

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

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

आ.अपी.सं / **ITA No.38/Hyd/2025**
(निर्धारण वर्ष / Assessment Year: 2025-26)

MAHINDRA UNIVERSITY Hyderabad PAN:AAAJM2795G (Appellant)	Vs.	Commissioner of Income Tax (Exemption) Hyderabad (Respondent)
निर्धारिती द्वारा/Assessee by:	Shri C.S. Subrahmanyam, CA and Advocate V Siva Kumar	
राजस्व द्वारा/Revenue by::	Smt. M Narmada, CIT(DR)	
सुनवाई की तारीख/Date of hearing:	01/04/2025	
घोषणा की तारीख/Pronouncement:	09/06/2025	

आदेश/ORDER

Per Vijay Pal Rao, Vice President

This appeal by the assessee is directed against the order dated, 26/12/2024 of the learned CIT (Exemption) passed u/s 80G(5)(vi) of the I.T. Act, 1961 whereby the application of the assessee for approval/registration u/s 80G was rejected.

2. The assessee has raised the following grounds of appeal:

“1 The order of the CIT(E), Hyderabad is erroneous in law and on the facts of the case.

2 The CIT(E), Hyderabad erred in concluding in a very causal manner that the University has not carried out any substantial charitable activity.

3 The CIT(E), Hyderabad erred in not appreciating the fact that ‘education ‘ is a charitable purpose under Section 2(15), which is being pursued by the appellant from its inception on May 20, 2020.

4 The CIT(E), Hyderabad erred in not properly appreciating the charitable activity of education being carried out by the appellant in the past periods as submitted in response to notices issued during the approval process.

5 The CIT(E), Hyderabad erred in not considering the submission of appellant that around 5,200 students enrolled in academic year 2024-25 in 45 programs being offered by the appellant across six schools and four centers supported by three hundred plus faculty, robust infrastructure and huge campus environment.

6 The CIT(E), Hyderabad erred in not appreciating the charitable activity of the appellant, having perused the audited financials of the appellant for the past four years which evidenced the huge amount of infrastructure and academic expenses.

7 The CIT(E), Hyderabad grossly erred in not considering the fact the appellant is a private university established under Telangana State Private Universities (Establishment and Regulation) Act, 2020, which allowed the appellant recognition as private university solely for the reason that the charitable activity of education is to be carried out by the appellant.

8 The CIT(E), Hyderabad failed to consider that the appellant is continuing the charitable activity of education from its sponsoring entity Mahindra Educational Institutions, which was carrying out such education activity for the past ten years.

9 The CIT(E), Hyderabad failed to appreciate the charitable activities being education carried out by the appellant which enhanced the research and development in various fields by

publication of 459 articles, creating 16 patents, sponsoring 50 national and 10 international projects, which aggregated to incurring expenditure over Rs.14 Crores during the past periods.

10 The CIT(E), Hyderabad failed to consider the charitable activity of education of the appellant in granting 365 student scholarships worth Rs.3.65 Crores.

11 The CIT(E), Hyderabad failed to appreciate the appellant is using infrastructure worth around Rs.582.24 crores provided by its sponsoring body Mahindra Educational Institutions for carrying out the charitable activity of education.

12 The CIT(E), Hyderabad failed to appreciate that the charitable nature of the institution and the utilization of the funds for the charitable purpose has been conclusively examined at the time of grant of approval under section 10(23C).

13 The CIT(E), Hyderabad erred in not appreciating the fact that the university has complied with all the conditions laid down under section 80G of the Income Tax Act.

14 Any other ground that may be raised during the appellate proceedings with the prior permission from the Hon'ble Tribunal.

The appellant craves leave to add to, amend or modify the above grounds of appeal either before or at the time of hearing of the appeal, if considered necessary.”

3. The learned AR of the assessee has submitted that the learned CIT (Exemption) has erred in rejecting the application and passing the impugned order. He has pointed out that the assessee university was established in May, 2020 and since then has been carrying out educational activities. The assessee university is carrying on 35 different programmes, curriculums, for under graduation, post-graduation and Ph.D. The University has 5 schools and 4 centres wherein 4100 students are enrolled. The

assessee university is having 240 faculty members for educating these students. Over the years, the assessee has built up an infrastructure comprising of class rooms, hostel facilities, auditorium etc., as well as sports complexes. The assessee university is a reputed international institution such as Central Ecole, France, Bason College, USA, University of Florida, USA etc. to allow maximum benefits to the students. It has collaboration with various reputed companies such as Nvidia Global, Tata Steel, Airbus Innovation Centre, DRDLK, ISRO etc. so that the students are equipped with better exposure to practical issues and also helpful in their employment career after education. The assessee university campus is spread over 107 acres of land to facilitate various educational activities. By considering all these facts and the nature of activities of the assessee university, it was granted exemption approval u/s 10(23C)(vi) by learned CIT (Exemption) Hyderabad vide order dated 10/02/2021. The learned AR has further contended that at the time of granting approval u/s 10(23C)(vi), the learned CIT (Exemption) examined the charitable nature of activities of the assessee being education of the University and only after complete satisfaction about the charitable nature of the activity granted the approval. Later on, the University applied for approval u/s 80G of the I.T. Act, 1961 which was denied/rejected by the learned CIT (Exemption) on the reasons recorded in Para 3 of the impugned order. The learned AR has pointed out that in response to the notice issued by the learned CIT (Exemption), the assessee filed the reply placed at

page No.226 and 227 of the paper book. Therefore, the assessee furnished all the requisite details and supporting evidence including the audited financials, Form 10B, ITR-7, registration certificate u/s 10-(23C). Therefore, a regular approval was granted on 24/09/2021. Thus, the learned AR has submitted that, once the activities of the assessee are considered as charitable while granting approval u/s 10(23C)(vi), then the rejection of the application for granting approval u/s 80G on the ground that, no substantial charitable activities are being carried out by the assessee is contrary to the record and highly arbitrary and unjustified. The assessee has satisfied all the conditions mandated u/s 80G(5) for approval as income of the assessee is covered u/s 10(23C) by the order u/s 10(23C)(vi) of the Act, dated 24/09/2021 for the A.Ys 2022-23 to 2026-27. The assessee does not earn any income from business as the only activity carried out is education reflected by the audited financials of the assessee. Thus, the assessee only exists for imparting education and was formed under the State Act as a Private University i.e. Telangana Ordinance No.1 of 2020, dated 20/05/2020. The assessee furnished all the details of donation for the verification of the learned CIT (Exemption). The learned CIT (Exemption) has not found anything from the record to doubt the genuineness of the activities of the assessee. Thus, the assessee has satisfied the condition as provided u/s 80G of the Act. In support of his contention, he has relied upon the decision dated 11/08/2017 of the Amritsar Benches of the Tribunal in the case of Seth Vinod

Kumar Somani Charitable Trust vs. CIT (E) in ITA No.570/ASR/2016 for the A.Y 2016-17 and submitted that the Tribunal has observed that once the registration u/s 12AA is granted on satisfaction of the condition laid down therein, the activities of the assessee are charitable until and unless the assessee acted in violation of the provisions of section 11 to 13 as well as section 80G of the Act and hence, the approval u/s 80G cannot be denied. He has referred to the judgments of the Hon'ble Supreme Court in the case of CIT (E) vs. Seth Vinod Kumar Somani Charitable Trust reported in(2020) 113 Taxmann.com 143(S.C) and submitted that the order of the Tribunal has been upheld by the Hon'ble High Court as well as by the Hon'ble Supreme Court. He has also relied upon the order of the Raipur Bench of the Tribunal in the case of Sadhumargi Shantkranti Jain vs. CIT (E) reported in (2024) 205 ITD 358. Thus, the learned AR has submitted that when the assessee is carrying out the only charitable activity i.e. imparting education, then the impugned order passed by the learned CIT (E) is not sustainable in law and liable to be set aside. The approval u/s 80G(5) of the I.T. Act, 1961 be granted to the assessee university.

4. On the other hand, the learned DR has submitted that as per the proviso to section 80G(5) of the Act, the Commissioner shall call for such document or information from the applicant or make such inquiry as he think necessary, in order to satisfy himself about the genuineness of the activities of

such institution or funds, fulfilment of all conditions laid down in clause (i) to (v) of sub-section (5) of section 80G of the Act and therefore, the genuineness of the activities of the institution is a necessary condition for which the CIT has to satisfy himself before granting approval u/s 80G(5) of the I.T. Act, 1961. In case he is not satisfied about these conditions, he shall pass an order in writing rejecting such application. Thus, the learned DR has submitted that the impugned order passed by the Pr. CIT is as per the provisions of section 80G(5) of the Act as the assessee failed to produce the proof of expenditure to establish the charitable nature of the activities of the assessee. The learned DR has further contended that in the reply to the notice, the assessee has simply stated that the record is voluminous and cannot be uploaded. However, the sample bills and vouchers could have been produced by the assessee if not the entire record. The learned CIT (DR) further contended that the assessee has incurred more expenditure under the head "other expenses" than the expenditure incurred on the education/academic activities which shows that the assessee is not solely exists for educational purposes. The learned DR further submitted that at the time of granting approval u/s 10(23C)(vi), no physical verification of the record as well as the genuineness of the activities of the assessee was made. She has relied upon the impugned order of the learned CIT (Exemption).

5. We have considered the rival submission as well as relevant material available on record. The assessee university was established by the Act of Telangana State vide ordinance No.1/2020 dated 20/05/2020 as a Private University. The Department has not disputed the fact that the assessee was granted approval u/s 10(23C)(vi) of the Act by the CIT (E) vide order dated 10/02/2021. Once the assessee has satisfied the conditions for grant of approval u/s 10(23C)(vi) being solely existed for the charitable activities of imparting education as a University, then the nature of the activities of the assessee being charitable in nature cannot be disputed while granting approval u/s 80G(5) of the I.T. Act, 1961 until and unless it is found that the assessee has carried out the activities in contrary to the objects of the assessee university or the activities of the assessee were found to be not genuine activities. The CIT (E) while passing the impugned order and rejecting the application of the assessee has given the reasons in para 3 as under:

“3. On perusal of the submissions of the assessee, it is observed that no charitable activities are being carried out by the assessee trust, which is in violation of provisions of section 80G of the IT Act, 1961. In light of the above facts, the present application in form 10AB for registration u/s 80G is herewith rejected.”

6. It is apparent from the impugned order of the CIT (E) that it is a non-speaking cryptic order summarily rejecting the application without giving a definite finding of fact that the activities carried out by the assessee university are not charitable

in nature or are not genuine for achieving its objects of imparting education. The learned DR has pointed out that in reply to the notices the assessee has not produced the supporting evidence to show the genuineness of the activities of the assessee being voluminous record could not be uploaded. Accordingly, in the facts and circumstances, we find the impugned order passed by the learned CIT (E) is highly arbitrary not giving a definite finding and hence, the matter is set aside to the record of the learned CIT (E) for reconsideration of the application of the assessee after considering all the relevant facts including the approval granted by the competent authority u/s 10(23C)(vi) of the I.T. Act, 1961. Further, when the assessee is a university and carrying out its activities of imparting education having a campus spreading over 107 acres of land wherein more than 4000 students are enrolled and 240 faculty members are working for providing education to the students, then the reasons given by the learned CIT (E) are apparently not based on the correct facts of the case. Accordingly, the learned CIT (E) is directed to consider all the relevant facts as well as record to be filed by the assessee and then decide the application for approval u/s 80G(5) of the I.T. Act, 1961 after giving an appropriate opportunity of hearing to the assessee.

7. In the result, the appeal of the assessee is allowed for statistical purposes.

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

Sd/-

Sd/-

(MADHUSUDAN SAWDIA) ACCOUNTANT MEMBER	(VIJAY PAL RAO) VICE-PRESIDENT
--	---

Hyderabad, dated 9th June, 2025

Vinodan/sps

Copy to:

S.No	Addresses
1	Mahindra University, Survey No.62/1 A Bahadurpally, Jeedimetla, Hyderabad 500043
2	Commissioner of Income Tax (Exemption), Aayakar Bhavan, Hyderabad
3	Pr. CIT (Exemption) - Hyderabad
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order