

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'ए' बेंच, हैदराबाद  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad "A" Bench, Hyderabad**

श्री रवीश सूद, माननीय न्यायिक सदस्य एवं श्री मधुसूदन सावडिया, माननीय लेखा सदस्य  
**SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER**  
**AND**  
**SHRI MADHUSUDAN SAWDIA, HON'BLE ACCOUNTANT MEMBER**

आयकर अपील सं./I.T.A.No.222/Hyd/2025  
(निर्धारण वर्ष/ **Assessment Year : 2023-24**)

Pennam Foundation Hyderabad PAN : AAETP8523D	Vs.	CIT(Exemptions), Hyderabad
<b>(अपीलार्थी/ Appellant)</b>		<b>(प्रत्यर्थी/ Respondent)</b>

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri Pavan Kumar Solanki, CA, AR
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Ms.U.Mini Chandran, CIT-DR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	01.09.2025
घोषणा की तारीख/ Date of Pronouncement	:	12.09.2025

**ORDER**

प्रति रवीश सूद, जे.एम./PER RAVISH SOOD, J.M.

The present appeal filed by the assessee trust is directed against the order passed by the Commissioner of Income Tax (Exemptions) [hereinafter referred to as "CIT(Exemptions)"], Hyderabad, dated 16.12.2024 rejecting the application filed in "Form No. 10AB" for regular registration under Section 80G(5) of the Income-tax Act, 1961 (for short,

“the Act”). The assessee trust has assailed the impugned order on the following grounds of appeal before us:

1. *That the Learned CIT(Exemption) erred in law and on facts in rejecting the Appellant’s application for final registration under Section 80G without appreciating the bonafide nature of the appellant's activities and its compliance with statutory requirements.*
  2. *That the order of the learned CIT(Exemptions) is arbitrary and contrary to the provisions of the Income Tax Act, 1961 and passed without proper application of mind in the facts and circumstances of the case.*
  3. *The appellant was under the bonafide impression that the approval for final registration under Section 80G would be granted, in the absence of any objection raised by the Learned CIT(exemption) prior to the issuance of the final rejection order. Furthermore the appellant had submitted the required information properly and completely in response to all the notices issued.*
  4. *That the Appellant has been duly registered under Section 12AB of the Income Tax Act, 1961 and its activities are entirely charitable in nature, which entitles it to registration under Section 80G.*
  5. *That the rejection of the application is based on surmises and conjectures, rather than being supported by any concrete evidence that indicates non-compliance or misuse of the provisions.*
2. Succinctly stated, the assessee trust was granted provisional registration under Clause (iv) of the “first proviso” to sub-section (5) of Section 80G of the Act by the Principal Commissioner of Income

Tax/Commissioner of Income-tax, vide his order dated 24.03.2023, valid for the period from 24.03.2023 to AY 2025-26.

3. Thereafter, the assessee trust, filed an application for regular registration under Section 80G of the Act in "Form No.10AB" on 26.06.2024. During the course of proceedings under Section 80G(5)(iii), the CIT(Exemptions), Hyderabad issued notices dated 06.07.2024, 24.08.2024 and 19.11.2024, wherein the assessee trust was called upon to furnish the requisite details. As is discernible from the record, the assessee trust in compliance to the aforesaid notices furnished the requisite details along with the supporting documents vide its replies dated 22.07.2024 (Page Nos.76-154 of APB), dated 09.09.2024 (Pages Nos.155-208 of APB); and dated 25.11.2024 (Pages Nos.209-269 of APB) respectively.

4. However, the CIT(Exemptions) rejected the application filed by the assessee trust for registration under Section 80G of the Act, vide his order dated 16.12.2024, on the ground that perusal of the submissions filed by the assessee trust did not reveal that any substantial activities of charitable nature were being carried out. Also, the CIT(Exemption) observed that the assessee trust had furnished partial information in compliance of the notices issued by him.

5. The assessee trust, being aggrieved with the order passed by the CIT(Exemption), Hyderabad, rejecting its application for registration under Section 80G(5) of the Act, has carried the matter in appeal before us.

6. We have heard the Ld.Authorized Representatives of both parties, perused the orders of the lower authorities and the material available on record.

7. We find that though the CIT(Exemption) had observed in his order that the assessee trust had furnished only partial information, but he had failed to specify what particular information was not provided, Further, we find that the CIT(Exemption) had observed that no substantial activities that were charitable in nature were being carried out by the assessee trust, which, thus, was in violation of the provisions of section 80G of the Act. Accordingly, the CIT(Exemption), based on his aforesaid observations, had declined the application filed by the assessee trust for registration u/s 80G of the Act.

8. We have given thoughtful consideration and are unable to comprehend that, on what basis and reasoning, the CIT(Exemption) has observed that no substantial activities which were charitable in nature were being carried out by the assessee trust. We find that there is no

whisper in his order about any such activity of the assessee trust, which as per him was not found to be charitable in nature. Although the assessee trust vide its replies dated 22.07.2024 (Page Nos.76-154 of APB), dated 09.09.2024 (Pages Nos.155-208 of APB); and dated 25.11.2024 (Pages Nos.209-269 of APB), had filed before the CIT(Exemption) the requisite details along with supporting documentary evidence to substantiate its charitable activities, but we find that he had not adversely commented on the same to support his observation that the activities of the assessee trust, based on the submissions filed before him were not found to be charitable in nature.

9. We have thoughtfully considered the order passed by the CIT(Exemption), and are of the considered view that the impugned order is a non-speaking order. The CIT(Exemption) has not brought on record any finding or material analysis to substantiate how and in what manner the activities of the trust were not charitable in nature. Nor has he articulated which information was missing, despite the assessee trust furnishing a detailed reply along with supporting documents. We are of a firm conviction that the rejection by the CIT(Exemption) of the application filed by the assessee trust for regular registration without passing a reasoned order violates the principles of natural justice. It will be apposite to observe that non-speaking, cryptic, and mechanical

orders passed by quasi-judicial authorities are not sustainable in law. The CIT(Exemption), while disposing of the application filed by the assessee trust for registration under Section 80G(5) of the Act, was expected. to provide specific findings after considering the voluminous material that was made available on his record.

10. In view of the above, the impugned order dated 16.12.2024 is hereby set aside, and the matter is restored to the file of the CIT(Exemption), Hyderabad, with a direction to pass a fresh speaking and reasoned order in accordance with law. Needless to say, the assessee trust in the course of the set aside proceedings shall be afforded a reasonable opportunity of being heard and remain at liberty to submit any further documents or explanations as may be required.

11. In the result, the appeal filed by the assessee trust in ITA No.222/Hyd/2025 is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the Open Court on 12<sup>th</sup> September, 2025.

<b>Sd/-</b> <b>(श्री मधुसूदन सावडिया)</b> <b>(MADHUSUDAN SAWDIA)</b> <b>लेखा सदस्य/ACCOUNTANT MEMBER</b>	<b>Sd/-</b> <b>(श्री रवीश सूद)</b> <b>(RAVISH SOOD)</b> <b>न्यायिक सदस्य/JUDICIAL MEMBER</b>
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Hyderabad, dated 12.09.2025.  
L.Rama/Sr.PS

आदेशकी प्रतिलिपि अग्रेषित/ **Copy of the order forwarded to:-**

1.	निर्धारिती/The Assessee	:	M/s Penna Foundation, Plot No.260, Krishi Allure, Kavuri Hills, Ranga Reddy District, Hyderabad
2.	राजस्व/ The Revenue	:	CIT (Exemptions), Hyderabad, Aaykar Bhavan, Opp. LB Stadium, Basheerbagh, Hyderabad.
3.	The Principal Commissioner of Income Tax (Exemption), Hyderabad		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / <b>CIT-DR</b> , ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Hyderabad