

**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No.444 /Bang/2025
Assessment Year: N.A

ITA No.445 /Bang/2025
Assessment Year: N.A

Ruth Foundation Charitable Trust, No.23/01, \behind Vinayaka Temple, 3rd Cross Hosur Road, Madiwale, Bangalore	Vs.	CIT (Exemptions), Bangalore
Pan No.AAETR3060P		
APPELLANT		RESPONDENT

Assessee by	:	Shri Nandan M Hegde, CA
Revenue by	:	Shri Murali Moha, CIT DR

Date of hearing	:	24 .06.2025
Date of Pronouncement	:	25.08.2025

ORDER

Per Keshav Dubey, Judicial Member:

These appeals at the instance of the assessee are directed against the orders both dated 18.12.2024 of the Learned Commissioner of Income Tax (Exemptions), Bangalore vide Din & Notice No. ITBA/EXM/F/EXM 45/2024-25/1071347396(1) cancelling the registration

u/s.12AB of the Income Tax Act, 1961 (in short 'the Act') and vide DIN & Notice No. ITBA/EXM/F/EXM45/2024-25/1071347621(1) cancelling the approval u/s.80G of the Act.

ITA No.444/Bang/2025

2. In this appeal, the assessee has raised the following grounds of appeal:

"1. The Order dated 18/12/2024 vide DIN ITBA/EXM/F/EXM 45/2024-25/1071347396(1) passed by the learned CIT (Exemptions) is without appreciating the factual of the documents submitted.

2. The CIT (Exemptions) has erred in passing the order without appreciating subject matter and the provisions of Income-tax Act and judicial pronouncements.

3. The CIT (Exemptions) has not considered the provision of income tax that the organisations are required to apply for final registration u/s 80G either at least 6 months prior to expiry of provisional registration or Within 6 months from commencement of activities, whichever is earlier. The CIT (Exemptions) not considered the fact that the activities taken by the organisation may less at the time of application for registration u/s 80G, which can't be the mere reason rejection of application.

4. The CIT (Exemptions) has not considered various judgments by Honourable Supreme Court and High Courts confirming that registration can't be rejected because of no activity taken.

5. That the appellant craves leave to add or alter, amend, resend, modify the grounds herein above or produce further documents, facts and evidence before or at the time of hearing of this appeal.

3. Brief facts of the case are that the assessee is a trust constituted vide deed of trust dated 11.1.2021 along with the amended trust deed dated 30.11.2022. The assessee trust has been granted provisional registration on 31.5.2021 under sub-clause (vi) of clause (ac) of sub-section (1) of Section 12A of the Act from A.Y 2022-23 to A.Y 2024-25 vide provisional registration No. AAETR3060PE2021401. The trust has also been granted provisional approval under clause (iv) of first proviso to sub-section (5) of Section 80G of the Act on 31.5.2021 w.e.f. 31.5.2021 to AY 2024-25. Thereafter, the assessee trust submitted an application on 7.6.2024 in Form No.12AB of the Act for final registration. On receipt of the application, the Id CIT(Exemptions) assigned the case to the JAO for verification. However, on perusal of the submissions made by the assessee, both Range head and JAO did not recommend for grant of registration for the following reasons:

- i) As seen from the part financial furnished, an amount of Rs.30,000/- is debited for the year ended 31.3.2024 towards the "blanket distribution program". However, no activity is seen during the current financial year upto 31.10.2024.
- ii) The only major expenditure incurred by the assessee trust is towards rent paid and other minor expenditure being administrative in nature.

(iii) The trust has neither furnished any bank account extract nor any proof supporting the said activity undertaken during the last year.

(iv) As the charitableness of the activity is not established in the case, and since the trust has not **yet commenced its activities**, the present application is premature at this juncture and accordingly recommended for rejection on technical grounds for non-commencement/insufficient activities.

4. Further, the Id CIT (Exemptions) also herself observed that the assessee trust has not made any substantial expenditure towards objects of the trust and thus, held that the assessee has not commenced its activity towards attainment of the object, hence rejected the application in form No.10AB dated 7.6.2024 filed for registration u/s.12AB of the Act.

5. Aggrieved by the order of the Id CIT(Exemptions), the assessee trust has filed the present appeal before this Tribunal. The assessee trust has also filed a paper book comprising 20 pages containing therein the copy of written submission, photographs of blanket distribution program, detailed note on " Pratham upchaar", health care initiative.

6. Before us, the Ld AR vehemently submitted that the Id CIT(Exemptions) erred in observing that the assessee has not commenced its activity towards the attainment of its object. The Ld AR also submitted that the assessee had produced all the necessary documents/details as required for registration as the Id CIT(Exemptions) herself observed the same in her order. Lastly, the Id AR submitted that it is only the genuineness of the activity and not quantum of expenditure which are relevant for granting registration u/s.12AB of the Act.

7. The Ld CIT DR supported the order of Id CIT(Exemptions).

8. We have heard the rival submissions and perused the materials available on record. We take a note of the fact that the assessee trust had been constituted vide deed of trust dated 11.1.2021 along with the amended trust deed dated 30.11.2022 & thus it is at the inception stage. Further we take a note of the fact that it is not a case that the assessee had not produced all the necessary documents/details as required for registration u/s.12AB of the Act. In fact the Id CIT (Exemptions) herself in para 5 of the order has categorically stated that the assessee had submitted all the necessary details/documents as required for registration u/s.12AB of the Act. We observe that the only contention of the Id CIT(Exemptions) in rejecting the approval u/s.12AB of the Act is

that the assessee trust has not made any substantial expenditure towards the object of the trust. On going through the order of the Id CIT(Exemptions), we take note of the fact that the JAO himself observed that "on going through the part financial furnished before him, an amount of Rs.30,000/- had been incurred towards the "blanket distribution program", which in our opinion is one of the object of the assessee trust i.e. relief to poor. Before us also, the assessee submitted the detailed photographs of blanket distribution program conducted on 30.12.2024 along with the detailed note on "Pratham Upchaar" health care initiative. Therefore, we do not agree with the contention of Id CIT (Exemptions) that the assessee Trust had not commenced its activity towards the attainment of the object. We also observe that there is not even a whisper about any non-genuineness of the activities carried on by the assessee trust. We are of the considered opinion that it is not the quantum of expenditure which is relevant for the purpose of granting registration but in fact the genuineness of the activity of the trust in accordance with the object of the trust which are relevant for granting registration. At the inception stage of the Trust, the activities may be less or meager but that cannot be sole basis for cancelling the registration of the assessee Trust. Therefore, we agree with the contention of Id AR of the assessee that it is only the genuineness of the

activity and not substantial amount of expenditure which are relevant for granting registration u/s.12AB of the Act. In the present case, it is not in dispute that the assessee has not commenced its activity towards the attainment of its object as can be seen from the order of the Id CIT(Exemptions) that the JAO on verification of financial furnished before him observed that the assessee has incurred expenditure towards blanket distribution Program. The JAO/CIT(E) also did not find any non genuine activity carried on by the assessee Trust.

9. In these circumstances, we are of the considered opinion that the Id CIT (Exemptions) grossly erred in not granting registration merely on the basis of not incurring substantial amount of expenditure and accordingly, we allow the appeal of the assessee and direct the Id CIT(Exemptions) to grant registration u/s.12AB of the Act as applied by the assessee trust on 7.6.2024 in Form No.10AB. It is ordered accordingly.

ITA No.445/Bank/2025

10. The assessee in its grounds of appeal has objected to the denial of grant of approval u/s.80G of the Act.

11. We find that the Id CIT(Exemptions) has rejected the approval u/s.80G of the Act on the ground that although the assessee has been receiving donation from last three years, however, the expenses were not towards the objects of the trust and accordingly, held that the assessee has not commenced its activity. Further, as the assessee's application filed for registration u/s.12AB of the Act was rejected, the Id CIT(Exemptions) accordingly rejected the approval u/s.80G of the Act.

12. Since we have allowed the appeal in ITA No.444/Bang/2025 while dealing in registration u/s.12AB of the Act by holding that the assessee has commenced its activity and it is not the quantum of expenditure but genuineness of the expenditure which are relevant for granting registration. Accordingly, we also remit this issue to the file of the Id CIT(Exemptions) to grant the approval u/s.80G of the Act. Accordingly this appeal of the assessee is also allowed.

13. In the result, appeal in ITA No.444/Bang/25 is allowed and the appeal in ITA No.445/Bang/25 is also allowed.

Order pronounced in court on 25th day of August, 2025

Sd/-

(WASEEM AHMED)
Accountant Member
Bangalore
Dated, 25th August, 2025
/B.K.Parida, Sr.PS(OS)

Sd/-

(KESHAV DUBEY)
Judicial Member

Copy to:

1. The Applicant: **Ruth Foundation Charitable Trust, No.23/01, \behind Vinayaka Temple, 3rd Cross Hosur Road, Madiwale, Bangalore**
2. CIT (Exemptions), Bangalore
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore