program starts in the month of May and it ends in the month of March.
- b. Students are guided in selection of projects and throughout the term of the program, continuous support in terms of lesson planning, resources, guidance etc. is rendered by the teachers employed by the assessee.
- c. The students undertake research projects on a topic which is concerning the locality or city in which they reside. For example:
  - i. what is the test result of the efficiency of plants over air purifiers in the immediate surroundings of the school camp?
  - ii. What has led to the increase in the migration of flamingos to Navi Mumbai?
  - iii. What is the impact of new and advanced technologies used by private courier companies on government, Postal Service, how do the realistic appearance and

beauty standards in different media impact teenage minds?

8. He submitted that by undergoing the assessee course/programme, the students develop the 21st century skills of collaboration, critical thinking, information fluency and problem solving, communication, creativity, innovation etc. Students cultivate a research and enquiry, temperament. Students build a greater awareness of their own communities and cities and develop a stronger sense of place. Students improve their writing skills by learning how to write for a specific audience and for a specific purpose. Students learn specific content related to the topic of the project. Students become more confident and develop leadership skills which allow them to be agents of change in their own communities. A sample project was handed over during the course of the hearing prepared by children of standard 7 of the Prabhadevi MPS school (a government school) copy of the same was placed before us.

9. It has been further stated by him that assessee does not charge any fees to the children who register themselves for the program and fees are paid by the schools to the assessee. The government schools and the schools charging less than 12,000 as fees to their students are not charged any fees by the assessee for the program/course. The private schools pay the fees anywhere between RS. 150 to 750 per child depending upon the fee they charge their students.

10. Further, if a student's project is selected, the student gets an opportunity to represent their school at an intercity conference out of hundreds of other students. All students who complete a project get a certificate. The selected and winning projects are highlighted on the website and are available for free download to one and all. He has also filed sample photographs the actual conduct of its program.

11. Thus, he submitted that there is no requirement in law to be affiliated to any school college or university for its activities has to be regarded as "education" and strongly relied upon the judgment of **Hon'ble Madras High Court in the case of Investor Financial Educational Academy vs. ITO** and submitted that the activities carried out by the assessee is nothing but in the field of education only and hence, the ld. CIT(A) was incorrect in law by not granting registration.

12. On the other hand, ld. DR strongly relied upon the order of the ld. CIT(A).

13. We have heard both the parties and also perused the relevant material placed on record and also finding of the ld. CIT (Exemption). The reason given by the ld. CIT (Exemption) that, *firstly*, assessee is not affiliated to any board or university and is not providing any formal education as held by the Hon'ble Supreme Court in the case of Sole Trustee Loka Shikshana Trust (supra); and *secondly*, assessee is providing education for fee and with a profit motive. The main issue before us is whether the

aforesaid activities carried out by the assessee as listed above fall within the ambit of 'education' as provided in Section 2(15) of the Act. The section does not provide the definition of the word 'education'. It would be too myopic to understand the concept of 'education' that institution providing education alone should be affiliated to any school, college or university or board. Education is the process of developing and training the mind and capabilities of human beings. It is the process of imparting or acquiring general knowledge, developing the powers of reasoning and judgement, and generally of preparing oneself or others intellectually.

14. Assessee has been carrying out programme and course under the curriculum which trains students to research and by enabling them to use their city as a laboratory by various modes, to use including journaling, holding conferences, undertaking experiments through courses/workshops to develop children's writing skills, to develop their ability to reason, to think critically and to develop a problem solving mindset. Such activity for developing the research skill of the students and that to be assessee is not charging any fees from the students and also from government aided or government running schools. It only charges very nominal fees from the private / public schools for conducting such research work from the students. The Hon'ble Madras High Court in the case of Investor Financial Educational Academy had an occasion to consider the meaning of the word 'education' as used in Section 2(15) of the Act. The assessee in

that case was rendering financial education/awareness programmes. The Commissioner of income tax held that the activities of the assessee did not constitute education and amounted to rendering services to a particular community/trade/business and was therefore specifically excluded from the definition of "charitable purpose". The Honourable Tribunal relying on the decision of the Apex Court in *Sole Trustee, Lok Shikshana Trust vs CIT (supra)*, held that the activities of the assessee would fall within the meaning of the word "education"; however, it upheld the order rejecting the assessee's registration since the assessee was collecting substantial amounts from private persons and had shown huge surplus in its profit and loss account, it could not be regarded as carrying on a charitable activity. The matter was carried in appeal to the Honourable High Court. Before the Hon'ble High Court, the Revenue's Counsel strenuously urged that the activities of the assessee did not constitute "education". The Hon'ble High Court was therefore required to dwell into the meaning of the word education as used in section 2(15) of the Act. The Hon'ble High Court also discussed the judgment of the Hon'ble Supreme Court in the case of *Sole Trustee Loka Shikshana Trust vs. CIT (supra)*. The relevant observations of the Hon'ble High Court are reproduced hereunder:-

*"12. The CIT and the Tribunal were guided by the decision of the Hon'ble Supreme Court in Sole Trustee Loka Shikshana Trust (supra). This judgment has held the field since 1975. The judgment is heavily relied on by Mr. J. Narayanasamy, learned*

*Senior Standing Counsel to state that the nature of activity done by the assessee cannot be an educational activity. We need not labour much to decide this issue, as we are benefited by the decision of the High Court of Gujarat in the case of DIT (Exemptions) v. Ahmedabad Management. Association [2014] 47. taxmann.com 162/255 Taxman 223/366 ITR 85 (Gul. The Court considered the decision in Sote Trustee Loka Shikshane Trust (supra), as it was argued by the Revenue as is done before us that the activity is not education as explained in Sole Trustee Loka Shikshana Trust (supra) and it was held as follows:-*

*5.4 Now while considering whether the activities of the assessee can be said to be educational activities or not the decision of this Court as well as Hon'ble the Supreme Court is required to be referred to and considered. In the case of Gujarat State Cooperative Union (supra) it is held by the Division Bench of this Court that mere existence of profit will not disqualify institution for exemption under section 10(22) of the Act, if sole purpose of its existence is not profit making but is educational activities. In the said decision the Division Bench also considered the decision of Hon'ble the Supreme Court in the case of Lok Shikshana Trust (supra), which has been relied upon by the Assessing Officer as well as the learned Counsel appearing on behalf of the revenue. In the said decision the Division Bench of this Court has observed as under;*

*"It appears to us that the decision of the tribunal which seeks to rest it on the observations made by the Supreme Court in Loka Shikshana Trust's (supra) for holding that, the assessee is not entitled to exemption under section 10(22) of the Act is based on a complete misreading of the observations of the Supreme Court. In Loka Shikshana Trust's (supra) the Supreme Court, while dealing with the provisions of section 11 read with section 2(15) of the Act, which defines "charitable purpose" observed as under;*

*"The sense in which the word 'education' has been used in section 2(15) of the Act in the systematic instruction, schooling or training given to the young is preparation for the work of life. It also connotes the whole course of scholastic instruction which a person*

*has received. The word 'education' has not been used in that wide and extended sense, according to which every acquisition of further knowledge constitutes education. According to this wide and extended sense, travelling is education, because as a result of travelling you acquire fresh knowledge....but this not the sense in which the word 'education' is used in clause (15) of section 2. What 'education' connotes in that clause is the process of training and developing the knowledge, skill, mind and character of students by normal schooling?*

*The Supreme Court, in the above observations by referring to the systematic instruction, schooling or training given to the young has only cited an instance in order to indicate as to what the word "education" appearing in section 2(15) of the Act which defines "charitable purposes" is intended to mean. We are certain that these observations were not intended to keep out of the meaning of the word "education", persons other than "young. The expression "schooling" also means "that schools, instructs or educates" (The Oxford English Dictionary Vol. IX, page 217). The Supreme Court has observed that the word "education" also connotes the whole course of scholastic instruction which a person has received. This clearly indicates that the observations of the Supreme Court were not intended to give a narrow or pedantic sense to the word "education". By giving further illustrations of a traveler gaining knowledge, victims of swindlers and thieves becoming wiser, the visitors to night clubs adding to their knowledge the hidden mysteries of life, the Supreme Court has indicated that the word "education" is not used in a loose sense so as to include acquisition of even such knowledge. The observations of the Supreme Court only indicate the proper confines of the word "education" in the context of the provisions of section 2(15) of the Act. It will not be proper to construe these observations in a manner in which they are construed by the tribunal when it infers from these observations, in paragraph 17 of its judgment, that the word "education" is limited to schools, colleges and similar institutions and does not extend to any other media for such acquisition of knowledge. The observations of the Supreme Court do not confine the word "education" only to scholastic instructions but other forms of education also are*

*included in the word "education". As noticed above, the word "schooling" also means instructing or educating. It, therefore, cannot be said that the word "education" has been given an unduly restricted meaning by the Supreme Court in the said decision. Though, in the context of the provision of section 10(22), the concept of education need not be given any wide or extended meaning. it surely would encompass systematic dissemination of knowledge and training in, specialized subjects as is done by the assessee. The changing times and the ever widening horizons of knowledge may bring in changes in the methodology of teaching and a shift of the better in the institutional setup. Advancement of knowledge brings within its fold suitable methods of its dissemination and though the primary method of sitting in a classroom may remain ideal for most of the initial education, it may become necessary to have a different outlook for further education. It is not necessary to nail down the concept of education to a particular formula or to flow it only through a defined channel. Its progress lies in the acceptance of new ideas and development of appropriate means to reach them to recipients."''*

*13. In the above decision, the Court has pointed out that the observations of the Hon'ble Supreme Court in Sole Trustee Loka Shikshana Trust (supra) only indicate the proper conscience of the word "education" in the context of the provisions of section 2(15) of the Act and it will not be proper to infer that the word "education" is limited to schools, colleges and similar institutions and does not explain to any other media for such acquisition of knowledge. It has been further pointed out that it cannot be said that the word "education" has been given an unduly restricted meaning by the Supreme Court in the said decision. The above position will apply with full force to the case on hand.*

*14. In the case of DIT (Exemptions) v. Chartered Accountants Study Circle [2012] 23 taxmann.com 444/347 ITR 321 (Mad.), while considering the activities of the assessee therein, which was a society called the Chartered Accountants Study Circle, after analysing the objective, it was held that the activities of the assessee-trust cannot be construed to be one of trade or commerce*

*or business and it would only be charitable in nature and merely because they were selling books and books of professional interest and other reference materials to the general public, it would not term their activity as "commercial"*

15. *In Gujarat State Co-operative Union v. CIT [1992] 195 ITR 279 (Guj.J. the Court considered as to whether the co-operative union was entitled for exemption under section 10(22) of the Act and one such activity being publication of journal on the subject of 'co-operative movement. The Tribunal rejected the case of the assessee therein based on the observation made by the Hon'ble Supreme Court in Sole Trustee Loka Shikshana Trust (supra). Considering the correctness of the order of the Tribunal, it was held as follows:-*

*"5. From the nature of the activities of the assessee, it is abundantly clear to us that the assessee is existing solely for educational purposes. It was sought to be contended by learned counsel for the Revenue that having regard to the objects enumerated in clauses (iii), (iv), (vi) and (viii) of bye-law 2 of the bye-laws of the assessee, it cannot be said that the assessee was existing solely for educational purposes. In clause (iii) of bye-law 2, the object enumerated is that the assessee will function as a focusing centre on non-official opinion on various subjects affecting the movement and for representing it in proper quarters. Under clause (iv), its object is to further the spread of the co-operative movement. Clause (vi) refers to the objects of opening circulating libraries, publishing periodicals, books, pamphlets, and literature in general on co-operation, rural development and allied subjects, while clause (viii) refers to running of a printing press. It is difficult to accept the contention of the Revenue that these clauses indicate any object other than educational for which the assessee seems to have been established. On totality of the objects enumerated in bye-law 2, it is clear to us that the assessee-Co-operative Union is existing solely for educational purposes and even the objects which are enumerated in clauses (iii), (iv), (vi) and (viii) are referable to such purposes. It will not be open to read any of these clauses in isolation torn of its context for the purposes of urging that the*

*assessee is not existing solely for educational purposes as envisaged under section 10(22) of the Act. It is obvious that the objects of functioning as a focusing centre on non-official opinion on various subjects affecting the movement and for representing it in proper quarters, promoting the study of problems connected with co-operation and carrying on research in the same and of opening circulating libraries, publishing periodicals, books, pamphlets and literature are connected with educational purposes for which the assessee-Co-operative Union is established. The object of running a printing press as enumerated in clause (viii) has to be read in the context of the object of publishing periodicals, books, pamphlets and literature. Therefore, so read, it becomes part of the educational activities of the assessee-Co-operative Union. The subsidiary objects such as printing and publishing books and literature on the relevant subjects are, in our judgment, ancillary and do not detract from its exclusively educational character. The question whether an educational institution is existing solely for educational purposes or not can also be resolved with reference to the activities actually carried on by it and as noted above, the list of activities of the assessee clearly indicates that it is existing solely for educational purposes. It cannot be doubted that the assessee was a society for diffusion of a certain branch of knowledge, namely, knowledge of the co-operative movement in various fields governing human life and the activities for the purpose were carried out in an organised and systematic manner by conducting regular courses for imparting instruction and training on various subjects included in the curricula as is reflected from the list of its activities. There is no dispute about the fact that the assessee-Co-operative Union is given financial assistance by the Government. The resolutions of the Government dated February 15, 1968, and December 10, 1982 (mentioned in para 8 of the order of the Commissioner of Income-tax (Appeals) clearly indicate that the grants sanctioned by the Government are for educational purposes. The Government had sanctioned Rs. 15 lakhs for the year 1982-83 which appears to have been raised to Rs. 20 lakhs from the year 1988-89. We are fully satisfied from the nature of the activities of the assessee-Co-operative Union and*

*its objects that the assessee is existing exclusively for educational purposes and not for the purposes of profit. The assessee was publishing two journals: (1) "Sahakar", a weekly journal having a circulation of 6,700 copies, and (2) "Gram Swaraj", a monthly magazine having a circulation of 7,150 copies. Both these journals were published in connection with the activities of the assessee and on the subject of co-operative movement. The assessee was also having an audio-visual unit for exhibiting films on the co-operative movement to educate the masses. it also appears that the assessee maintained a rich library on the subject of co-operation. As noticed above, from the objects of the assessee, it is conducting training centres and colleges for various courses having a bearing on the field of co-operative movement. It appears to us that the decision of the Tribunal which seeks to rest it on the observations made by the Supreme Court in Loka Shikshana Trust's case [1975] 101 ITR 234, for holding that, the assessee is not entitled to exemption under section 10(22) of the Act is based on a complete misreading of the observations of the Supreme Court. In Loka Shikshana Trust's case [1975] 101 ITR 234, the Supreme Court, while dealing with the provisions of section 11 read with section 2(15) of the Act which defines "charitable purpose" observed as under (at page 241):*

*"The sense in which the word 'education' has been used in section 2(15) in the systematic instruction, schooling or training given to the young is preparation for the work of life. it also connotes the whole course of scholastic instruction which a person has received. The word 'education' has not been used in that wide and extended sense, according to which every acquisition of further knowledge constitutes education. According to this wide and extended sense, travelling is education, because as a result of travelling you acquire fresh knowledge But.....that is not the sense in which the word 'education' is used in clause (15) of section 2. What 'education' connotes in that clause is the process of training and developing the knowledge, skill, mind and character of students by normal schooling."*

6. The Supreme Court, in the above observations, by referring to the systematic instruction, schooling or training given to the young has only cited an instance in order to indicate as to what the word 'education' appearing in section 2(15) of the Act which defines "charitable purposes" is intended to mean. We are certain that these observations were not intended to keep out of the meaning of the word "education", persons other than "young". The expression "schooling" also means "that schools, instructs or educates" (The Oxford English Dictionary, Vol. IX, page 217). The Supreme Court has observed that the word "education" also connotes the whole course of scholastic instruction which a person has received. This clearly indicates that the observations of the Supreme Court were not intended to give a narrow or pedantic sense to the word "education". By giving further illustrations of a traveller gaining knowledge, victims of swindlers and thieves becoming wiser, the visitors to night clubs adding to their knowledge the hidden mysteries of life, the supreme Court has indicated that the word "education" is not used in a loose sense so as to include acquisition of even such knowledge. The observations of the Supreme Court only indicate the proper confines of the word "education" in the context of the provisions of section 2(15) of the Act. It will not be proper to construe these observations in a manner in which they are construed by the Tribunal when it infers from these observations, in para 17 of its judgment, that the word "education" is limited to schools, colleges and similar institutions and does not extend to any other media for such acquisition of knowledge. The observations of the Supreme Court do not confine the word "education" only to scholastic instructions but other forms of education also are included in the word "education". As noticed above, the word "schooling" also means instructing or educating. It, therefore, cannot be said that the word "education" has been given an unduly restricted meaning by the Supreme Court in the said decision. Though, in the context of the provisions of section 10(22), the concept of education need not be given any wide or extended meaning, it surely would encompass systematic dissemination of knowledge and training in specialised subjects as is done by the assessee. The changing times and the ever widening horizons of knowledge

*may bring in changes in the methodology of teaching a shift for the better in the institution set up. Advancement of knowledge brings within its fold suitable methods of its dissemination and though the primary methods of sitting in classroom may remain ideal for most of the initial education, it may become necessary to have a different outlook for further education. It is not necessary to nail down the concept of education to a particular formula or to flow it only through a defined channel. Its progress lies in the acceptance of new ideas and development of appropriate means to reach them to the recipients."*

*16. The above decision would come to the aid and assistance of the appellant-assessee. Therefore, we hold that the Tribunal erred in holding that the word "education" should be given a restrictive meaning and we respectfully agree with the decision in the case of Gujarat State Cooperative Union (supra) and Ahmedabad Management Association (supra)."*

15. Thus, the term 'education' has to be interpreted in a very holistic manner and cannot be confined only to scholastic instructions but also other forms of education and has to be given wide or extended meaning. Education may encompass systematic dissemination of knowledge and training in, specialized subjects and the earlier concept of education that are only imparted by schools and universities cannot be the criteria to judge that these institutions alone can impart education. Institutions can impart education for widening the horizons of knowledge and adopt various methodologies of teaching for inculcating knowledge and training the students. We find that the activities carried out by the assessee are to train the student by promoting them to conduct research and analyse the data to better understand the society and dynamics of market

and economics. Thus, we hold that activities of the assessee do fall in the category of 'education' u/s.2(15). Accordingly, the finding of the ld. CIT(exemption) that the activities of the assessee do not constitute education u/s. 2(15) is set aside and we direct the ld. CIT(exemption) to grant registration to the assessee company because the activities carried out by it does constitute 'education' u/s.2(15).

16. There is an another allegation by the ld. CIT(A) that assessee has been charging fees for providing education therefore, with a profit motive. However before us Ld, Counsel has clarified that -

- a. The assessee does not charge any fees to any child and the schools register participating children with the assessee.
- b. The government schools and the schools charging less than Rs.12,00 as fees to their students, are not charged any fees by the assessee for the program/course.
- c. The private schools pay anywhere between 150 to 750 per child depending upon the fee they charge their students (for e.g. if a private school charges fees between Rs.12,000 to Rs. 25,000 to its students, the child charged by the assessee would be Rs.150).

17. He also filed copies of its financials from the first year of its operations, including provisional accounts up to 30 November 2023. It is evident from these accounts that there is only marginal surplus of Rs.77,397/- and for the financial year ending on 31/03/2024 but for the donation received there was

an operational loss of Rs.10,88,700/-. Further, during the course of hearing we had also enquired from the ld. Counsel whether the research projects undertaken by the children, the assessee monetise the research papers prepared by the students commercially or not? It was clarified that assessee does not in any manner monetise or commercially exploit the projects made by the children and that a confirmation of the same on the letterhead of the assessee signed by its directors will be filed alongwith the written submissions called for. The confirmation was also filed before us. Thus, the allegation of the ld. CIT does not hold that while denying the registration u/s.12AA. Accordingly, as held above, we direct the ld. CIT(Exemption) to grant registration u/s.12A.

18. Since similar reason have been given for denying the recognition u/s.80G, therefore, in view of the finding given hereinabove that since we have already granted registration u/s.12AA, then application u/s.80G should be allowed.

**19. In the result, both the appeals of the assessee are allowed.**

Order pronounced on 30<sup>th</sup> October, 2024.

**Sd/-**  
**(GIRISH AGARWAL)**  
**ACCOUNTANT MEMBER**  
Mumbai; Dated 30/10/2024  
KARUNA, sr.ps

**Sd/-**  
**(AMIT SHUKLA)**  
**JUDICIAL MEMBER**

**Copy of the Order forwarded to :**

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,

(Asstt.Registrar)  
**ITAT, Mumbai**