

**INCOME TAX APPELLATE TRIBUNAL**  
**AGRA BENCH "DB": AGRA**  
**SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER**  
**AND**  
**BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**  
(Through virtual hearing)

**ITA No. 187/AGR/2024**  
**(Assessment Year: 2024-25)**

<b>Faizan E Sahaba Aligarh,</b> Raza Nagar, Near Quarshi, yash Lodge, Madarse Wali Gali, UP	Vs.	CIT(Exemption), Lucknow
(Appellant)		(Respondent)
<b>PAN:</b>		

Assessee by :	Shri Dharmender Kumar, CA
Revenue by:	Shri Sukesh Kumar Jain, CIT DR
Date of Hearing	06/02/2025
Date of pronouncement	02/04/2025

**ORDER**

**PER M. BALAGANESH, A. M.:**

1. The appeal in ITA No. 187/AGR/2024 for AY 2024-25, arises out of the order of the Commissioner of Income Tax (Exemption), Lucknow [hereinafter referred to as 'Id. CIT(E)', in short] dated 19.03.2024.
2. The only effective issue to be decided in this appeal is as to whether the Learned CIT(Exemptions) was justified in rejecting the application of the assessee seeking registration under section 12A(1)(ac)(iii) of the Act in the facts and circumstances of the instant case.
3. We have heard the rival submissions and perused the materials available on record. The assessee Trust was formed on 12-3-2021 and registered on 12-3-21 in the office of Sub-Registrar, Sadar, Aligarh, Uttar Pradesh. The assessee Trust has been formed to serve the people of India through expositions, propagation and implementation of spiritual teaching of

Islam. Amongst others, the objects of the assessee Trust are to establish, fund, build, assist, maintain and manage masjid, madarsa, jamiat, darul iftah, religious education centre and institution etc. to propagate Islam in accordance with Quran and Sunnah as interpreted and practiced by Prophet Hazrat Muhammad Mustafa and his companions. Apart from majorly imparting the spiritual teaching of Islam, the assessee Trust also aims to promote modern education in Urdu, Arabic and other mediums and teaching of English, Mathematics, Science and other subjects. The assessee Trust commenced its activities from 1-4-2023. The assessee Trust filed application seeking for provisional registration under 12A(1)(ac)(vi) of the Act on 12-4-2021 in Form No. 10A. The Learned CIT (Exemptions) granted provisional registration vide order dated 28-5-2021 for the period from Assessment Years 2022-23 to 2024-25 in Form No. 10AC. The assessee Trust filed application for permanent registration under 12A(1)(ac)(iii) of the Act on 30-9-2023 in Form No. 10AB. Along with the said application, the assessee filed the Trust Deed; Certificate of Registration of Trust; and Audited Financial Statements for 31-3-2021 and 31-3-2022.

4. The Learned CIT (Exemptions), Lucknow vide notices dated 11-1-24 and 7-2-24 asked the Trust to file certain documents, information and explanations in respect of application for permanent registration filed by the assessee Trust. In response to the notices issued by the Learned CIT (Exemptions), the assessee Trust vide their reply dated 13-2-24 submitted that it had started its activities from 1-4-23 and had filed an application under 12A(1)(ac)(iii) of the Act in Form 10AB on 30-9-23. Considering that application under section 12A(1)(ac)(iii) of the Act has been filed within a period of six months from the date of commencement of activities, the instant application filed in Form 10AB on 30-9-23 shall be construed as a

valid application. Later, the assessee filed all the requisite documents that were called for by the Learned CIT (Exemptions) as under:-

*"a) Copy of Form 10A filed in the financial year 2021-22 for the grant of registration and copy of order for provisional registration received in Form 10AC.*

***b) Note on activities conducted by the assessee since inception of the Trust during the last three years and till 30-6-2023.***

***c) Note specifying the main area of charitable / religious activities and projection / plan for the main charitable / religious activities to be undertaken in the next two years. In this point, it was specifically pointed out that the assessee trust is carrying out only religious activities.***

*d) Certified copy of the Trust Deed.*

*e) Details of all the amendments made in the Trust Deed since inception along with copy of related instruments by stating that no such amendments were carried out.*

*f) Specifying the provision of the Trust Deed which provides that Trust /institution is irrevocable and in case of dissolution of Trust, the Funds /assets of the Trust will be transferred only to some other Trust/society or non-profitable organization having similar objects.*

*g) A declaration that no part of the income of the Trust enures, directly or indirectly for the benefit of any person specified in Section 13(1)(c) of the Act and that no part of the income or property of the Trust / society / company was ever used or applied for the benefit of any person specified in Section 13(1)(c) of the Act.*

*h) No Objection Certificate (NOC) from the owner of the premises from which the Trust is operating along with proof of the ownership.*

***i) Undertaking that there will be no infringement to the first proviso to Section 2(15) of the Act. For this purpose, the assessee specifically clarified that it is not involved in any charitable activities and is not a Charitable Trust at all. On the contrary, it is a religious Trust.***

*j) Telephone number and email address of the assessee Trust.*

*k) A point clarifying that no rejection order on the application for registration has been passed in the past for the assessee Trust.*

*l) Copy of certificate issued in Form No. 10AC.*

*m) Certificate stating that all the requirements of the law which are essential for the purpose of achieving the objects of the Trust have been complied with.*

***n) Bank statements of last three years and since the inception till 31-03-2023. In the said point, the assessee specifically stated that it had commenced its activities from 01-04-2023 and that in promulgation of the objects of the assessee Trust, it had furnished various proofs and evidences to portray actual carrying out of the activities of the assessee Trust. The assessee Trust promotes education of spiritual teachings of Islam and in order to carry out such teachings, the assessee Trust incurs various expenses such as employee cost, travelling and conveyance incurred by the teachers and members of the assessee Trust for promotion of Islamic learnings amongst the general public and collection of donations given by the generous people of the society. The assessee also clarified that it had incurred salary expenditure which is given to various kinds of employees engaged with the assessee Trust such as***

***(i) Volunteers who go to various places and locations to open donation boxes***

***(ii) Teachers who teach students in the non-residential Madrasa and are paid on the basis of hours spent on teaching***

***(iii) Teachers who teach students in residential and non-residential Madrasa and are paid for teaching a particular course such as Mathematics, Science, English, Urdu etc.***

***(iv) Imam in the Madrasa who teach the students the principles of Islam and Urdu***

***(v) The assessee also furnished the summary of various details together with evidences regarding various expenditures incurred by it in the form of kitchen / food expenses, other capital expenditure incurred in the Madrasa in a tabular form for various financial years.***

*o) Details of donation include corpus donations received and made giving name, address, PAN of the donors of the last three years along with donation receipts since inception.*

*p) Financial statements of the assessee Trust since inception till 31-03-2023.*

*q) Specifically clarifying that no outstanding demand of taxes were raised on the assessee in the past.*

*r) No penalty proceedings were initiated in the past on the assessee in the past.*

*s) Confirmation that none of the objects of the Trust deed are charitable in nature and none of the objects are involved in the carrying on in the nature of trade or business or commerce.*

*t) Details of remuneration / reimbursement if any, drawn by the Trustee against the services provided by them to the Trust together with the details of business or source of income of the Trustees. In this, specifically it was clarified that no remuneration has been paid or reimbursement has been drawn by the Trustees of the assessee Trust for the services provided by them to the Trust.*

*u) Details of vehicles owned by the Trust were sought, for which it was replied that no vehicles are owned by the assessee Trust.*

All these documents were duly uploaded along with the reply.

5. We find that the assessee in its application in Form No. 10AB specifically mentioned that its nature of activities are religious in nature. This is evident from Form No. 10AB enclosed in pages 34 to 42 of the appeal set. The assessee gave evidence to the fact of commencement

of religious activities along with the reply which are reiterated supra. Further the assessee also furnished the salary register together with the photos as evidence in support of religious activity carried out by it since the inception. Despite all these documents, the Learned CIT (Exemptions), Lucknow on perusal of the financial statements of the assessee made a remark that assessee had not incurred any expenditure on the charitable activities carried out by the assessee. Hence it could be safely concluded that the Learned CIT (exemptions) had proceeded on the premise that the activities carried out by the assessee trust are charitable in nature whereas factually they are only religious in nature and even the assessee sought registration only as a religious trust and not as a charitable trust. Hence the entire rejection order of the Learned CIT (exemptions), Lucknow had proceeded on incorrect assumption of facts and not understanding the predominant purpose for which the assessee trust was even formed. Hence we have no hesitation to cancel the said rejection order of the Learned CIT(Exemptions) and direct the Learned CIT(Exemptions) to grant registration to the assessee trust in accordance with law. Accordingly, the grounds raised by the assessee are hereby allowed.

6. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 02/04/2025.

-Sd/-  
**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 02/04/2025  
A K Keot

Copy forwarded to

1. Applicant

2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi