

**IN THE INCOME TAX APPELLATE TRIBUNAL "PATNA BENCH", PATNA**

**(VIRTUAL HEARING AT KOLKATA)**

**SHRI PRADIP KUMAR CHOUBEY, JUDICIAL MEMBER  
SHRI SANJAY AWASTHI, ACCOUNTANT MEMBER**

**I.T.A. No. 594/PAT/2024**

**Diksha Educational Research Foundation,**

Hathwa House, South Gandhi Maidan,

Patna - 800001

[PAN: AACCD0058Q]

..... **Appellant**

**vs.**

**CIT (Exemption),**

**Patna**

..... **Respondent**

**I.T.A. No. 595/PAT/2024**

**Diksha Educational Research Foundation Charitable Trust,**

Ram Bhawan, South Gandhi Maidan,

Patna - 800001

[PAN: AAATD8627N]

..... **Appellant**

**vs.**

**CIT (Exemption),**

**Patna**

..... **Respondent**

**I.T.A. No. 596/PAT/2024**

**HR Digha Shivallya Charitable Trust,**

33, Hathwa Enclave, Bataganj Digha,

Patna - 800001

[PAN: AAATH5472P]

..... **Appellant**

**vs.**

**CIT (Exemption),**

**Patna**

..... **Respondent**

**I.T.A. No. 597/PAT/2024**

**Sagyan Educational Research Charitable Trust,**

Hathwa Mansion, Mirganj,  
Gopalganj (Bihar) - 800001  
[PAN: AAGTS8264A]

..... **Appellant**

**vs.**

**CIT (Exemption),**

**Patna**

..... **Respondent**

**Appearances by:**

Assessee represented by : Akkal Dudhwewala, FCA  
Vidhi Ladia, ACA

Department represented by : Rinku Singh, CIT-DR

Date of concluding the hearing : 14.05.2025

Date of pronouncing the order : 21.05.2025

**ORDER**

**PER SANJAY AWASTHI, ACCOUNTANT MEMBER**

1. This is a batch of four appeals having inter connected issues and hence they are disposed of through a single order.

1.1 The present appeals arise from the orders passed by the Ld. Commissioner of Income Tax (Exemption), Patna [hereafter the Ld. CIT(E)]” through separate orders, all dated 22.07.2024.

1.2 Briefly, it is seen that all these orders have been passed for deciding on registration on an application in Form 10AB filed by all the assesseees concerned. The applications for such registration have all been rejected on the ground that all of these trusts were purportedly carrying on commercial activities. Thus, the charitable purpose for which the trusts were claimed to be existing, as claimed by the assessee trusts, was doubted and hence the provisional registration granted u/s 12A(1)(ac)(vi) in Form 10AC was also cancelled. In this regard, we may take ITA No. 594/Pat/2024 as the lead case and the finding of Ld. CIT(E) there may be extracted for reference:

*“4. In response to the letter dated 06.07.2024, applicant submitted a copy of letter of permission issued under section 18 of RTE Act, 2009 by the State Government to the School being run by the applicant and it was further stated that by the applicant that the activities undertaken by it was to promote and run academics and institutions with due recognition from the appropriate authorities like CBSE, ICSE, state education Board/ Council, State Government.*

*No explanation was given on the issue of object clauses involving commercial activities out side India as raised in the letter dated 06.07.2024.*

*5. Therefore, it is held that the applicant failed to prove the constitution of such company which objects were wholly for charitable or religious purposes within the meaning of section 11 read with section 2(15) of the IT Act 1961. Therefore, the application filed in Form 10AB for grant of regular registration under sub clause (iii) of clause (ac) of sub-section (1) of section 12A is rejected.*

*6. Under the circumstances mentioned above, the provisional registration granted u/s 12A(1)(ac)(vi) in Form 10AC dated 27.05.2021 with Unique Registration Number-AACCD0058QE20206 for AY 2021-22 to 2023-24 is also cancelled.”*

2.1 Aggrieved with this action, all the assessee trusts have filed the present appeals and for the sake of convenience the ground of appeals in ITA No. 594/Pat/2024 may be mentioned as under:

*“1. For that the order passed by CIT (E) on 22/07/2024 is wholly illegal and bad in law.*

*2. For that the CIT (E) has erred in the rejecting the application filed in form 10AB for grant of regular registration under sub-clause (iii) of clause (ac) of sub-section 12A along with the provisional registration granted u/s 12A(1)(ac) (vi) in form 10AC for the AY 2021-22 to 2023-24. It is matter on the record that the trust is already enjoying the registration under section 12AA vide order dated 28/11/2016.*

*3. For that CIT (E) has erred in rejection of the application that the trust is already registered under section 12AA vide registration no. AACCD0058Q/13/16-17/C-203 vide order dated 28/11/2016. By this act of granting registration u/s 12AA of the Act, it can be safely presumed that then, Ld. CIT (E) was satisfied with the genuineness of the activity of the trust or institution and the objects of the trust/institution.*

*4. For that the CIT (E) has also not pointed out from the perusal of the audited financial statements that the trust is involved in any commercial activities outside India. It is mater on fact and on the record that the appellant has not carried out any object which were not charitable within the meaning of section 11 read with section 2(15) of the Income tax Act. In response to notice dated 06/07/2024, the appellant has submitted letter of affiliation issued by CBSE to the school being run it was further stated by the appellant that the activities undertaken by it was to promote and run academics and institutions with due recognition from the appropriate authorities like CBSE, ICSE, state education Board/Council, State Government. In the order passed the Object clause of some another assessee has been copied and pasted.*

*5. For that the Ld. CIT (E) has erred in passing a vague and cryptic order.*

6. *For that whole order is bad in fact and the law of the case and is fit to be quashed.*

7. *For that order grounds, if any, shall be urged at the time of hearing of the appeal.”*

3. Before us, the Ld. AR filed detailed paper books in all the cases and mentioned, right at the outset, that except in ITA No. 596/Pat/2024 [HR Digha Shivallya Charitable Trust, Patna], the facts in all the cases were similar. It was pointed out that in ITA No. 596/Pat/2024, the only difference is that there is rental income to the tune of Rs. 10,85,000/- which is not there in the remaining three cases. The Ld. AR also filed extensive paper books in all of these cases and a compendium of case laws in support of his arguments. The Ld. AR stated that in all the 4 cases there were schools running which were duly permitted by the State Government under the RTE Act, 2009 and all the schools were duly recognized by CBSE, ICSE or State Education Boards. It was vehemently argued that there was no commercial activity being carried out and it was pointed out from various portions in the paper book that all activities were incidental to the running of school and all receipts were pertaining to such activities only. The Ld. AR took pains to take us through various portions of the account statement filed to demonstrate that there was no activity other than whatever was required to run the schools smoothly. The Ld. AR also pointed out that in the case of ITA No. 596/Pat/2024, the school was having rental income which was duly disclosed as such and appropriately treated in the books of accounts. Thereafter, the Ld. AR relied on certain case laws in his support.

3.1 The Ld. DR relied on the order of Ld. CIT(E) in all of the 4 cases and emphasized that it is written in para 4 of the lead case (ITA No. 594/Pat/2024) that no explanation was given on the issue of object clause involving commercial activities.

4. We have carefully considered the rival submissions and also gone through the documents before us. It is clear that the Ld. CIT(E) has misdirected herself in terms of detecting commercial activities whereas the

assessee trusts are showing receipts from activities which are wholly and exclusively incidental to the running of schools. We are also conscious of the fact that the assessee has filed considerable responses to the queries raised by the Ld. CIT(E). In fact, the notice dated 06.07.2024 issued from the Ld. CIT(E) office has also been responded to vide letter dated 12.07.2024. We have perused the said response and also the audited financial statement of the assessee in question and we find that all of the activities are centring around running of the schools only. These schools are also duly recognized by the respective State Governments and are affiliated to various Boards. Thus, there is no hesitation in holding that the assessee trusts are running schools and all the receipts are pertaining to the said activities. Regarding ITA No. 596/Pat/2024, where rental income is shown, it is seen that the same has been duly accounted for in an appropriate manner in the audited accounts. Therefore, we quash the impugned orders in all the four cases and direct grant of registration, as applied for by the assessee.

4. In result, appeal all four appeals are allowed on the basis of finding given in the lead case (ITA No. 594/Pat/2024).

Order pronounced on 21.05.2025

Sd/-  
**(Pradip Kumar Choubey)**  
**Judicial Member**

Sd/-  
**(Sanjay Awasthi)**  
**Accountant Member**

Dated: 21.05.2025  
AK, Sr. P.S.

*Copy of the order forwarded to:*

1. Diksha Educational Research Foundation, Patna
2. Diksha Educational Research Foundation Charitable Trust
3. HR Digha Shivallya Charitable Trust, Patna
4. Sagyan Educational Research Charitable Trust, Gopalganj
5. CIT(A)-
6. CIT-
7. CIT(DR)

*//True copy//*

By order

Assistant Registrar, Kolkata Benches