

आयकर अपीलिय अधिकरण, 'ए' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL,  
'A' BENCH, CHENNAI**

श्री एबी टी वर्की, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI ABY T VARKEY, JUDICIAL MEMBER AND  
SHRI S. R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: **764/Chny/2020**  
निर्धारण वर्ष / Assessment Year: **2012-13**

<b>M/s.Joshua Educational Trust,</b> 2/1, TVS Main Road, Tevar Nagar, Padi, Chennai – 600 050.	vs.	<b>Income Tax Officer (Exemptions),</b> Ward -3, Chennai – 600 034.
<b>[PAN: AAATJ-0282-D]</b> (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. K. Meenakshi Sundaram, ITP  
प्रत्यर्थी की ओर से/Respondent by : Shri. Keerthi Narayanan, JCIT

सुनवाई की तारीख/Date of Hearing : 21.04.2025  
घोषणा की तारीख/Date of Pronouncement : 15.05.2025

**आदेश / O R D E R**

**PER S. R. RAGHUNATHA, ACCOUNTANT MEMBER:**

This appeal by the assessee is filed against the order of the Commissioner of Income Tax (Appeals)-17, Chennai, for the assessment year 2012-13, dated 31.01.2020.

2. The grounds of appeal raised by the assessee are as under:

“1. The learned Commissioner of Income tax (Appeals) erred in stating that the sales proceeds of school at Anna Nagar had not been used for acquisition of another capital asset as mentioned in section 11 (1A).

2. The learned Commissioner of Income tax (Appeals) ought to have appreciated the fact that the Trust never claimed any exemption of the investment in the school land and building at Anna Nagar, Chennai as application of income under Section 11.

3. The learned Commissioner of Income Tax (Appeals) ought to have appreciated the fact that wherever an assessee irrespective of the status

*claims an allowance of depreciation may have to follow the block of assets principle and cannot adopt a different procedure.*

4. *The learned Commissioner of Income Tax (Appeals) ought to have appreciated the fact that improvements made in the existing fixed assets tantamounted to purchase of new immovable properties as mentioned in section 11 (A) of the Income Tax Act.*

5. *The learned Commissioner of Income tax (Appeals) ought to have appreciated the fact that the investment in the immovable property at Anna Nagar Chennai was never claimed as application of income in the past for its admission as income in the profit and loss account when it was sold in the year ended 31/3/2012.*

6. *The learned Commissioner (Appeals) ought to have appreciated the fact that the income of a Trust is usually computed under chapter III of the Income Tax Act and the income from business had been computed under Chapter IV of the Income Tax Act.*

7. *The learned Commissioner (Appeals) ought to have appreciated the fact that the assessee computed their income only under chapter IV and since according to chapter IV depreciation has to be allowed on fixed assets on block of assets basis the sale value of the building at Thangam Colony was reflected in the depreciation schedule.*

8. *The assessee craves leave to file additional grounds and or additional evidences as the hearing progresses in case a need arises for the same.*

9. *The assessee under the circumstances submits that the addition of Rs.3,28,37,840/- may be deleted by the honorable Tribunal and rescue the Trust from ruination."*

3. The brief facts of the case are that the assessee a registered charitable trust u/s.12AA of the Act, filed its return of income for the A.Y. 2012-13 on 20.05.2013 admitting NIL income. The case was selected for scrutiny and statutory notices were sent by the AO. The assessee did not participate in assessment proceedings and hence the AO passed an order U/s.143(3) r.w.s. 144 of the Act dated 30.03.2015 by determining taxable income of Rs.3,28,37,840/- by disallowing exemption claimed u/s.11 of Act due to non-submission of registration u/s.12AA of the Act. Aggrieved by the order of the AO the assessee preferred an appeal before Id.CIT(A) – 17, Chennai. Meanwhile the assessee filed an application u/s.154 before the AO seeking rectification for allowing deduction u/s.11 of the Act by furnishing the

registration certificate u/s.12AA of the Act. The AO allowed the exemption u/s.11 of the Act in the order passed u/s.154 of the Act. However, the AO recomputed the taxable income as Rs.2,72,51,272/- since, assessee had failed to make an application of 85% of the gross collection of Rs.3.72 Crores (including the sale of immovable property of Rs.3.21 crores) along with depreciation claimed by the assessee.

4. The Ld.CIT(A) after considering the submissions of the assessee along with the order passed u/s.154 of the Act, confirmed the disallowance made by the AO on account additions shown in the 'fixed assets on the existing land and building' as application of gross collection sale of immovable property as observed in para 6.3.3. of the order dated 31.03.2020. However, the Id.CIT(A) allowed the depreciation claimed on fixed assets as application of income and directed the AO to recompute the income accordingly. Aggrieved by the order of the Id.CIT(A), the assessee is before us.

5. We have heard the rival contentions gone through the materials available on record and perused the orders of the authorities. It is an undisputed fact that the assessee has received sale consideration of Rs.3,21,44,631/- from the transfer of Thangam colony property during the impugned assessment year. Further, the AO has passed an exparte order without verification of the reinvestment of the property on the school building at Padi as claimed by the assessee. Further, we have observed that the Id.CIT(A) also has not verified the same before confirming the addition made by the AO. We note that the assessee is seeking for one more opportunity before the AO to present the entire evidence and related documents in respect of the

reinvestment made in the interest of natural justice. The Id.CIT-DR also fairly agreed for remanding the issue back to the files of the AO.

6. In the present facts and circumstances of the case, to meet the ends of the justice we set aside the order of the Id.CIT(A) and remit the issue back to the files of AO for denovo assessment to frame the order in accordance to law, after providing reasonable opportunity to the assessee. Before us, the Id.AR filed an undertaking dated 21.04.2025 to appear before the Assessing Officer on behalf of the assessee without fail when the case is taken up for hearing. Needless to say, that the assessee to be diligent in presenting the details and documents before the AO as and when called for to complete the assessment.

7. In the result the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 15<sup>th</sup> May, 2025 at Chennai.

**Sd/-**  
(एबी टी वर्की )  
**(ABY T VARKEY)**  
न्यायिक सदस्य/Judicial Member

**Sd/-**  
(एस. आर. रघुनाथा)  
**(S. R. RAGHUNATHA)**  
लेखासदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated, the 15<sup>th</sup> May, 2025

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आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF