



IN THE INCOME TAX APPELLATE TRIBUNAL, RAJKOT BENCH, RAJKOT
BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER.

&

SHRI DINESH MOHAN SINHA, JUDICIAL MEMBER

आयकर अपील सं./ITA No. 846/RJT/2024

(निर्धारण वर्ष / Assessment Year: (N.A.))

(Hybrid Hearing)

Shri Leuva Patel Samaj Nani Kunkavav Nani Kunkavav, Moti Kunkavav Dist. Amreli-365450 PAN No.: AAVTS 8719 H	Vs.	The CIT (Exemption), Ahmedabad Room No.609, 6 th Floor, Aayakar Bhawan (Vejalpur) 100 Foot Road, Anandnagar-Prahaladnagar Road, Ahmedabad-380 015
(Appellant)		(Respondent)

आयकर अपील सं./ITA No. 852/RJT/2024

(निर्धारण वर्ष / Assessment Year: (N.A.))

Shri Kadva Patidar Samaj Ishvariya Mahadev, Iswariya Tluka Amreli Dist. Amreli-365601, PAN No.: AAHTS 9911 K	Vs.	The CIT (Exemption), Ahmedabad Room No.609, 6 th Floor, Aayakar Bhawan (Vejalpur) 100 Foot Road, Anandnagar-Prahaladnagar Road, Ahmedabad-380 015
(Appellant)		(Respondent)

Appellant by : Shri D. M. Rindani, Ld. AR
Respondent by : Shri Praveen Verma, Ld. CIT (DR)
Date of Hearing : 25/06/2025
Date of Pronouncement : 21/07/2025

आदेश / ORDER

Per, Dr. A. L. Saini, AM:

Captioned two appeals filed by different assessee-trust, are directed against the separate orders passed by the Commissioner of Income Tax (Exemption), Ahmedabad [in short 'Ld. CIT(E)'] *wherein* the Ld. CIT(E) rejected



both the assessee's application in Form 10AB u/s 12(1)(ac)(iii) of the Act, holding that these trusts are created for the benefit of particular caste and community and therefore, provisional registration were also cancelled.

2. Since, the issues involved in all these two appeals are common and identical; therefore, these appeals have been heard together and are being disposed of by this consolidated order. For the sake of convenience, the grounds as well as the facts narrated in ITA No. 846/Rjt/2024, in the case of Shri Leuva Patel Samaj, have been taken into consideration for deciding the above appeals *en masse*.

3. The grounds of appeal raised by the assessee, in lead case, in ITA No. 846/Rjt/2024, are as follows:

- (1) *The CIT (Exemption) erred in rejecting the application filed by the assessee in Form 10AB u/s 12AB of the Act on the ground that the objects of the Appellant trust are restricted to the benefit of a particular religious community or caste and not public at large.*
- (2) *The CIT (Exemption) further erred in cancelling the provisional registration granted to assessee in Form 10AC u/s 12A(1)(ac)(vi) of the Act.*
- (3) *It is prayed that the CIT (Exemption) be directed to grant registration u/s 12AB of the Act to the assessee-assessee considering the intent of the Act read with the objects of the assessee-assessee along with merits of the case.*
- (4) *The appellant craves leave to add, amend, alter or withdraw all or any ground of appeal at any time up to the date of hearing of the appeal.*

4. The grounds of appeal raised by the assessee, in ITA No. 852/Rjt/2024, are as follows:

- “(1) The CIT (Exemption) erred in rejecting the application filed by the assessee in Form 10AB u/s 12AB of the Act on the ground that the objects of the Appellant trust are restricted to the benefit of a particular religious community or caste and not for public at large.*
- (2) The CIT (Exemption) further erred in cancelling the provisional registration granted to assessee in Form 10AC, u/s 12A(1)(ac) (vi) of the Act.*



(3) It is prayed that the CIT (Exemption) be directed to grant registration u/s 12AB of the Act, to the assessee-assessee considering the intent of the Act read with the objects of the assessee-assessee, alongwith merits of the case.

(4) The appellant craves leave to add, amend, alter or withdraw all or any ground of appeal at any time upto the date of hearing of the appeal.”

5. Succinct facts, as per lead case, in ITA No. 846/Rjt/2024, are as follows: The assessee has filed application, in form 10AB, u/s 12A(1)(ac) (iii) of the Act, on 16.02.2024. In reference to the application filed by the assessee, in Form No. 10AB, the assessee was requested to submit certain details and documents, by Id CIT(E), vide notice dated 06.05.2024. In response to the said notice, the assessee vide, its reply dated 31.05.2024 has submitted certain details. However, on perusal of the objects of the assessee, as stipulated in instrument of creation of trust, it was observed by Id CIT(E) that the objects of the assessee are confined for the benefit of the members/families of Leuva patel samaj. In view of the above, a show cause notice was issued to the assessee by Id CIT(E), on 24.07.2024. The relevant part of the show- cause notice is reproduced as under:

"Please refer to your application filed in Form 10AB for registration u/s 12A(1)(ac)(in) of the Act. For further seeking required details for granting registration, notices were issued on 08.05.2024. In response to the same, you have filed/submitted certain details/documents, which have been considered

2. On perusal of the details furnished by the assessee, it is observed that the objects at Sr. nos. 1,2,5,6,7,8,9,10 and 11 in the Constitution of the Trust are found confined to the benefit and upliftment of members of Leuva Patel Samaj. Thus, the area of work/operation of the assessee are for the benefit of the members of Leuva Patel samaj/community/caste and not for the benefit of public at large. Therefore, a draft show cause/letter is prepared as under.

3. In view of above, you are requested to show cause as to why your application filed in Form 10AB u/s 124(1)(ac)(iii) should not be rejected and also your provisional registration should not be cancelled for the reasons discussed in the notice.

4. Your response should be submitted on or before 05.08.2024. Further, this is final opportunity and no request for adjournment will be entertained". Further, you are requested to note that in case of non-compliance/part compliance of said notice, the matter will be decided on the basis of facts/material available on record.



6. However, in response to the above show -cause notice, dated 01.08.2024, the assessee has neither filed any reply nor has sought any adjournment. Therefore, learned CIT(E), observed that “*as the assessee has opted to remain silent towards the show-cause notice dated 01.08.2024, hence the assessee`s case is required to be decided based on material available on record.*” Hence, on perusal of the object of the assessee-trust, as stipulated in the notarized constitution of the trust, it was observed by Id. CIT(E) that the objects, which are charitable in nature are found to be confined to the benefit of a particular religious community or caste, that is, leuva Patel Samaj. The objects under dispute were reproduced by Id CIT(E), as follows:

(1) For the development of the society, the facilities of cultural hall and community garden for celebrating social events like weddings, mass weddings, social gatherings, as well as other social activities, religious activities, festivals and other necessary facilities have been created in them. To do, to inhabit. and may be leased as the Executive Committee (Trustees) may determine.

(2) Organizing various activities to provide education and culture in every family of the society. Any person who shall establish, operate any language kindergarten, anganwadi, nursery school, pre-primary school, middle school, higher secondary school, college, technical and vocational education institute, college or vocational education institute, hostel and reading room and any person carrying on such activities or will help the organization.

(5) Society/To construct and manage the temple of family clan goddess and clan deity/Surapura, to serve the pilgrims on foot and the hungry sufferers, to build and maintain ashrams vishram, old age homes, to open food plots and to start tiffin service for poor people.

(6) This organization will be able to conduct selection fairs in the society, open marriage bureaus, and conduct Yajnopavits and all social and religious functions.

(7). To provide adequate guidance to the people suffering from diseases of the society, to create facilities for their treatment and to help them. Can start, operate and maintain dispensaries, hospitals, Aushadhalay's, treatment centers, ambulatory medical vehicles, mortuaries, drug factories, experimental schools, blood banks for health protection and disease prevention.

(8). Honouring and rewarding leaders who work for the upliftment of the society with a view to encouraging them. To celebrate various festivals and to carry out activities to promote the purpose of the festivals.

(9). In order to increase the spirit of adventurous activities among the young men and women of the society, organizing programs like sports competition, trekking program, youth camps, cultural activities, dramas, youth talent search competition.

(10). Will make all possible efforts to be useful and helpful to the society during calamities like drought, heavy rains, earthquakes etc. or will be helpful in this work.



This trust will establish gaushalas and cattle camps, cages, relief centres, dairy centres, and grain distribution centres, canteens running or assisting them.

(11) To organize the society more and more and to do the work of giving tilanjali to the evils and evildoers in the society from the whole society. To act in all ways for the overall development of women, youth and people. Assist in all queries.'

7. The Id.CIT(E), on plain reading of the above objects, noticed that the above referred objects, being 9 out of the total 11 objects, which are charitable in nature are confined to the benefit of particular religious community or caste, that is, Leuva Patel Samaj, and not for the benefit of the public at large. The Id CIT(E) also noted that after 01.04.2021, the procedure for making reference to CIT(E) for cancellation of registration granted earlier has changed under section 12AB (4) of Income Tax Act, 1961, and therefore, Id.CIT(E) observed, certain specified violations, in the assessee`s case under consideration. The Id.CIT(E) noted that the disputed objects referred above, are charitable in nature and found to be confined for the benefit of "Leuva Patel Samaj/caste and it is a specified violation under clause (d) below explanation to section 12AB (4) of Income Tax Act, 1961 for which registration of trust can be cancelled.

8. The Id.CIT(E) further that the trust or institution established prior to commencement of this Act are excluded from the provisions of clause(d) below explanation to section 12AB (4) of Income Tax Act, 1961.However, on perusal of the Registration certificate issued by the Asst./Dy. Charity commissioner Amreli, the trust is registered on 21.06.2018, with registration number A/1556/Amreli. Since the assessee is registered after commencement of the Act, it has committed specified violation under clause(d) of section 12AB (4) of Income Tax Act, 1961.From the above referred objects of the assessee, it is evident that it is a Composite trust and above referred 09 out of total 11 charitable objects are restricted to benefit of a particular religious community or caste, that is, Leuva



Patel Samaj, which is a specified violation under clause (d) below explanation to section 12AB (4) of Income Tax Act, 1961. Thus, the objects of assessee are not as per the scheme of provisions provided under section Income Tax Act, 1961. Therefore, the activities of assessee cannot be said to be genuine and in accordance with Income Tax Act, 1961. In view of the above, the assessee's application filed in Form No.10AB, u/s 12A(1)(ac) (iii) of the Act was rejected and provisional registration was also cancelled by Id CIT(E).

9. Aggrieved by the order of the Ld. CIT(E), the assessee is in appeal before us.

10. Shri D. M. Rindani, Learned Counsel for the assessee, vehemently argued that the objects of the trust are not restricted to levua patel samaj, as they do not even refer to any caste but refer to 'people of the society'. Thus, it is patent on plain reading of the objects clause of the Trust that it is not 'created or established' for the benefit of any particular religious community or caste. Its objects also encompass charitable objects for general public (people of the society). Thus, it cannot be said that the trust is 'created or established' for the benefit of any particular religious community or caste. Further, the provisions of section 13(1)(b) of the Act, as to trust's objects being limited to benefitting a specific religious community or caste, can be invoked/attracted only at the time of assessment and not at the time of grant of registration u/s 12A of the Act, for that Id. Counsel relied on the following judgements.

(1) Jamiatul Banaat Tankaria (2024) 168 taxmann.com 35 (Gujarat HC)

(2) Shri Sachay Mataji Mandir Vikas Trust (2024) 165 taxmann.com 306 (Rajkot Tribunal).

Therefore, learned Counsel contended that assessee -trust deserves registration, hence, Tribunal may direct the learned CIT (E) to grant the registration.



11. On the other hand, the Ld. CIT-DR for the Revenue, argued that during the proceeding, before the Ld. CIT(E), both these assesseees have not submitted the documents and evidences, as required by the ld.CIT(E), vide para No.6.3 of the order of ld.CIT(A). Therefore, these two assesseees should be directed to file the relevant documents and evidences before the learned CIT(E) and learned CIT(E) should examine the primary documents and evidences of these trusts. Therefore, ld. CIT-DR submitted that both these appeals may be remitted back to the file of the learned CIT(E) for fresh adjudication, as per the provisions of the Act.

12. We have heard both the parties and carefully gone through the submission put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the fact of the case including the findings of the ld CIT(E) and other materials brought on record. We note that both these appeals are filed by these two different assesseees` before us, against order of the Learned CIT (Exemption), rejecting the application for registration of the Appellants u/s 12AB of the Act for the reason that both the appellants are established for the benefit of a particular religious community or caste, that is, “Leuva Patel Samaj” and Kadva Patidar Gnati/Samaj. Hence, it is hit by provisions of section 12AB(4) and not entitled for registration u/s 12A(1)(ac)(iii) of the Act. We note that most of the objects of these two trusts are for general public benefits and as per learned Counsel for the assessee, these two trusts never spent any amount for any particular community and caste. The objects under dispute which were reproduced by ld CIT(E), in his order (Leuva Patel Samaj) are reproduced below, at the cost repetition, again, as follows:

(1) For the development of the society, the facilities of cultural hall and community garden for celebrating social events like weddings, mass weddings, social gatherings, as well as other social activities, religious activities, festivals and other necessary facilities have been created in them. To do, to inhabit. and may be leased as the Executive Committee (Trustees) may determine.

(2) Organizing various activities to provide education and culture in every family of the society. Any person who shall establish, operate any language kindergarten, anganwadi, nursery school, pre-primary school, middle school, higher secondary



school, college, technical and vocational education institute, college or vocational education institute, hostel and reading room and any person carrying on such activities or will help the organization.

(5) Society/To construct and manage the temple of family clan goddess and clan deity/Surapura, to serve the pilgrims on foot and the hungry sufferers, to build and maintain ashrams vishram, old age homes, to open food plots and to start tiffin service for poor people.

(6) This organization will be able to conduct selection fairs in the society, open marriage bureaus, and conduct Yajnopavits and all social and religious functions.

(7). To provide adequate guidance to the people suffering from diseases of the society, to create facilities for their treatment and to help them. Can start, operate and maintain dispensaries, hospitals, Aushadhalay's, treatment centers, ambulatory medical vehicles, mortuaries, drug factories, experimental schools, blood banks for health protection and disease prevention.

(8). Honouring and rewarding leaders who work for the upliftment of the society with a view to encouraging them. To celebrate various festivals and to carry out activities to promote the purpose of the festivals.

(9). In order to increase the spirit of adventurous activities among the young men and women of the society, organizing programs like sports competition, trekking program, youth camps, cultural activities, dramas, youth talent search competition.

(10). Will make all possible efforts to be useful and helpful to the society during calamities like drought, heavy rains, earthquakes etc. or will be helpful in this work. This trust will establish gaushalas and cattle camps, cages, relief centres, dairy centres, and grain distribution centres, canteens running or assisting them.

(11) To organize the society more and more and to do the work of giving tilanjali to the evils and evildoers in the society from the whole society. To act in all ways for the overall development of women, youth and people. Assist in all queries.'

13. On perusal of the object of the assessee-trust, that is, Kadva Patidar Gnati/Samaj. The object under dispute is reproduced as under.

1) For social events like marriages, group manages, social gatherings, as well as other social activities, religious activities, festivals for the development of the caste, cultural hall and community vadi should be created to provide utensils, mandap, cushions and other necessary facilities to inhabit.

2) Organizing various activities to provide education and culture in every family in the caste. A person or organization shall establish, operate and support any language kindergarten, Anganwadi, nursery school, pre-primary school, middle school, higher secondary school, college, technical and vocational educational institution, college or vocational educational Institution, hostel and reading room in any language.

5) To provide adequate guidance to the sick or diseased people of the caste and to create facilities for their treatment and help them. May start, operate and maintain dispensaries, clinics, dispensaries, hospitals, treatment centers, ambulatory vehicles, mortuaries, drug factories, experimental schools, blood banks for the protection of health and prevention of disease.



6) To honor and reward the leaders who work for the upliftment of the caste with a view to encourage them.

8) In order to Increase the spirit of adventurous activities among the youth of the caste, organizing sports competition, holding trekking program, organizing programs like dramas, youth talent competition.

10) Will make all possible efforts to be useful and helpful to the society during calamities like drought, heavy rains, earthquakes etc. or will be helpful in this work. The trust will establish gaushalas as well as cattle camps, cages, relief centers, milk centers, or grain distribution centers, canteens or will help them.

11) To organize the society more and to do the work of giving tribute to the evils and evildoers in the society from the whole society.

13) This organization will be able to conduct selection fairs in the caste, open marriages bureaus, conduct yajnopavits and all social and religious functions.

14. We have gone through the above objects and find that the above objects are only for general public benefit. Like celebrating social events such as weddings, mass weddings, social gatherings, as well as other social activities are for general public benefits. We have gone through the objects of both trusts and noticed that objects are for general public benefit, therefore, both the trusts deserve registration.

15. Further, Leuva Patels, cannot be dubbed as a religious community or caste as Patels are historically agriculturists and cannot be termed as a religious community or a caste, it was so held in Leuva Patel Nutan Kelawani Mandal, 12 ITD 276 (Ahd. Trib.). The Kadva Patels cannot be dubbed as a religious community or caste as Patels are historically agriculturists and cannot be termed as a religious community or a caste. Leuva and Kadva are also Patels or Patidars. In case of both trusts, there is no finding of the CIT (E) in particular, as to whether the trusts have applied any part of their income for the benefit of any particular religious community or caste. Therefore, we deem it fit and proper to set aside the order of the Id. CIT(E) and remit the matter back to the file of the Id. CIT(E) to adjudicate the issue afresh on merits. It is needless to say that the assessee will be at liberty to adduce any evidences as deemed relevant before the Id.CIT(E) at the time of proceedings, in consequence to this order and the Ld.CIT(E) shall,



allow the assessee adequate opportunity of being, heard and to make relevant submissions, and then pass a speaking order which is fair and judicious.

16. For statistical purposes, both these appeals of the assesseees are treated as allowed.

Order pronounced in the open court on 21/07/2025.

Sd/-
(DINESH MOHAN SINHA)
JUDICIAL MEMBER

Rajkot

दिनांक/ Date: 21/07/2025

Dkp Outsourcing Sr.P.S

Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

Sd/-
(Dr. A.L. SAINI)
ACCOUNTANT MEMBER

By Order

Assistant Registrar/Sr. PS/PS
ITAT, Rajkot