

**IN THE INCOME TAX APPELLATE TRIBUNAL
“C” BENCH, AHMEDABAD**

**BEFORE SMT. ANNAPURNA GUPTA, ACCOUNTANT MEMBER &
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No.374/Ahd/2025
(Assessment Year: NA)

Prayatna Charitable Trust (Public Charitable Trust), 302-306, Devpath Complex, Off: C G Road, Navrangpura, Ahmedabad-380009	Vs.	Commissioner of Income Tax (Exemption), Ahmedabad
[PAN No.AAETP8824F]		
(Appellant)	..	(Respondent)

Appellant by :	Shri D.K. Parikh, AR
Respondent by:	Shri Rignesh Das, CIT- DR
Date of Hearing	22.07.2025
Date of Pronouncement	16.09.2025

ORDER

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Exemption), (in short “Ld. CIT(E)”), Ahmedabad vide order dated 18.12.2024.

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

“1. The learned Commissioner of Income tax (Exemption) Ahmedabad [CIT(exemp)] has erred both in law and in fact in rejecting application of appellant in Form 10AB filed seeking approval under section 80G(5) of the income tax Act, 1961 and cancelling provisional approval granted on erroneous grounds that appellant Trust was not a purely charitable Trust and that the appellant had violated provisions of clause (ii) of sub-section (5) of section 80G of the Act. The order so passed is against the facts and - sanction of law. It be so held now.

2. The ld CIT(Exemp) further erred in law and on facts in not appreciating that the objects of appellant were charitable and not religious hence was registered on the basis of such objects as per provisional registration u/s 12A and approved u/s 80G. The refusal to grant final approval u/s 80G(5) and cancelling provisional approval is patently wrong. It be so held now.

3. The ld CIT(Exemp) also erred in law and on facts in observing that Object No: 11 amounted to object of religious nature and not charitable object. The

observation and conclusion is untenable and against facts and settled legal position considering the entire deed of Trust and the objects, the Trust being not for benefit of any particular religious community or caste and objects were charitable only. It be so held now and order passed be set aside by directing to grant approval as sought u/s 80G(5) of the Act.

4. *The ld CIT(Exemp) further erred in law and on facts in not appreciating that the appellant had never applied any part of income for any religious objects nor was established for such purposes and as the conditions for grant of approval under section 80G(5) were fully satisfied, the appellant Trust ought to be granted approval as sought for. It be so directed to be granted now.*

5. *The ld CIT(Exemp) also erred in law and on facts in relying on the decisions which are not applicable and not relevant to the facts of the appellants case and the prevailing position of law as applicable for the year under appeal.*

6. *The order passed by ld CIT(exemp) being erroneous and against the provisions of law, deserves to be cancelled . It be cancelled now and approval under section 80G(5) of the IT Act be directed to be granted as claimed.*

7. *The appellant craves leave to add, alter, modify or delete any of the grounds at the time of hearing.”*

3. The brief facts of the case are that the Commissioner of Income Tax (Exemptions), Ahmedabad, passed an order rejecting the application filed by the assessee, Prayatna Charitable Trust, in Form No. 10AB seeking registration under section 80G(5)(iii) of the Income Tax Act, 1961 (Act), and simultaneously cancelled its provisional registration granted earlier on 12.02.2022. The application was for approval under clause (iii) of the first proviso to section 80G(5) of the Act for the period from 12.02.2022 to A.Y. 2024-25. The CIT (Exemptions) was of the view that specific objects of the trust deed were found to be religious in nature and the assessee had failed to respond or seek adjournment in response to specific show cause notice issued by him to the assessee in this regard. Upon perusal of the trust deed, particularly object no. 11, CIT (Exemptions) held that the assessee was involved in activities like Gyanyagna, Kirtan, and Parvachan, which are clearly religious in nature. As per section 80G(5) of the Act and the applicable legal framework, an institution or fund must be established solely for charitable purposes to be eligible for approval under this provision. Since

the presence of even a single religious object renders the trust a religious-cum-charitable institution, CIT (Exemptions) held that the assessee trust was disqualified from availing registration under section 80G(5) of the Act. In the order, CIT (Exemptions) also held that section 80G(5B) of the Act does not override the fundamental requirement that the trust must be established only for charitable purposes; it merely provides a limited concession to trusts already established for charitable purposes where incidental religious expenditure does not exceed 5% of total income. The CIT (Exemptions) relied on decisions from the Hon'ble ITAT Agra and Ahmedabad, including Yug Chetna Parmarth Trust and Om Tapovan Charitable Trust, which reaffirmed that religious objects in the trust deed disentitle the assessee from registration under section 80G of the Act, regardless of actual religious expenditure. Accordingly, the Commissioner held that the assessee trust violated the conditions laid down in section 80G(5)(ii) and Explanation 3, and was therefore not eligible for registration. CIT (Exemptions) rejected the application filed in Form 10AB and cancelled the provisional registration granted earlier to Prayatna Charitable Trust.

4. The assessee is in appeal before us against the order passed by CIT (Exemptions). Before us, the ld. counsel for the assessee submitted that the CIT (Exemptions), Ahmedabad, had erred in holding that object no. 11 of the Trust Deed was religious in nature. It was submitted that the CIT (Exemptions) had misinterpreted the object, which in fact pertained to organizing knowledge camps, spiritual gatherings, and lectures aimed at inculcating high moral values and not at promoting any religious practices or beliefs. The term "Gyan Yagna" denoted "knowledge camps" and not religious rituals like "Havan" or other ceremonial yagnas. In support of its position, the ld. counsel for the assessee placed reliance on the decision of the Bangalore Bench in the case of Shroutha Vinan Gurukulam vs. ITO (E) (ITA No. 694/Bang/2024), wherein it was held that workshops disseminating

Vedic knowledge and philosophy cannot be construed as religious activities, as they are more aligned with lifestyle education and spiritual upliftment, not tied to any specific religion. The assessee argued that its objects were similarly general in nature and not designed for the benefit of any religious community or sect. The assessee further submitted that it had neither been established for religious purposes nor had applied any part of its income for religious activities. The ld. counsel for the assessee reproduced before us copies of the audited accounts for the relevant years to demonstrate that no amount had been spent by the assessee trust on religious purposes. It was submitted that the trust fully satisfied the conditions of section 80G(5) of the Act, and hence, the denial of approval was unjustified. The ld. counsel for the assessee also placed reliance several ITAT decisions where approval under section 80G was granted despite the presence of religious objects, so long as the expenditure on religious activities did not exceed 5% of total income. The ld. counsel for the assessee submitted that the CIT (Exemptions) had erred in relying on the decision in *Om Tapovan Charitable Trust*, as the facts in that case were distinguishable—the trust there had explicit objects relating to performance of religious ceremonies like havans and yagnas, whereas no such activities were contemplated by the assessee trust in the present case. Finally, the assessee pointed out that the assessee already held valid registration under section 12A of the Act, which confirmed its charitable status, and therefore the denial of approval under section 80G of the Act was not sustainable.

5. In response, Ld. DR placed reliance on the observations made by CIT (Exemptions) in the order denying grant of registration.

6. We have heard the rival contentions and perused the material on record. In the case of **Gurukrupa Foundation vs. Commissioner of Income-tax (Exemption) [2025] 172 taxmann.com 737 (Ahmedabad-**

Trib.][06-03-2025], ITAT held that where application filed by assessee-trust for approval under section 80G was denied on ground that assessee was not a purely charitable trust as it had violated main conditions of section 80G(5), since assessee was given option as per statute to spend up to 5 per cent of its total income for religious purposes, matter was to be restored to file of Commissioner (Exemption) to examine matter and give a categorical finding on applicability of provision of section 80G(5B) or otherwise. In the case of **Vaishnav Sangh vs. Commissioner of Income-tax(Exemption) [2025] 176 taxmann.com 487 (Ahmedabad-Trib.][10-07-2025]**, ITAT held that where assessee-trust's objects included both charitable and one religious object, approval under section 80G(5) could not be denied solely for mentioning of running/maintaining a temple in it's objects, and matter was remanded to verify if religious expenditure exceeded 5 per cent limit and if not, assessee was to be allowed approval under section 80G(5) of the Act. In the case of **Rajnibhai Kanada Memorial Foundation vs. Commissioner of Income-tax (Exemption) [2025] 175 taxmann.com 401 (Ahmedabad - Trib.][04-06-2025]**, ITAT held that where Commissioner (Exemption) rejected application of assessee-trust for approval under section 80G(5) on ground that assessee-trust had spent more than 5 per cent of its total income on religious purposes, since Commissioner (Exemption) had not provided any opportunity to assessee to explain nature of event expenses, matter was to be remanded back to his file for fresh consideration. In the case of **Vismruti Social and Charitable Trust vs. Commissioner of Income-tax (Exemption) [2025] 172 taxmann.com 582 (Ahmedabad-Trib.][22-01-2025]**, ITAT held that where CIT (Exemption) rejected application of assessee-trust for grant of registration under section 80G on ground that two objects of trust were religious in nature, since CIT (Exemption) relied upon only two out of ten objects to show that assessee was a religious trust and assessee had specifically submitted that its expenditure on religious activities

was within threshold limit of 5 per cent as specified under section 80G(5), matter was to be restored to CIT (Exemption) to consider grant of registration under section 80G afresh. In the case of in the case of **Shroutta Vinan Gurukulam vs. ITO (E) (ITA No. 694/Bang/2024)**, ITAT held that workshops disseminating Vedic knowledge and philosophy cannot be construed as religious activities, as they are more aligned with lifestyle education and spiritual upliftment, not tied to any specific religion.

7. In light of the above facts and circumstances of the case, and having considered the rival submissions, material on record, and binding precedents including the decisions of the Coordinate Benches of the Tribunal in Gurukrupa Foundation vs. CIT (Exemption), Vaishnav Sangh vs. CIT (Exemption), Rajnibhai Kanada Memorial Foundation vs. CIT (Exemption), and Vismruti Social and Charitable Trust vs. CIT (Exemption), we are of the considered view that the issue as to whether the assessee is entitled to approval under section 80G(5) of the Act requires reconsideration. The assessee has explained that object no. 11 of the Trust Deed has been misinterpreted as religious in nature, whereas it actually refers to organizing knowledge-based and spiritual programs intended to promote high moral values, and not rituals or religious practices. It has also been contended that no part of the trust's income has been applied toward religious activities, and the applicability of section 80G(5B) was not adequately considered by the CIT (Exemptions). In view of these contentions and the judicial pronouncements relied upon, we find it appropriate to set aside the impugned order passed by the CIT (Exemptions), Ahmedabad, and restore the matter to his file for fresh adjudication after affording due opportunity to the assessee. The CIT (Exemptions) shall re-examine the nature of the impugned object in the light of the explanation provided by the assessee and relevant judicial precedents including the decision of the Bangalore Bench in Shroutta Vinan Gurukulam vs. ITO (E) and determine whether the said object can be

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regarded as religious or merely spiritual and educational in nature. Further, CIT (Exemptions) shall verify whether the assessee has incurred any expenditure on religious activities and, if so, whether such expenditure falls within the permissible limit of 5% as envisaged under section 80G(5B) of the Act. Accordingly, the order of the CIT (Exemptions) is hereby set aside and the matter is restored to his file for passing a fresh speaking order in accordance with law after considering all relevant facts, submissions, and legal principles. The assessee shall be given a reasonable opportunity of being heard before finalizing the proceedings.

8. In the result, the appeal of the assessee is allowed for statistical purposes.

This Order pronounced in Open Court on	16/09/2025
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Sd/-
(ANNAPURNA GUPTA)
ACCOUNTANT MEMBER

Ahmedabad; Dated 16/09/2025

TANMAY, Sr. PS

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad