

**IN THE INCOME TAX APPELLATE TRIBUNAL DELHI
(DELHI BENCH 'G' NEW DELHI)**

**BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER
AND**

SH. YOGESH KUMAR U.S., JUDICIAL MEMBER

ITA No. 1757/Del/2025

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ITA No. 1756/Del/2025

Aspect Foundation Office No. 203 Diwankhana Market, Jind, Haryana PAN: AAECJ9680J	Vs.	Commissioner of Income Tax (Exemption), Room No. 15 th floor, C. R. Building, Himalaya Marg Sector 17Q, Chandigarh
Appellant		Respondent
Assessee by	CA Satya Prakash	
Revenue by	Sh. Mahesh Kumar CIT(DR)	
Date of Hearing	07/05/2025	
Date of Pronouncement	04/06/2025	

ORDER

PER YOGESH KUMAR, U.S. JM:

Both the above captioned appeals are filed by the Appellant against the order of the Commissioner of Income Tax (Exemptions)-, Chandigarh ('Ld. CIT(E)' for short) Delhi dated 20/03/2025, wherein the Ld. CIT(E) has rejected the application filed under Section 12A(1)(ac)(iii) of the Income Tax Act, 1961 ('Act' for short) and consequently also denied the exemption under Section 80G of the Act.

2. Brief facts of the case are that, the Appellant filed an application for registration u/s 12A (1)(ac)(iii) of the Act. The Assessee claimed to be a charitable entity incorporated on 09/10/2020 under Section 8 of

Companies Act, 2013. The appellant has not furnished application for seeking registration u/s 12A (1)(ac) (vi) of the Act at the time of incorporation and not claimed exemption up to the Assessment Year 2022-23. On 21/05/2022, the appellant applied for registration u/s 12A (1)(ac) (vi) of the Act by filing application in Form No. 10A. The appellant was granted with a provisional registration for three years u/s 12AB(1)(ac)(vi) of the Act commencing from Assessment Year 2023-24 to 2025-26 by the Ld. CIT(E).

3.Appellant filed an application for renewal of provisional registration before Ld. CIT(E) in Form No. 10AB seeking for permanent registration on 28/09/2024 and also filed application for exemption u/s 80G of the Act . The Ld. CIT(E) vide order dated 20/03/2025, rejected the application filed by the Appellant. Consequently also rejected the application for grant of exemption u/s 80G of the Act vide orders dated 20/03/2025. Aggrieved by the above orders of the Ld. CIT(E), the Assessee preferred the captioned Appeals.

4.The Ld. Counsel or the Appellant submitted that the Ld.CIT(E) committed grave error in rejecting the applications of the appellant on frivolous grounds which are either not relevant or contrary to the material available on record. The Ld. Assessee's Representative has taken us through each and every reasons mentioned by the Ld. CIT(E)

while rejecting the applications and made elaborate submission on those reasoning and submitted that appellant has complied with all the requirements for grant of permanent registration u/s 12AB of the Act and the reasons cited by the Ld. CIT(E) are either factually incorrect, legally untenable or based on mere conjecture. Thus, sought for direction to the Ld. CIT(E) for grant of permanent registration u/s 12AB of the Act.

5. Per contra, the Ld. Departmental Representative submitted that the appellant has purchased the land, however, the purpose for which the land was purchased is still not clear as the appellant emphasizing over the use of land on any objects of the appellant. Appellant has not specifically mentioned the reason for purchase of the land, further submitted that the appellant has also invested huge amount for preparing portable cabins thereon and not disclosed the activities to be conducted thereon. Thus, the reason for purchase of the land is not clear. Further, the Ld. Departmental Representative relying on the various reasons assigned by the Ld. CIT(E) for rejecting the applications sought for dismissal of the Appeal.

6. We have heard both the parties and perused the material available on record. The Ld. CIT(E) while rejecting the application assigned several reasons and the same are adjudicated as under.

7. The first reason assigned by the Ld. CIT(E) is that 'the Assessee has stated in its reply that it has not commenced its activities. However, it is seen from the financials for F.Y.2021-22, that the Assessee has incurred expenses on medical relief, preservation of environment and general public utility. Therefore, Assessee has furnished contradictory explanations'.

8. The Appellant has incurred various expenses in the Financial Year 2021-22 relevant to Assessment Year 2021-22 and 2022-23. In both the said Assessment Years, the Appellant has not claimed exemption under Section 11 of the Act. Appellant applied for registration for the first time u/s 12A(1)(ac)(vi) of the Act on 21/05/2022. The Appellant produced the financial statements of both the financial years along with the application to Ld. CIT(E). It is the specific case of the Appellant that the Appellant did not conduct any charitable activities after receiving provisional registration under section 12AB of the Act. During the proceedings before the Ld. CIT(E) the appellant has correctly stated that it had not commenced activities during the provisional registration period. Therefore, the above observation/ reason assigned by the Ld. CIT(E) is contrary to the facts.

9. The second reason assigned by the Ld. CIT(E) is that the Appellant had not filed any supporting evidences in respect of the charitable expenses incurred during Financial Year 2021-22.

10. It is the specific case of the Appellant that, the Appellant was unable to obtain documentary evidences with respect to the charitable expenses incurred during the FY.2021-22, when the proceedings before Ld. CIT(E) was under progress, the Appellant in its submission, expressed its inability to produce the details relating to medical relief, protection of environment and other general public expenses and sought for further time to provide the details. Apart from the same, as observed earlier, the Appellant has not claimed exemption u/s. 11 of the Act for A.Y.2022-23 (F.Y.2021-22) and the application seeking permanent registration was filed for A.Y.2026-27 onwards. In the above peculiar circumstances, non-furnishing of details of expenses incurred in F.Y.2021-22 relevant to A.Y. 2022-23 should not have been viewed adversely by the Ld. CIT(E).

11. The third reason assigned by the Ld. CIT(E) is that the Appellant is a registered as a company u/s. 8 of the Companies Act, 2013, in the State of Haryana. However, the Assessee has purchased a land for Rupees Five Crores in Mumbai, State of Maharashtra. Further also observed that the Appellant has not given proper reason for purchasing land in Mumbai and provided reasons which are contrary in nature.

12. It is a matter of fact that, the Appellant indeed purchased land in Mumbai and it was the specific stand of the Appellant that said land will be used in future for achieving object of the trust. It is not the case of Ld. CIT(E) that the land has already been used for purposes which do not fall within the objects of the Assessee. The Ld. CIT(E) has drawn adverse inferences with regard to the future use of land on the basis of surmises and conjectures. Thus, Ld. CIT(E) without legal or factual basis, doubted the genuineness of activities of the trust on the basis of surmises and conjectures.

13. The transactions entered with sister concerns of the Assessee are tabulated at pages 12 and 13 of the Order. The Appellant has received donations from M/s Aspect Infrastructure Construction P Ltd. and another related concern, M/s Aspect Bullion Refinery Ltd had incurred certain small expenses on behalf of the Assessee aggregating to Rs.42,116/- and the Assessee has reimbursed the same. It is pertinent to note that the Ld. CIT(E) has not brought any material to show that the expenses reimbursed by the Assessee aggregating to Rs. 42,116/- are not genuine expenses. In any case, there is no illegality in the transactions of receipt of donations from and reimbursement of expenses to the related concerns. Hence, there was no credible reason available with Ld. CIT(E) to doubt those transactions so as to deny permanent registration u/s. 12AB of the Act.

14. The Ld. CIT(E) has stated that the Assessee has received donations out of CSR funds of donor companies, further observed that the donations given by a trust named DREAM is against its objects.

15. It is seen that the Appellant has only received donations and it has also furnished details of all donations to Ld. CIT(E). The CSR Rules notified under the Companies Act, 2013, permits donations to eligible charitable institutions. The Appellant, being registered for receiving CSR funds, received such donations in a lawful and transparent manner. The source of funds or alleged deviation by the donor does not, in law, impinge upon the genuineness or eligibility of the recipient trust.

16. In light of the above discussions, we are of the opinion that the Appellant has fulfilled all requirements for grant of permanent registration under section 12AB of the Act and the reasons cited by the Ld. CIT (E) are either factually incorrect, legally untenable, or based on mere conjecture. Accordingly, we direct the Ld. CIT(E) to grant permanent registration under section 12AB of the Act to the Appellant and consequently also grant the renewal of registration under Section 80G of the Act.

17. In the result, Appeals in ITA Nos. 1756/Del/2025 and 1757/Del/2025 are allowed.

Order pronounced in the open court on 04th June , 2025

Sd/-

**(M. BALAGANESH)
ACCOUNTANT MEMBER**

Date:- 04.06.2025

R.N, Sr.P.S*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

**(YOGESH KUMAR U.S.)
JUDICIAL MEMBER**

ASSISTANT REGISTRAR
ITAT, NEW DELHI