

IN THE INCOME TAX APPELLATE TRIBUNAL
'DB' BENCH, AMRITSAR

HEARING THROUGH HYBRID MODE

BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM
AND
HON'BLE SHRI UDAYAN DAS GUPTA, JM

आयकर अपील सं. / ITA No. 62/ASR/2025

Hans Raj Memorial Educational Society Model Town Road, Jalandhar.	बनाम/ Vs.	DCIT Central Circle-1 Jalandhar
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AAATH-3891-G		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

अपीलार्थीकीओरसे/ Appellant by	:	Shri Rohit Kapoor (Advocate) & Shri V.S. Aggarwal (ITP) – Ld. ARs
प्रत्यर्थीकीओरसे/ Respondent by	:	Shri Jivandeep Singh Kahlon (CIT) – Ld. DR

सुनवाईकीतारीख/ Date of Hearing	:	03-07-2025
घोषणाकीतारीख / Date of Pronouncement	:	28-08-2025

आदेश / ORDER

Manoj Kumar Aggarwal (Accountant Member)

1. Aggrieved by rejection of an application seeking approval u/s 10(23C)(iii) vide order dated 12-12-2024 of Ld. Commissioner of Income Tax (Exemption), Chandigarh, [CIT(E)], the assessee is in further appeal before us.
2. The Ld. AR advanced arguments and drew attention to settlement arrived at by assessee-group before Hon'ble Income Tax Settlement Commission (interim board) (in short ITSC). On the basis of these documents, Ld. AR contended that the assessee would be eligible to lay claim on impugned deduction. The Ld. CIT-DR also advanced

arguments supporting rejection of application. Having heard rival submissions and upon perusal of case records, the appeal is disposed-off as under.

3. It emerges that the assessee-society was formed on 01-02-2000 and its activities had started long back. Under the new regime of registration, the assessee received provisional approval on 24-09-2021. However, Ld. CIT(E) referred to report shared by Directorate of Investigation wherein the assessee-group was subjected to search / survey proceeding and it was alleged that the society was flouting the pre-conditions for grant of exemption. Considering the contents of the report, it was concluded by Ld. CIT(E) that the society money was used for personal and business purposes by the members of the society. Accordingly, the registration was denied. Aggrieved, the assessee is in further appeal before us.

4. It could be seen that the whole basis of rejection of approval is the report of Directorate of Investigation on the basis of which it has been concluded that there was misuse of society money. The Ld. AR has stated that requisite information as required by approving authority was duly submitted and no show-cause notice was issued to the assessee before rejecting the impugned application. No clarification is stated to have been sought from the assessee. It has further been stated that the assessee approached Hon'ble ITSC and an order was passed on 30-03-2023 u/s 245D(4) wherein no adverse inference was drawn on the basis of various material as impounded during the course of search / survey proceedings. The Ld. AR has placed on record point-wise

rebuttal to the findings relied upon by Ld. CIT(E) while denying the approval.

5. The perusal of order of Hon'ble ITSC order dated 30-03-2023 passed u/s 245D(4) would show that the said order covers AYs 2014-15 to 2020-21 wherein all seized and impounded documents, including documents and information contained in pen drive, laptops and statements of various individual recorded on oath, has been considered and settled. This material forms the very basis of rejection of impugned application. All issues and observations of Ld. CIT(E) are gathered from ADIT report which are flowing only from the seized documents pertaining to period prior to 25-09-2019 which period stood covered in settlement application. The order so passed by Hon'ble ITSC would be conclusive in terms of provisions of Sec.245-I of the Act. It could also be observed that there is no adverse finding on any issues relating to any period after March, 2020 in respect of the assessee and the provisional approval has already been granted to the assessee in Form No.10AC on 24-09-2021. Therefore, this order, in our considered opinion, would have material bearing on the adjudication of Ld. CIT(E).

6. Apparently, the order of Hon'ble ITSC was not considered while adjudicating the fate of the application. Considering various plea of Ld. AR and keeping in mind the principles of natural justice, we deem it fit to set aside the impugned order and restore the impugned registration application back to the file of Ld. CIT(E) for *de-novo* adjudication in the light of various pleas as raised by Ld. AR and by considering the

settlement order. The assessee is directed to plead and prove its case forthwith. All the issues are kept open.

7. The appeal stand allowed for statistical purposes.

Order pronounced u/r 34(4) of Income Tax (Appellate Tribunal) Rules, 1963.

Sd/-

**(UDAYAN DAS GUPTA)
JUDICIAL MEMBER**

Sd/-

**(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER**

Dated: 28-08-2025

आदेश की प्रतिलिपि अग्रेषित /Copy of the Order forwarded to :

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT AMRITSAR