

IN THE INCOME TAX APPELLATE TRIBUNAL

DELHI BENCH "B", NEW DELHI

BEFORE SHRI SHAMIM YAHYA, ACCOUNTANT MEMBER,  
AND  
SHRI VIMAL KUMAR, JUDICIAL MEMBER

|   |                       |     |  |
|---|-----------------------|-----|--|
|   | ITA NO. 1578/Del/2024 |     |  |
|   | A.Y.R. : N/A          |     |  |
| CONFEDERATION<br>BAHADURGARH INDUSTRIES,<br>JHAJJAR HARYANA,<br>PLOT NO. GR-18B/2, GANPATI<br>DHAM, INDUSTRIAL AREA,<br>BAHADURGARH, JHAJJAR,<br>HARYANA -124507<br>(PAN: AAFAC3698A) | OF                    | VS. | CIT EXEMPTIONS,<br>CHANDIGARH<br>C.R. BUILDING,<br>HIMALAYA MARG,<br>SECTOR-17, CHANDIGARH |
| (APPLICANT)   |                       |     | (RESPONDENT)   |

Applicant by : Sh. Amit Goel, CA & Sh. Pranav  
Yadav, Adv.

Respondent by : Shri Surender Pal, CIT(DR)

Date of hearing : 27.11.2024

Date of pronouncement : 03.12.2024

**ORDER**

**PER SHAMIM YAHYA, AM :**

The Assessee has filed the instant Appeal against the Order of the Ld. CIT(Exemptions), Chandigarh dated 26.03.2024 on the following grounds:-

1. On the facts and circumstances of the case and in law, the order passed by the Ld. CIT(E) is erroneous and bad in law.
2. On the facts and circumstances of the case and in law, the Ld. CIT(E) erred in rejecting the application for registration u/s. 12AB of the Act.

3. On the facts and circumstances of the case and in law, the Ld. CIT(E) erred in not allowing the registration of the appellant u/s. 12AB of the Act.
  4. On the facts and circumstances of the case and in law, the reasons given by the ld. CIT(E) for rejecting the application of the appellant for registration u/s. 12AB of the Act are erroneous and not sustainable.
2. The brief facts of the case are that applicant has filed application in Form No. 10AB on 1.9.2023 seeking registration under sub-clause (iii) of clause (ac) of sub section (1) of section 12A of the Income Tax Act, 1961. The application reveals that the applicant is a society which was created on 07.12.2021. The aims and objects of the applicant company are mentioned at page no. 3 to 5 of the Ld. CIT Exemption's order dated 26.3.2024. Ld. CIT(E) has also reproduced the provisions of section 12AB of the Act at page no. 6 of his aforesaid order, which are the extant provisions guiding the grant of exemptions under section 12AB. Ld. CIT(E) further observed that in order to appraise the activities, whether the same were in line with the stated objects, has granted an opportunity on 12.10.2023 vide which applicant was requested to file the documents / clarification by 27.10.2023, which are mentioned at page no. 7 to 8 of the Ld. CIT(E)'s order. In response to the said queries, the applicant has submitted the reply alongwith copy of provision registration dated 27.8.2022; copy of financial statement for the FY 2021-22 and 2022-23; copy of memorandum of association dated 7.12.2021; copy of bank statement for the period 1.4.2021 to 31.3.2022 and proof of activities like photos/reply. Ld. CIT(E) perused the reply and observed as under:-

*“...1. The applicant society is based at exactly same address i.e. as the firm of one of its members, Sh. A.K. Mittal. The firm is A.K. Mittal & Associates which is a C.A. firm working in GST Law primarily. It's other associate is Sh. Parveen Kumar Mittal.*

*2. The Financial Statements and bank statements throw the light on the fact that majority of expenses are being paid to related parties*

*or relatives/associates of related parties. For instance, huge Software Expenses are being paid to 30Days Technologies Pvt Ltd. which is run by Sh. Parveen Kumar Mittal. Office rent is being paid to Sh. A.K. Mittal & Associates.*

*3. Huge Expenses have been incurred on purchase of furniture, packaging materials and advertisement for an office from where A.K. Mittal & Associates is also functioning. There appears to be no nexus of the expenses done with the avowed object of promotion of industries in Jhajjar region.*

*4. Membership Fees- The applicant is charging admission fees from its members for Founder Members, Life Members and Ordinary members and annual subscription. All these constitute the receipts of the society. Hence, the genuineness of activities is clouded by the fact that what the applicant is doing is basically providing a service to industries for a fee, thereby being hit by the proviso to section 2(15) of the Income Tax Act, 1961. Nothing is brought on record to show activities being conducted are for promotion of industries in Jhajjar area.*

*7. In the backdrop of above discussion, 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 F.Y. 2023-24 onwards and also supersede any registration granted u/s 12AB or 12AA of the Act by any authority at any earlier time.”*

3. Against the aforesaid action of the Ld. CIT(E), applicant is in appeal before us.

4. We have heard both the parties and perused the records.

5. At the time of hearing, Ld. AR for the applicant submitted that applicant has submitted voluminous replies and explanations which have not been considered by the Ld. CIT(E). He further submitted that copy of the same replies and explanations are also placed before us in the shape of paper book. He pleaded that one more opportunity may be granted to the applicant before the Ld. CIT(E) in order to explain each and every thing in the case by remitting back the issues to the file of the CIT(E). Per contra, Ld. DR did not have any serious objection to this proposition.

6. In view of the aforesaid facts and circumstances of the case and in the interest of justice, the issues in dispute are remitted back to the file of the Ld. CIT(Exemptions) with the directions to decide the issues in dispute afresh, after giving adequate opportunity of being heard to the applicant. We hold and direct accordingly.

7. In the result, the Applicant's appeal is allowed for statistical purposes.

Order pronounced on 03/12/2024.

Sd/-

(VIMAL KUMAR)  
JUDICIAL MEMBER

Sd/-

(SHAMIM YAHYA)  
ACCOUNTANT MEMBER

SRBHATNAGAR

**Copy forwarded to:-**

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

Assistant Registrar