

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: 406/Chny/2025
निर्धारण वर्ष / Assessment Year: 2011-12

Income Tax Officer, Exemptions, Ward-1, Chennai.	vs.	Greenpeace Environment Trust, New No.49, Old No.23, Ellaiamman Colony, Gopalapuram, Chennai-600 086.
(अपीलार्थी/Appellant)		[PAN:AAATG-3538-R] (प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Mr. Kumar Chandan, JCIT.
प्रत्यर्थी की ओर से/Respondent by : Shri. Y.Sridhar, F.C.A.

सुनवाई की तारीख/Date of Hearing : 19.06.2025
घोषणा की तारीख/Date of Pronouncement : 25.08.2025

आदेश / O R D E R

PER S. R. RAGHUNATHA, AM :

This appeal is preferred by the Revenue against the order dated 24.12.2024 passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC) ('Id.CIT(A)' in short), arising out of the assessment order dated 31.03.2014 passed u/s.143(3) of the Income Tax Act, 1961 ('Act' in short) by the Deputy Director of Income Tax (Exemptions-1) Chennai ('AO' in short), for the Assessment Year ('AY' in short) 2011-12.

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

1. *The order of the Id. CIT(A) is contrary to the law and facts of the case.*
2. *Whether the Id. CIT(A) was right in holding that the assessing officer was not justified in disallowing the exemption u/s 11 when the travel expense of the trustees of Green Peace India Society was borne by Greenpeace Environment Trust (Both the Trusts of*

Green Peace India Society and Green Peace Environment Trust has same trustees/members/ volunteers/ administrative personnel etc.) by invoking section 13(1)(c) of the Act when the assessment order passed by the assessing officer clearly established the fact that there was violation of provisions of section 13(1)(c) of the Act. Here the question is not substantial interest but spending for the benefit of the trustees. The violation is under 13(1)(c).

3. *The Id. CIT(A) erred in deleting the addition made by invoking provision of section 13(1)(c) when the Income Tax Act clearly prohibits the utilization of funds for the benefits of trustees and other interested persons.*
4. *The Id. CIT(A) failed to appreciate the fact that the Diem & Subsistence Allowance was disallowed as the expenses are incurred on people who are not employees of the assessee trust.*
5. *Whether the Id. CIT(A) was right in deciding the issues without justifying the reasons for allowing the claims of the assessee even as the AO has substantiated the additions made by him.*
6. *For these and other grounds that may be adduced at the time of hearing, it is prayed that the order of the Id. CIT(A) may be set aside and that of the Assessing Officer may be restored.*

3. The brief facts of the case are that the assessee is a public charitable Trust registered u/s.12AA of the Act vide proceedings in DIT(E) No.2(323)/2001-02 dated 23.01.2002. The return of income for A.Y.2011-12 was filed on 18.07.2011 declaring total income of Rs.Nil, by showing the gross receipts of Rs.4,01,04,817/-. The return of income was processed u/s.143(1) of the Act. The case was selected for scrutiny as per prevailing guidelines of CBDT. During the course of assessment proceedings, the AO noted that the assessee had incurred expenses of Rs.37,47,204/- on travel expenses for attending the meetings for campaigns of climate and Energy, Fund raising and public awareness, campaign expenses etc., on its volunteers/administrators going abroad. In this regard, the AO observed that the trustees of assessee trust and members/volunteers/administrative personnel of another society namely M/s.Green Peace India Society (GPIS) and Greenpeace Environment Trust are the same. It was further noted by the AO that expenses on foreign travel incurred on employees of M/s.Green Peace India Society are booked in expenses of the assessee trust M/s.Green Peace Environment Trust. Further the AO noted that the control and administration of the trusts namely

M/s.Green Peace India Society and M/s.Greenpeace Environment Trust(assessee) are with same persons. Thus, the AO observed that there was violation of section 13(3)(c) and (e) of the Act, hence the exemption u/s.11 of the Act was denied. Further, the following expenses were disallowed.

- Depreciation	Rs. 49,223/-;
- air travel expenses	Rs.91,37,031/- and
- per Diem & subsistence	Rs. 1,44,186/-.

The AO thus completed the assessment vide order u/s.143(3) of the Act dated 31.03.2014 determining the total income at Rs.3,60,85,715/- and the same was taxed as AOP at Maximum Marginal Rate (MMR) as per the provisions of the Act.

4. Aggrieved by the assessment order passed by the AO, the assessee preferred an appeal before the Id. CIT(A).

5. Before the Id. CIT(A), the assessee submitted the following:

I. Application Of Section 13(3) To Charitable Trusts:

The AO in his assessment order u/s.143(3) dated 31.03.2014 has invoked section 13(3)(cc) and section 13(3)(e) to disallow air travel expenses of Rs.91,37,031/- and per diem and subsistence of Rs.1,44,186/-. The sections have been invoked on the ground that the expenses have been incurred on the employees of Greenpeace India Society (GPIS) and both the Appellant and GPIS have common trustees.

At the outset it is to be noted that GPIS is a society registered under the Tamilnadu Societies Registration Act and like the Appellant is also registered under section 12AA and 80G of the Income Tax Act. GPIS' appeal (111/14-15) for the same assessment year is also before you.

1. *The relevant sections of Income Tax Act are reproduced below to the extent necessary.*

1.1 *Section 13(3) of Income Tax Act and Explanation 3 to section 13 reads as below:*

"13. Section 11 not to apply in certain cases.

(3) The persons referred to in clause (c) of sub-section (1) and sub-section (2) are the following, namely :—

(a) the author of the trust or the founder of the institution;

(b) any person who has made a substantial contribution to the trust or institution, that is to say, any person whose total contribution up to the end of the relevant previous year exceeds fifty thousand rupees;

(c) where such author, founder or person is a Hindu undivided family, a member of the family;

(cc) **any trustee of the trust or manager (by whatever name called) of the institution;**

(d) any relative of any such author, founder, person, member, trustee or manager as aforesaid;

(e) **any concern in which any of the persons referred to in clauses (a), (b), (c), (cc) and (d) has a substantial interest.**

Explanation 3.—For the purposes of this section, a person shall be deemed to have a substantial interest in a concern,—

(i) in a case where the concern is a company, if its shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than twenty per cent of the voting power are, at any time during the previous year, owned beneficially by such person or partly by such person and partly by one or more of the other persons referred to in sub-section (3);

(ii) **in the case of any other concern, if such person is entitled, or such person and one or more of the other persons referred to in sub-section (3) are entitled in the aggregate, at any time during the previous year, to not less than twenty per cent of the profits of such concern.”**

1.2 Section 13 (1) (c)

“13. Section 11 not to apply in certain cases.

(1) Nothing contained in section 11 or section 12 shall operate so as to exclude from the total income of the previous year of the person in receipt thereof—

(c) in the case of a trust for charitable or religious purposes or a charitable or religious institution, any income thereof—

(i) if such trust or institution has been created or established after the commencement of this Act and under the terms of the trust or the rules governing the institution, any part of such income enures, or

(ii) if any part of such income or any property of the trust or the institution (whenever created or established) is during the previous year used or applied,

directly or indirectly for the benefit of any person referred to in sub-section (3)”

1.3 Section 13 (2)

“13. Section 11 not to apply in certain cases.

(2) Without prejudice to the generality of the provisions **of clause (c) and clause (d) of sub-section (1), the income or the property of the trust or institution or any part of such income or property shall, for the purposes of that clause, be deemed to have been used or applied for the benefit of a person referred to in sub-section (3),—**

(a) if any part of the income or property of the trust or institution is, or continues to be, lent to any person referred to in sub-section (3) for any period during the previous year without either adequate security or adequate interest or both;

(b) if any land, building or other property of the trust or institution is, or continues to be, made available for the use of any person referred to in sub-section (3), for any

period during the previous year without charging adequate rent or other compensation;

(c) if any amount is paid by way of salary, allowance or otherwise during the previous year to any person referred to in sub-section (3) out of the resources of the trust or institution for services rendered by that person to such trust or institution and the amount so paid is in excess of what may be reasonably paid for such services;

(d) if the services of the trust or institution are made available to any person referred to in sub-section (3) during the previous year without adequate remuneration or other compensation;

(e) if any share, security or other property is purchased by or on behalf of the trust or institution from any person referred to in sub-section (3) during the previous year for consideration which is more than adequate;

(f) if any share, security or other property is sold by or on behalf of the trust or institution to any person referred to in sub-section (3) during the previous year for consideration which is less than adequate;

(g) if any income or property of the trust or institution is diverted during the previous year in favour of any person referred to in sub-section (3):

Provided that this clause shall not apply where the income, or the value of the property or, as the case may be, the aggregate of the income and the value of the property, so diverted does not exceed one thousand rupees;]

(h) if any funds of the trust or institution are, or continue to remain, invested for any period during the previous year (not being a period before the 1st day of January, 1971), in any concern in which any person referred to in sub-section (3) has a substantial interest.”

2. From a reading of the above sections it is clear that section 13(3) is relevant with respect to section 13(1)(c) and section 13(2).

2.1 Under section 13(1)(c) if any income of a charitable trust enures or if any part of the income/property of the trust is used or applied directly or indirectly for the benefit of the prohibited category of persons listed in section 13 (3), the exemption under section 11 will not apply. Therefore to attract section 13(1) (c) read with section 13 (3) (cc) or 13 (3) (e) it should be established that the expenses which have been disallowed have enured for the benefit of any trustee/manager of the Appellant or any concern (GPIS in this case) in which the author, substantial contributor, trustee etc., are substantially interested.

2.2 Section 13 (2) is a deeming provision which refers to payments in the nature of income, loan, user of the services/assets of the trust without adequate recompense, purchase/sale of assets for more than adequate or inadequate consideration etc., to persons listed in section 13(3).

3. The first question is whether GPIS which is a charitable trust under section 12AA can attract section 13(3) (cc) or 13(3) (e). In our opinion it is not possible to invoke section 13 (3) (cc) and 13(3) (e) with respect to GPIS in the case of the Appellant, for the following reasons.

3.1 GPIS is not the trustee or manager of the Appellant and so section 13(3) (cc) cannot apply.

3.2 Although GPIS and the Appellant have common trustees, both the entities are not concerns in which any one can have substantial interest. Explanation 3 (paragraph 1.1) defines substantial interest. Explanation 3(i) applies to companies and as GPIS is not a company this limb is inapplicable. Explanation 3 (ii) can apply only if the prohibited category of persons are entitled to profits of 20% and above in GPIS. GPIS being a charitable trust the question of its profit or any share of its income accruing to any person does not arise. Therefore, GPIS cannot attract section 13 (3) (e) also.

3.3 Common trustees/EC members in two charitable entities registered under section 12AA cannot attract section 13(3) at all.

3.4 The trustees/executive council members have no beneficial interest in either GPIS or the Appellant. Beneficial interest is not even contemplated or possible in favour of the trustees and executive council members. The trust deed of the Appellant (**ANNEXURE 1**) and the certificate of registration and the memorandum of association/rules and regulations (**ANNEXURE 2**) of GPIS are enclosed. GPIS and the Appellant are not business entities and therefore the question of invoking section 13(3) (e) read with Explanation 3 (ii) does not arise. Letters granting registration under section 12AA and 80G of GPIS (**ANNEXURES 3 and 4**) and of the Appellant (**ANNEXURES 5 and 6**) are enclosed. Trustees/executive council members of the Appellant/GPIS are not the owners of the assets/income of the Appellant/GPIS. They hold the assets/income of the Appellant/GPIS in a fiduciary capacity for the benefit of the beneficiaries only.

3.5 In this connection please refer to the following extracts from the orders of ITAT Chennai. In these cases, it has been held that section 13 (3) cannot be invoked in the case of transactions between two charitable trusts registered under section 12AA as there is no benefit flowing to the trustees and other prohibited persons listed in section 13(3).

3.5.1 ACIT vs. Mamallan Educational Trust – ITA 456/Mds/2012 (Indian Kanoon - <http://indiankanoon.org/doc/153518954/>) - paragraphs 6 and 7 of the order (**ANNEXURE 7**).

“6. We have perused the orders and heard the rival submissions. There is no dispute that M/sSivaraja Ramalinga Trust, to which assessee had given money, was a Trust registered under Section 12AA of the Act. The A.R. has placed a copy of order under Section 12AA of the Act granting registration to such Trust. Two things are very clear. One is that M/s.Sivaraja Ramalinga Trust was a Trust and second is that some of the trustees were common. However, in our opinion, trustees hold the property of the Trust in a fiduciary capacity and not as owners. The owners of the Trust property were always its beneficiaries and trustees were holding the property and income therefrom for the benefit of beneficiaries and not for themselves. We cannot say that just because two Trusts are having common trustees, they are related concerns. Trust will not fall within the concept of "concern" mentioned in clause (e) of sub-section (3) of Section 13 of the Act. Invocation of Section 13(1), in such a situation, was not at all warranted. CIT(Appeals) was justified in relying on the decision of co-ordinate Bench of this Tribunal in the case of Jeppiaar Educational Trust (supra) and holding that assessee was eligible for

exemption under Sections 11 and 12 of the Act. We find no reason to interfere with the order of CIT(Appeals).

7. In the result, appeal filed by the Revenue is dismissed. Order pronounced in the open court after conclusion of hearing on Thursday, the 10th of May, 2012, at Chennai.”

3.5.2 JCIT (Exemptions) vs. Bhaktavatsalam Memorial Trust(2014) 30 ITR (Trib) 264 (Chennai) – (**ANNEXURE 8**) – Headnote (page 264)

“During the assessment proceedings for the assessment year 2009-10, the Assessing Officer denied exemption under section 11 of the Income-tax Act, 1961 to the assessee for the reason that the assessee advanced interest-free loans to other charitable organisations and such advancement of loans was in violation of the provisions of section 13(1)(d) read with section 11(5) of the Act. The Commissioner (Appeals) held that advancement of interest-free loans to other charitable organisations which were registered under section 12A or 12AA was outside the purview or scope of section 13(1)(c) or (d) read with section 11(5) of the Act and therefore the assessee entitled to exemption under section 11 of the Act. On appeal by the Department :

Held, dismissing the appeal, that the other charitable institutions to whom interest-free loans were given by the assessee were registered under section 12A or 12AA of the Act and had similar objects. The advancement of interest-free loans to other charitable institutions registered under section 12A of the Act having similar objects was not in violation of the provisions of section 13(1)(d) read with section 11(5) of the Act.

Where the Assessing Officer disallowed the depreciation while working out the application of income in relation to purposes of the assessee-trust in terms of section 11(1)(a) of the Act in the computation of taxable income and this was confirmed by the Commissioner (Appeals). On appeal by the assessee :

Held, allowing the appeal, that depreciation could be claimed as application of income while computing the income that was eligible for exemption under sections 11 and 12 of the Act.

ITO v. Coimbatore Stock Exchange Ltd. [2014] 2 ITR (Trib)-OL 166 (Chennai) followed.”

3.5.3 Please refer to paragraph 21(2) of CBDT’s Circular 45 dated 2 September 1970 – Explanatory notes (79 ITR (Stats) 33) which explains the concept of concern.

“2. In the case of trusts and institutions created or established after 31-3-1962, the exemption from tax will be forfeited if under the terms of the trust or the rules governing the institution, any part of the trust income enures for the direct or indirect benefit of the persons specified in new sub-section (3) of section 13. Such persons are : (a) the author of the trust or founder of the institution, (b) any person who has made a substantial contribution to the trust or institution, (c) where the author, founder or substantial contributor is a Hindu undivided family, a member of the family, (d) any relative of such author, founder, substantial contributor or member of the family, and (e) any concern in which any such author, founder, substantial contributor, member of the family or relative has a substantial interest.

For the purposes of these provisions, the term relative will have the enlarged connotation as under the existing law. According to the definition of relative in section 2(41) an individuals relatives will comprise the individuals husband, wife, brother, sister and lineal ascendants and descendants of the individual. For the purposes of

the provision in section 13, relative includes also a lineal descendant of a brother or sister of the individual.

Under new Explanation 3 to section 13, a person will be deemed to have a substantial interest in a concern if, where the concern is a company, equity shares carrying not less than 20 per cent of the voting power are, at any time during the previous year, owned beneficially by such person or partly by such person and partly by one or more of the other persons mentioned in sub-section (3); **in the case of a concern other than a company, the test will be that such person by himself or jointly with one or more of the other persons mentioned in sub-section (3) is entitled at any time during the previous year to not less than 20 per cent of the profits of the concern.**"

Therefore, as GPIS and the Appellant are not concerns within the meaning of Explanation 3 (ii), sections 13(3) (cc) and 13(3) (e) cannot be invoked. The prerequisites of the entitlement to 20% profits is not met in the case of the Appellant and GPIS.

II. SECTIONS 13(1)(c) and 13(2)

4. Sections 13(1)(c) and 13(2) are inapplicable to the expenses of Rs.91.37 lakhs and Rs.1.44 lakhs disallowed in the Order.

4.1 The expenses are on actuals incurred for the purpose of the activities of the Appellant. Appellant furnished person / purpose wise breakup of the expense to the learned AO. Please refer **ANNEXURE 9**.

4.2 The genuineness, veracity and authenticity of these expenses and their nexus to Appellant's activities are established by the Appellant and have not been questioned by the learned AO in the Order.

4.3 No benefit out of these expenses have enured to GPIS or its EC members in any manner. The expenses has not resulted in any direct or indirect benefit to them. The Order does not bring any evidence in support of the learned AO's claim. Therefore section 13 (1) (c) is inapplicable.

4.4 The expenses have no component of remuneration, fee or any other income in them. This is not contradicted in the Order. In fact, the Order accepts the nature of the expenses being on account of travel and per diem on travel. In fact, per diem on travel is not paid to the trustees and EC members but only to the volunteers. Trustees/EC members' travel, board and lodging are paid to the service providers direct except on occasions when it is reimbursed if the booking is made by the trustees/EC members. Consequently, neither section 13(1)(c) nor section 13(2) apply.

4.5 No remuneration is paid to trustees of the Appellant or the EC members of GPIS or to GPIS by the Appellant. No perquisite/benefit has been extended to them by the Appellant.

4.6 Section 13(2) is not attracted as the expenses being on actuals have no income component and are expenses of the Appellant. That there is no salary is clear from Appellant's income and expenditure account forming part of financial statements in **ANNEXURE 10**.

4.7 Consequently section 13(2) and 13(1) (c) do not apply. Section 13(3) in itself is operational only if section 13(1) (c) and 13(2) apply. Where the expenses do not attract 13(2) and 13(1) (c), section 13 (3) is not relevant. In the Appellant's case even section 13 (3) does not apply as is clear from paragraph I (3) above.

III. ARGUMENTS ON MERITS.

5. Even on merits the expenditure ought not to have been disallowed.

5.1 The Appellant had explained all the facts and responded to the questions of the learned AO in detail.

5.2 The Appellant had stated in its letter dated 26 February 2014 (**ANNEXURE 11**) on no expenditure being incurred on salary during the year as below:-

“Salary cost for the year ended 31.03.2011 was nil as against Rs.1,10,71,458:- Keeping in view of the declining trend of fresh fund raising income and to maintain the corpus of the Trust it was decided by the management to achieve the objectives of the Trust through volunteers instead of employees. Further, it was decided by the management to meet the expenses of the volunteers from the income of the trust. Hence the expenditure on salary costs was nil for the year ended 31.03.2011.”

5.3 Similarly in its letter dated 28 March 2014 (**ANNEXURE 12**) to the learned AO it was clarified that trustees were not paid any remuneration and the context/genesis of GPIS was explained too.

5.4 Employees of GPIS had volunteered to work for the Appellant subject to actual expenses on travel etc., being reimbursed. This was based on signed letters from them. Sample letter dated 1 April 2010 (Ms.Hozefa Merchant) is in **ANNEXURE 13**.

5.5 As long as the expenses are genuine and have been incurred for the purpose of the activities of the Appellant, the person incurring the expenditure (employee or not) is irrelevant. Please refer Appellant's letter dated 28 March 2014 submitted to the learned AO in this connection (**ANNEXURE 14**). The Order does not question the need or genuineness of expenses or the Appellant's activities and so disallowance is not justified in law. The expenses did not benefit GPIS or its employees or its EC members or the Appellant's trustees in any manner as the expenses were only genuine travel expenses.

IV. DEPRECIATION

6. Depreciation of Rs.49,223/- has been disallowed without stating the reasons.

6.1 Appellant does not claim capital expenditure to be exempt in its return. Please see the income and expenditure account (**ANNEXURE 10**) and the Order. Only revenue expenses are included in Rs.1,33,49,542/- shown in paragraph 5 of the Order. Fixed assets are shown in the balance sheet. Rs.1,33,49,542/- included depreciation of Rs.49,223/- under the head office maintenance cost – schedule to income and expenditure account.

6.2 Depreciation is allowable in the hands of charitable trusts. Please see the following decisions:-

- JCIT vs. Bhaktavatsalam Memorial Trust 30 ITR (Trib) 264 (Chennai)
- ITO vs. Coimbatore Stock Exchange Limited [2014] 2 ITR (Trib)-OL 166 (Chennai)
- CIT vs. Tiny Tots Education Society 330 ITR 21 (Punjab and Haryana). The High Court held that allowing depreciation and capital expenses as application does not amount to double deduction.
- CIT vs. Society of Sisters of St. Anne (146 ITR 28 – Karnataka)
- CIT vs. Sheth Manilala Ranchhoddas Vishram Bhavan Trust (198 ITR 598 – Gujarat)
- CIT vs. Raipur Pallottine Society (180 ITR 579 – Madhya Pradesh)
- CIT vs. Leelavathi Kirtilal Mehta Medical Trust (54 Taxmann.com 247 – Bombay)

V. EXEMPTION UNDER SECTION 11

7. We request you to direct the learned AO to allow exemption under section 11 as claimed in the return of income and accept the figures so returned in the light of the submissions in paragraphs 2 to 5 above.

6. Considering the submissions made by the assessee during the first appellate proceedings, the Id.CIT(A) allowed the appeal in favour of the assessee. The relevant observations of the Id. CIT(A) are as under:

*“I have considered the submission of the appellant and facts of the case carefully. I find that the trustees and administrators and EC Members of both trusts i.e. appellant trust and its sister concern namely GPIS are the same. I find that the expenses of Rs.91.37 lakhs were claimed to have been incurred on foreign travel of volunteers i.e. the employees of GPIS and the trustees and administrators and EC Members of the appellant. The appellant had furnished the details of persons and purpose of the travel before AO and the same is also submitted during appellate proceedings. Considering the submission filed by the appellant, I find that the provisions of 13(3) are not applicable since the conditions mentioned in explanation 3(ii) to section 13 of the Act are not fulfilled. Further I find that the AO has not demonstrated that the income of the appellant has been applied directly or indirectly for the benefit of trustees/administrator of the appellant as per the provisions of section 13(3) of the Act. Further I find that the AO has not given any justification for disallowing the depreciation of Rs.49,233/-. Therefore, the disallowances made by the AO in the assessment order are not justified. Further I find that the AO has not demonstrated that there is violation of provisions of section 13(3)(c) & (e) and hence the denial of exemption u/s 11 & 12 is not justified. In view of the above, the grounds of appeal raised by the **appellant are allowed.**”*

7. Aggrieved by the order of the Id. CIT(A), the Revenue is in appeal before us.

8. The Id. DR submitted that the Id.CIT(A) was not justified in allowing the exemption U/s.11 of the Act, when the travel expense of the trustees of Green Peace India Society was borne by Green Peace Environment Trust as both the trusts has same trustees / members / volunteers / administrative personnel

etc., by invoking section 13(1)(c) of the Act. The Id.DR also submitted that the Per-diem & Subsistence Allowance was disallowed as the expenses are incurred on people who are not employees of the assessee trust. In light of the above, the order of the Id.CIT(A) is not justified and hence prayed for set aside and to confirm the order of the AO.

9. Per Contra, the Id.AR for the assessee, submitted that the provisions of section 13(3) cannot be invoked in respect of both the charitable trusts, which are registered u/s.12AA of the Act merely because both the trusts are having common trustees. The Id.AR relied on the various decisions referred before the Id.CIT(A) and also relied upon the explanation 3(ii) to section 13 of the Act. Further it is submitted that the AO has not pointed out that the income of the assessee has been applied directly or indirectly for the benefit of trustees/administrator of the assessee as per the provisions of section 13(3) of the Act. Further the Id.AR reiterated the submissions made before the Id.CIT(A).

10. Regarding disallowance of expenses, the Id.AR for the assessee submitted that the same was incurred on travel of the volunteers for foreign travel and the charges of boarding and lodging for the trustees/EC members paid directly to the service providers and occasionally reimbursed to trustees/EC members in case the booking is made by the trustees/EC members. Therefore, there is no reason to interfere in the orders of the Id.CIT(A) in deleting the addition. In respect of the disallowance of depreciation, the Id.AR contended that the said expenditure is disallowed without giving any reasons by the AO and hence prayed for confirming the order of the Id.CIT(A) based on the facts as well as various judicial precedents relied by the Id.CIT(A) to decide the appeal in favour of the assessee.

11. We have carefully considered the rival submissions advanced by both sides and have perused the material available on record, including the orders of the authorities and case laws relied upon. It is undisputed fact that the

assessee trust is registered u/s.12AA of the Act and hence claiming its income as exempt u/s.11 of the Act. We note that the M/s.Green Peace India Society is also registered institution u/s.12AA of the Act. We note that the main contention of the AO is that the trustees of these two trusts are common and the foreign expenses made by the assessee on the employees of the M/s.Green Peace India Society is in violation of provisions of section 13(1)(cc) and (e) of the Act. However, we note that the AO has not found that these expenditures are not incurred for the purpose of objectives of the Trust. Hence, we are of the considered view that the Id. CIT(A) has rightly held that the provisions of 13(3) are not applicable since the conditions mentioned in explanation 3(ii) to section 13 of the Act are not fulfilled. Further we find that the AO has not demonstrated that the income of the assessee has been applied directly or indirectly for the benefit of trustees/administrator of the assessee as per the provisions of section 13(3) of the Act. We also find that the AO has not given any justification for disallowing the depreciation of Rs.49,233/-.

12. Further, we note that the Id.CIT(A) has clearly observed in para 6.2 of the order, that the expenditure claimed of Rs.91,37,031/- towards foreign travel of volunteers i.e. employees of GPIS and the trustees and administrators and EC members of the assessee. The assessee has clearly explained and furnished the details of persons and purpose of the travel before the AO and same also submitted before the Id.CIT(A). Therefore, the disallowances made by the AO in the assessment order are not justified. Considering the submissions and arguments and made by the Id.AR and the order of the Id.CIT(A), we find that the AO has not demonstrated that there is violation of provisions of section 13(3)(c) & (e) and hence the denial of exemption u/s 11 & 12 is not justified. Therefore, we do not find any reason to interfere in the decision of the Id.CIT(A) and hence we are inclined to uphold the order of the Id.CIT(A) and dismiss the grounds of appeal raised by the revenue.

13. In the result, appeal filed by the Revenue stands dismissed.

Order pronounced in the court on 25th August, 2025 at Chennai.

Sd/-
(जॉर्ज जॉर्ज के)
(GEORGE GEORGE K)
उपाध्यक्ष /VICE PRESIDENT

Sd/-
(एस. आर. रघुनाथा)
(S. R. RAGHUNATHA)
लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 25th August, 2025

jk

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF