

**IN THE INCOME TAX APPELLATE TRIBUNAL
ALLAHABAD BENCH, ALLAHABAD**

(THROUGH VIRTUAL / HYBRID MODE)

**BEFORE SH. SUBHASH MALGURIA, JUDICIAL MEMBER
AND**

SH. SANJAY AWASTHI, ACCOUNTANT MEMBER

ITA Nos.130 & 131/Alld/2024
A.Ys. 12AB(1)(B)(II) & 80 G (5)

Prayag Education Trust, 1, Bank Road, Katra, Allahabad	vs.	The Commissioner of Income Tax (Exemption), Lucknow
PAN:AAJAP3736G		
(Appellant)		(Respondent)

Assessee by:	Sh. Ashish Bansal, Advocate
Revenue by:	Sh. Amalendu Nath Mishra, CIT DR
Date of hearing:	05.12.2024
Date of pronouncement:	05.12.2024

ORDER

PER BENCH:

These are bunch of appeals emanating from two separate orders dated 28.06.2024 rejecting the application of this appellant for registration under section 12AB of the Income Tax Act, 1961 (hereafter the 'Act') and 80G(5) of the Act, passed by Id. CIT(Exemption), Lucknow. For the sake of convenience appeal in ITA No.130/Alld/2024 shall be dealt with first.

1.1 In this case, the appellant filed an application for registration under section 12AB of the Act as a new Trust. However, through order dated 28.06.2024, the Id. CIT(Exemption) rejected the said application on grounds of reasons recorded in para 5 of the impugned order. The Id. CIT(Exemption) has recorded that the appellant did not submit his audited balance-sheet and income and expenditure account for the F.Ys. 2020-21, 2021-22 and 2022-23. It has been further recorded that receipt / payment account details have been submitted, but there were no

visible activities of a charitable nature in the past three years. This fact led to the conclusion that charitable activities had not commenced during the last three years. Accordingly, the application was rejected.

2. Aggrieved with this action, the applicant has filed the present appeal before the ITAT through three grounds of appeal of which the first two are of a substantive nature and shall be adjudicated. Through these grounds of appeals, the appellant has challenged the action of Id. CIT(Exemption) and has stated that the rejection was against the fact and material on record.

2.1 Before us, the Id. AR vehemently argued that the assessee society is a very old existing society, which is running a school since 1964. It was averred that the said school was aided by the Government and hence its accounts and affairs were kept separate from those of the society. It was further stated that since the society wanted to conduct charitable activity under its own supervision hence, the trustees deemed it fit to apply for the registration under consideration. To a query from the Bench regarding the status of the school being run by the Society, it was stated that it was wholly and exclusively a part of the Society and probably the accounts of the school have been kept separate from that of the Society on the assumption that since the Government was supporting the school hence, there should not be any mixing of the accounts.

2.2 The Id. Sr. DR, pointed out that the Society and the school are one and same inasmuch as the school was being run by the Society and hence the appellant should have included the activity of running a school in the application filed before the Id. CIT(Exemption).

3. We have carefully considered the averments of Id. DR/ Id. AR and also perused the records. It is clear that the school is being run from 1964 and hence the Society actually conforms to the principle that it has been undertaking charitable work for not only past three years but for several past decades. Accordingly, we

deem it fit to remand the matter back to the file of the ld. CIT(Exemption) to give another chance to the appellant to present his case after considering the activities of the school as part and parcel of the activities of the Society. The appellant would do well to present the audited accounts of the school, alongwith that of the Society, for enabling the ld. CIT(Exemption) to take an appropriate view in the matter.

ITA No.131/Alld/2024

4. It is seen that since the registration under section 12AB was rejected hence the application for registration under section 80G(5) also met with the same fate. Considering the order passed for ITA No.130/Alld/2024, this matter is also remanded back to the file of the ld. CIT(Exemption) for a fresh consideration on the basis of audited accounts of the school and Society that would be required to be filed by the appellant for registration under section 12AB of the Act.

5. Both these appeals are allowed for statistical purposes.

Order pronounced in open court on 05.12.2024 at Allahabad, U.P.

Sd/-
[SUBHASH MALGURIA]
JUDICIAL MEMBER

Sd/-
[SANJAY AWASTHI]
ACCOUNTANT MEMBER

DATED: 05/12/2024

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Copy forwarded to:

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

By order
Sr. P.S.