

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad ' DB-A ' Bench, Hyderabad

Before Shri Vijay Pal Rao, Vice-President
A N D
Shri Madhusudan Sawdia, Accountant Member

आ.अपी.सं / **ITA Nos.62 & 68/Hyd/2025**
(निर्धारण वर्ष/Assessment Year: N.A)

Hyderabad Area Round Table No 134 Charitable Trust, Hyderabad PAN:AABTH5683D	Vs.	Commissioner of Income Tax (Exemption) Hyderabad
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	C.A. Sridhar Jhawar	
राजस्व द्वारा/Revenue by::	Shri B Balakrishna CIT(DR)	
सुनवाई की तारीख/Date of hearing:	07/04/2025	
घोषणा की तारीख/Pronouncement:	09/04/2025	

आदेश/ORDER

Per Vijay Pal Rao, Vice President

These two appeals filed by the assessee are directed against the separate orders of the learned CIT(Exemption) both dated 22/11/2024 passed u/s 80G(5) and section 12AB of the I.T. Act, 1961 respectively.

2. In the appeal against the rejection of application u/s 12AA of the I.T. Act, 1961, the assessee has raised the following grounds of appeal:

ITA No.6/Hyd/2025

“1. The rejection order of the Learned CIT(Exemption) of Income tax is erroneous both on the facts and circumstances of the case and also in Law.

2. Whether, on the facts and in the circumstances of the case, the rejection order of the Learned CIT(Exemption) was perverse in so far in making an observation that there are no substantial charitable activities being carried out by the appellant which are in violation of provisions of section 12A and 80G of the Income tax Act, 1961.

3. The appellant craves to add, modify or delete any other ground that may be urged during the course of detailed submissions/hearing.”

3. The learned AR of the assessee has submitted that the assessee trust has been created with the objects of inter alia to provide educational research & training to the member of the society for the advancement of educational studies undertaken by them for the benefit of the society. Thus, the charitable nature of the objects of the assessee trust have not been disputed by the learned CIT(Exemption). He has referred to the Govt. communication placed at page 23 of the paper book and submitted that the Govt. of Telangana, Department of Education has recognized the charitable work of the assessee for construction of additional class rooms, toilets and compound walls in the govt. schools of the State. Thus, the assessee is providing the infrastructure to the govt. schools and therefore, the activities of the assessee are charitable in nature. The learned CIT(Exemption) called for certain information which were duly filed by the assessee. However, the application of the assessee was rejected without pointing out any defect or deficiency in the

details and documentary evidence filed by the assessee. Hence, the learned AR of the assessee has submitted that the reasons given by learned CIT(Exemption) in rejecting the application is highly arbitrary and unjustified and also contrary to the record. Thus, he has prayed that learned CIT(Exemption) may be directed to reconsider the application of the assessee filed in Form-10AB for registration u/s 12AB of the I.T. Act, 1961 and after considering the relevant evidence and details filed by the assessee to show that the assessee has carried out the charitable activities. He has referred to the income & expenditure account as well as the balance sheet of the assessee and submitted that majority of the expenditure is incurred only on education purpose.

4. On the other hand, the learned DR has submitted that though the assessee has furnished its financial statement, however, there is a discrepancy in the details as furnished by the assessee regarding the bills raised by the contractor for construction of the class rooms and other works in the govt. schools and the expenditure booked by the assessee in the income and expenditure account. This discrepancy is required to be reconciled on the part of the assessee to satisfy the learned CIT(Exemption) that the assessee has actually carried out the charitable activities to achieve the objects. He has relied upon the impugned order of the learned CIT(Exemption). The learned DR has relied upon the order of the Hon'ble Supreme Court in the case of M/s. Ananda Social & Educational Trust vs. CIT & Anr reported in 426 ITR 340.

5. We have considered the rival sub mission as well as the relevant material available on record. The learned CIT(Exemption) issued various notices to the assessee and vide notice dated 8/10/2024, given the final opportunity for submitting the full information including the documentary evidences. The details of relevant information required to be submitted by the assessee to learned CIT(Exemption) are as under:

“ The cash flow statement/financial statement indicated in the objectives of clause.
 * Copy of latest 3 months GST returns.
 * List of donors in respect to 80G claim.
 * Furnish the documentary evidences with regard to expenditure incurred for the objectives as per trust deed/MOA.”*

5.1 Thus, the learned CIT (E) rejected the application for registration u/s 12AB of the Act in para 3 of the impugned order as under:

“3. The assessee submitted his response to the above notice and on perusal of the submissions of the assessee, it is observed that no substantial charitable activities are being carried out by the assessee trust, which is in violation of provisions of section 11 and 12 of the IT Act, 1961. In light of the above facts, the present application in form 12AB is herewith rejected.”

6. As it is revealed from para 3 of the impugned order that in response to the notice, the assessee has submitted the information which was available before the learned CIT (Exemption). However, the application was rejected only on the ground that no substantial charitable activities are being carried

out by the assessee trust. Once the assessee has produced the relevant information, details and evidence in the shape of financial statements, bills/invoices raised by the contractor after completion of the construction work of class rooms/boundary walls work of the govt. schools, then without pointing out any infirmity or deficiency in the record filed by the assessee, a mere statement that no substantial charitable activities are being carried out by the assessee trust is not justified. Even otherwise, the impugned order is a non-speaking and cryptic order which does not exhibit any analysis of the record and material filed by the assessee in response to the notice. Therefore, in the facts and circumstances of the case, the impugned order of the learned CIT (E) is set aside and the mater is remanded to the record of the learned CIT (E) for fresh adjudication by a speaking order after verification and examination of the details, documents and other records filed by the assessee as well as after giving an opportunity of hearing to the assessee.

ITA No.68/Hyd/2025

7. In the appeal against the rejection of approval u/s 80G(5), the assessee has raised the following grounds:

“1. The rejection order of the Learned CIT(Exemption) of Income tax is erroneous both on the facts and circumstances of the case and also in Law.

2. Whether, on the facts and in the circumstances of the case, the rejection order of the Learned CIT(Exemption) was perverse in so far in making an observation that there are no substantial charitable activities being carried out by the appellant which are in violation of provisions of section 11 and 12 of the Income tax Act, 1961.

3. *The appellant craves to add, modify or delete any other ground that may be urged during the course of detailed submissions/hearing.*”

8. Since an identical order is passed by the learned CIT (E) and this is a consequential order to the order passed u/s 12AB of the I.T. Act, 1961, therefore, when the matter for registration u/s 12AB is remanded to the record of the learned CIT (E), this matter is also remanded to the record of the learned CIT (E) for fresh adjudication on the same terms.

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

Order pronounced in the Open Court on 9th April, 2025.

Sd/-

Sd/-

(MADHUSUDAN SAWDIA) ACCOUNTANT MEMBER	(VIJAY PAL RAO) VICE-PRESIDENT
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Hyderabad, dated 9th April, 2025

Vinodan/sps

Copy to:

S.No	Addresses
1	Hyderabad Area Round Table No 134 Charitable Trust, 6-2-602/1 Road No.10 Banjara Hills, Hyderabad 500034
2	CIT (Exemption) Aayakar Bhavan, Opp: LB Stadium, Basheerbagh, Hyderabad
3	Pr. CIT (Exemption) Hyderabad
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order