

आयर अपीलिय न्यायाधिकरण में, हैदराबाद 'बी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'B' Bench, Hyderabad

श्री मंजूनाथ जी, माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य
SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

आयकर अपील सं./I.T.A.No.180/Hyd/2025

Kurnool Medical College Graduate Trust, R-2-710/1, Quba Masjid, Nanal Nagar Road, Mehdipatnam PAN: AAETK5833F (अपीलार्थी/ Appellant)	Vs.	CIT(Exemption), Ward 1(3) Aaykar Bhavan, Basheer Bagh, Hyderabad – 500004. (प्रत्यर्थी/ Respondent)
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri. Suresh Kumar Rathi, CA
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Smt. M Narmada, CIT-DR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	28.04.2025
घोषणा की तारीख/ Date of Pronouncement	:	22.05.2025

ORDER

प्रति रवीश सूद, जे.एम./PER RAVISH SOOD, J.M.

The present appeal filed by the assessee trust is directed against the order passed by the Commissioner of Income-tax (Exemptions), Hyderabad [for short, "CIT (Exemptions)"], dated 09.12.2024 rejecting the application filed by the assessee trust for grant of registration under

Section 12AB of the Income Tax Act, 1961 (hereinafter referred to as “Act”). The assessee trust has assailed the impugned order passed by the CIT(Exemptions) on the following grounds of appeal before us:

- “1. The order of the Honorable Commissioner of Income Tax (Exemptions) is erroneous both on the facts and in law in so far as it is prejudicial to the appellant.
2. The CIT-Exemptions while granting or refusing the registration u/s 12AA is to look into the Objects of the Trust and whether they are of a charitable nature or not and not to look into the quantification of the activities carried out by the assessee trust. The non-commencement of the activities by the Trust cannot be a ground for refusal u/s 12AA.
3. Post granting of registration if the Commissioner finds the activities of the Trust are not accrued on as per the objects on which the registration was granted it empowers the Commissioner to cancel the registration but that can only take place after the approval of registration.”

2. Succinctly stated, the assessee is a charitable trust established on 07.01.2021 with the primary object of promoting and supporting development activities in Kurnool Medical College and the affiliated Government General Hospital, Kurnool, Andhra Pradesh. The scope of the activities of the assessee trust includes the construction of buildings, purchasing medical and educational equipment, and providing related facilities to the public for medical and educational purposes.

3. Ostensibly, the assessee trust was granted provisional registration under section 12A(1)(ac)(vi)(A) of the Act vide order dated

31.12.2021 for the period from AY 2022-23 to AY 2024-25, Pages 41-43 of the Assessee's Paper Book (for short, "APB").

4. Further, the assessee trust was also granted provisional approval under section 80G(5)(iv) for the period from 03.05.2023 to AY 2026-27., Pages 49-50 of APB. Subsequently, permanent approval under section 80G was granted by the CIT(Exemptions), Hyderabad, for AY 2024-25 to AY 2028-29 vide Form 10AD, after due verification of documents and activities, Pages 75-79 of APB.

5. Thereafter, the assessee trust filed an application for permanent registration under section 12AB by electronically submitting Form No. 10AB on 03.06.2024, along with all necessary documents, including a "Memorandum of understanding" (MoU) with the Department of Health, Medical and Family Welfare, Government of Andhra Pradesh, Pages 80-88 of APB.

6. During the course of proceedings, the CIT (Exemptions) issued notices dated 04.07.2024, 22.08.2024, and 29.10.2024 calling for specific documents and detailed replies, Page 89-98 of APB. The assessee trust submitted its replies and documentation electronically on 09.11.2024, Pages 99-101 of APB.

7. However, the CIT (Exemptions) passed a non-speaking order dated 09.12.2024 rejecting the application filed by the assessee trust for registration under section 12AB of the Act. The CIT(Exemptions) in his order stating that only “partial information” was submitted and that “no substantial charitable activities” were being carried out, thereby alleged non-compliance by the assessee trust of the provisions of Sections 11 and 12 of the Act.

8. The assessee trust being aggrieved with the order of the CIT(Exemption) has carried the matter in appeal before us. The Ld. AR for the assessee trust, at the threshold of hearing, submitted that the CIT(Exemption) had grossly erred in law and facts of the case in summarily rejecting the application filed by the assessee trust for registration u/s 12AB of the Act. Elaborating further on his contention, the Ld. AR submitted that the CIT(Exemption) had not only failed to refer to the information/documents that was filed before him but also without pointing out any deficiency had concluded that no charitable activities were being carried out by the assessee trust, and thus, summarily based on a non-speaking order rejected the application filed by the assessee trust for registration u/s 12AB of the Act. The Ld. AR submitted that the assessee trust was carrying out activities i.e., advancement of education and medical facilities, and thus, was engaged in charitable activities. The Ld. AR further submitted that all

information and documents, including the trust deed, activity reports, MoU with the Government of Andhra Pradesh, and future plans for charitable activities, were duly furnished before the CIT (Exemptions). Elaborating on the activities of the assessee trust, the Ld. AR submitted that the trust, formed by alumni of the Kurnool Medical College, has a bona fide charitable purpose and has already been allotted 25,000 sq. feet of land within the college premises to construct a multi-utility centre for the benefit of students and staff, including indoor sports, digital library, and virtual conference facilities. Carrying his contention further, the Ld. AR submitted that a memorandum of understanding had been executed with the Government of Andhra Pradesh and the proposed activities fall within the meaning of "charitable purpose" as defined under section 2(15) of the Act. It was submitted by him that the CIT (Exemptions) had failed to examine the documents submitted before him and passed a non-speaking order without discussing the material available on his record.

9. Per contra, the Ld. CIT-D.R relied on the orders of the CIT(Exemption). However, the Ld. CIT-DR on being confronted with the fact that the CIT(Exemption) had based on a non-speaking order summarily rejected the assessee's application for regular registration u/s 12AB of the Act, failed to rebut the same.

10. We have heard the Ld. Authorized representatives of both parties, perused the order of the CIT(Exemption) and the material available on record.

11. Admittedly, the assessee trust was granted provisional registration under section 12A of the Act, and was also later granted permanent registration under section 80G of the Act, after due verification of the trust's objectives and documents. Ostensibly, the objects of the assessee trust fall within the meaning of advancement of education and medical relief, both of which are recognized as charitable purposes under section 2(15) of the Act. Apart from that, it is borne from record that a valid and legally binding MoU exists between the assessee trust and the Government of Andhra Pradesh. Also, as brought to our notice by the Ld. AR a specific project for the benefit of students and public in the form of setting up a Multi-utility Centre is being undertaken. We are further conscious of the fact that the assessee trust is in its initial stages of operation, and certain charitable projects, including infrastructure development, takes time to materialize. On a perusal of the order of the CIT(Exemption), it transpires that he has not refuted the genuineness of the documents submitted by the assessee trust before him but has rejected the application on vague grounds such as "submitted partial information" and lack of "substantial charitable

activities” without discussing any particular defect or deficiency in the documents.

12. We will mince no words in observing that the order passed by the CIT (Exemptions) is non-speaking and suffers from a lack of application of mind. The law is well settled that where the authority chooses to reject an application under section 12AB, the order must contain cogent reasons with a reference to the material facts and documents.

13. We, thus, in terms of our aforesaid deliberations deem it appropriate to set aside the order passed by the CIT (Exemptions), Hyderabad dated 09.12.2024, and restore the matter to his file for fresh adjudication. The CIT(Exemption) is directed to examine afresh the documents and submissions made/filed by the assessee trust before him in support of its application under section 12AB of the Act. The CIT(Exemption) is further directed to dispose of the application filed by the assessee trust for registration vide a speaking order after giving specific reasons for grant or rejection of registration. Needless to say, the CIT(Exemption) shall in the course of the set-aside proceedings afford a reasonable opportunity of being heard to the assessee trust. The **Grounds of appeal Nos. 1 to 3** are allowed for statistical purposes in terms of our aforesaid observations.

14. Resultantly, the appeal filed by the assessee trust is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the Open Court on 22nd May, 2025.

Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER	Sd/- (श्री रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/JUDICIAL MEMBER
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Hyderabad, dated 22.05.2025.

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारिती/The Assessee	:	Kurnool Medical College Graduate Trust, R-2-710/1, Quba Masjid, Nanal Nagar Road, Mehdipatnam
2.	राजस्व/ The Revenue	:	CIT(Exemption), Ward 1(3) Aaykar Bhavan, Basheer Bagh, Hyderabad – 500004
3.	The Principal Commissioner of Income Tax, Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	The Commissioner of Income Tax		
6.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad

By Order