

**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH : BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER
AND
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

ITA No. 511/Bang/2025

Assessment Year : NA

M/s. Jito Hubballi Girls Hostel and Education Trust, 008, 4 th Floor, Satellite Complex, Koppikar Road, Hubli, Dharwad – 580 020. Karnataka. PAN: AAETJ4567D	Vs.	The Commissioner of Income Tax (Exemptions), Bangalore.
APPELLANT		RESPONDENT

Assessee by	:	Smt. Suman Lunkar, CA
Revenue by	:	Shri Shivanand Kalakeri, CIT-DR

Date of Hearing	:	03-07-2025
Date of Pronouncement	:	31-07-2025

ORDER

PER SOUNDARARAJAN K., JUDICIAL MEMBER

This is an appeal filed by the assessee challenging the order of the Ld.CIT(E) dated 31/01/2025 in which the registration sought for u/s. 12A of the Act was rejected and raised the following grounds:

“1. The Commissioner of Income Tax (Exemptions), Bangalore (hereinafter referred as "CIT(E)" for brevity) has erred in passing the Order in the manner passed by them. The Order being bad in law, is liable to be quashed.

2. The learned CIT(E) have erred in passing the Order without appreciating properly the facts and circumstances of the case and the law applicable.

3. *The Learned CIT(E) have erred in law and on facts in rejecting the application for registration under Section 12AB on the ground that no substantial charitable activities had commenced, failing to appreciate that at the stage of registration, as upheld by the Hon'ble Supreme Court in the case of CIT (Exemptions) vs. International Health Care Education and Research Institute (SLP Civil Diary No. 19528/2018, Order dated 11/02/2025), registration can be granted based on the proposed activities and objects of the trust.*

4. *The Learned CIT(E) has failed to consider that construction of a girls' hostel for providing accommodation to students is a valid charitable activity within the meaning of Section 2(15) of the Income Tax Act, 1961, and that capital expenditure incurred in creating infrastructure for such charitable purposes cannot be disregarded as non-charitable.*

5. *The Learned CIT(E) erred in holding that the Trust is formed for the benefit of a particular community merely based on the name of the Trust and newspaper excerpts, without appreciating that the trust's objects, as per the Trust Deed, is to promote education and accommodation facilities for all girls, and are not confined solely to any particular caste, creed, or religion.*

6. *The Learned CIT(E) has erred in referring to cash deposits in the trust's bank account without demonstrating any link to non-genuine activities or violation of the trust's objects. Cash deposits made in the Trust's Bank Account in no way demonstrate violation of trust's objectives and the order to reject the registration based on such observation is arbitrary and bad in law.*

7. *The order of rejection is arbitrary, bad in law, against the settled judicial principles, and deserves to be quashed with directions to grant registration under Section 12AB.*

The Appellant submits that each of the above grounds/sub-grounds are independent and without prejudice to one another.

The Appellant craves leave to add, alter, vary, omit, substitute or amend the above grounds of appeal, at any time before or at, the time of hearing, of the appeal, so as to enable the Commissioner of Income Tax (Appeals) to decide the appeal according to law.

The Appellant prays accordingly.”

2. The brief facts of the case are that the assessee is a charitable institution established on 08/11/2022 with the object of promoting education, providing relief to the poor and advancing objects of general public utility, particularly by setting up educational and residential facilities for deserving girl students. The assessee trust was initially granted the provisional registration on 15/06/2023. Thereafter the assessee trust filed an application on 08/08/2024 for the purpose of getting the permanent registration u/s. 12AB of the Act. The Ld.CIT(E) after getting the report from the Range Head rejected the application in form 10AB on the ground that the objects of the trust are for the benefit of a particular community. The Ld.CIT(E) had also pointed out that the name of the girls hostel under construction is named after a particular community. Therefore the Ld.CIT(E) had concluded that the girls hostel is running only for a particular community and rejected the said application.

3. As against the said order, the assessee is in appeal before this Tribunal.

4. At the time of hearing, the Ld.AR took us to the various clauses mentioned in the trust deed and submitted that the reasoning given by the Ld.CIT(E) for rejecting the application is not correct. The Ld.AR also submitted that there is no doubt about the genuineness of the trust and also objects of the trust are for charitable purposes. The Ld.AR therefore prayed that the order of the Ld.CIT(E) is not a correct one and prayed to allow the appeal. The Ld AR also filed a paper book and enclosed various documents in support of their contention.

5. The Ld.DR relied on the order of the Ld.CIT(E) and prayed to dismiss the appeal.

6. We heard the arguments of both sides and perused the materials available on record. The main allegation made by the Ld.CIT(E) while rejecting the said application for permanent registration is that the assessee is running girls hostel for the particular community i.e. Jain International Trade Organisation (JITO) and therefore the assessee is an AOP and not into charity for public and not eligible for registered as a charitable institution. To appreciate the said finding given by the Ld.CIT(E), we have perused the trust deed dated 08/11/2022. In the said trust deed, it was recited in page 3 as follows:

*“settling it in trust on the PARTIES of the SECOND PART for carrying out charitable objects and purposes morefully described in this deed of declaration of trust hereinafter throughout the length and breadth of India and which are wide enough for the extension of the benefits thereof to all **mankind, irrespective of class, community, caste and/or creed** and including objectives serving the relief of the poor, education, medical relief, housing and advancement of any other object of general and/or public utility and so that such benefits may be given directly by said trust to such needy and deserving persons”*

7. Again in page 7 of the trust deed, the aims and the objectives of the trust has been enumerated as follows:

“3. AIMS AND OBJECTIVES OF THE TRUST:

3.1 To encourage Girl child to pursue her to education, research, sports activities and to uplift the Girl child.

3.1.1 Setting up, maintaining and to administer hostels dormitories, homes for Jain & other Girl students pursuing studies, research and other project or to others in need of temporary accommodation, in India

3.1.3 To set up, maintain and administer hostel/s, dormitories or inns, homes for Jain and other students pursuing studies, research and other projects or to others in need of temporary accommodation.

3.1.7 Giving relief in such manner as the Trustees may think fit, proper and appropriate, including:

i. Grant of subscription and donations to hostels, dormitories/inns homes, to other public institutions or

funds engaged in similar activities for Jain and other students and others upon such terms and conditions for such period/s as the Trustees may think fit, proper and appropriate.

ii. Establishment, acquisition, maintenance and support of hostels, dormitories/inns, homes and, generally, for utilization of the Trust Fund and the Income thereof, for more perfectly carrying out or effectuating all or any of the set out above or purposes which are regarded by law as charitable in relation to providing accommodation to students.

Provided always and without prejudice to the generality of the foregoing that the facility/ies to be extended/rendered/ given under any of the foregoing heads shall be such as the Trustees may deem fit and proper depending upon the exigencies and prevalent circumstances.

3.1.9 The benefits of the Trust shall be open to all irrespective of caste, creed or religion.”

8. Again in page 36 of the trust deed, the benefits has been recited as follows:

“The benefits of the trust shall be open to all irrespective of caste, creed or religion.”

9. When the trust deed exhibits the above facts, we cannot understand how the Ld.CIT(E) had concluded that the trust is for the benefit of a particular religion. The mere having the name of the girls hostel as Jain International Trade Organisation does not mean that the trust is for the benefit of a particular community. No such thing was also pointed out by the Range Head in his report. In fact in the report, the Range Head had not recommended for not granting the registration on the above said reasoning. The Ld.CIT(E) without considering the facts in detail, and without considering the trust deed properly, had observed that the assessee is running a girls hostel only for a particular community and therefore not eligible for charity. We do not find that the said finding is correct and in fact the said finding given by the Ld.CIT(E) is against the facts contained in the trust deed. Therefore we have not accepted the rejection order of the Ld.CIT(E).

10. Further on perusal of the trust deed, we understand that the trust was established not only for the particular community girl students but also to the other community girl students. In such circumstances, the reasoning given by the Ld.CIT(E) for rejecting the application is devoid of merits and therefore we set aside the said rejection order of the Ld.CIT(E) and direct the Ld.CIT(E) to grant the registration to the assessee trust.

11. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 31st July, 2025.

Sd/-
(WASEEM AHMED)
Accountant Member

Sd/-
(SOUNDARARAJAN K.)
Judicial Member

Bangalore,
Dated, the 31st July, 2025.
/MS /

Copy to:

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|---------------|------------------------|
| 1. Appellant | 2. Respondent |
| 3. CIT | 4. DR, ITAT, Bangalore |
| 5. Guard file | 6. CIT(A) |

By order

Assistant Registrar,
ITAT, Bangalore