

**IN THE INCOME TAX APPELLATE TRIBUNAL
JABALPUR BENCH, JABALPUR
BEFORE SH. KUL BHARAT, VICE PRESIDENT
AND
SH. NIKHIL CHOUDHARY, ACCOUNTANT MEMBER**

ITA Nos.25 & 46/JAB/2025
A.Y. 2022-23

Mangalayatan University, N.30, Mandla Road, Near Sharda Devi Mandir, Richai Barela, Jabalpur-483001	vs.	Ld. CIT (Exemption), Bhopal
PAN:AAAJM2753J		
(Appellant)		(Respondent)

Assessee by:	Sh. V. Rajkumar, Advocates
Revenue by:	Sh. Shravan Kumar Meena, CIT DR
Date of hearing:	19.09.2025
Date of pronouncement:	30.09.2025

ORDER

PER NIKHIL CHOUDHARY, A.M.

Both these appeals have been filed against the orders of the learned CIT (Exemption), Bhopal refusing the approval of the assessee university for registration under 80G(5). As the issue in the two appeals is one and the same, the appeals are taken for hearing together. The grounds of appeal are under:-

ITA No.25/JAB/2025

"1. The learned Commissioner of Income Tax (Exemption) Bhopal, has erred in rejecting the application under section 80G(5)(iii) of the Act filed by the Appellant Trust (M/s Mangalayatan University) on the ground that proper books of accounts have not been maintained the Appellant Trust.

2. The learned Commissioner of Income Tax (Exemption) Bhopal has erred in rejecting the application filed by the Appellant Trust on the ground that the Appellant Trust have not complied with CSR Rules as per MCA Notification dated 22nd January 2021 and treated violation of section 12AB(1)(b)(i)(B) and second proviso to Section 80G(5) of the Income Tax Act.

3. That on the facts and circumstances of the case, Ld. CIT (Exemption) be directed to consider the application and grant the registration under section 80G(5) (iii) of the Act.

4. That the appellant craves leave to add, alter, adduce or amend any ground or grounds on or before the date of hearing of the appeal."

ITA No.46/JAB/2025

“1. On the facts and in the circumstances of the case and in law the order of the learned Commissioner of Income Tax (Exemptions), Bhopal rejecting the application for renewal of provisional registration under section 80G(5) of the Income Tax Act, 1961 is arbitrarily misconceived, fallacious and illegal which must be quashed with directions to grant the as sought.”

2. It is observed that ITA No.46/JAB/2025 is delayed by 261days. A condonation petition was filed, in which it was submitted that the assessee had filed an application for the renewal of the provisional registration under section 12AA of the Income Tax Act, which had been rejected by the ld. CIT (Exemption), Bhopal and appeal against the said order had been filed in the ITAT on 24.05.2024 vide ITA No. 96/JAB/2024. Later on, it was discovered that the ld. CIT (Exemption) had also cancelled the provisional registration/approval under section 80G(5) also as per para 7 of that order, which was reproduced by the assessee in its condonation petition. Thereafter, the assessee filed a fresh application for registration under section 80G(5)(iii) but the ld. CIT (Exemption) rejected the application for renewal dated 25.12.2024, on the ground that registration under section 12AA had not been renewed. On consulting with Senior Counsel, the assessee filed an appeal against the earlier order of the ld. CIT (Exemption) and this was delayed because of the fact that it was unaware that the registration / approval under section 80G(5) had also been cancelled and required separate appeal. It had also filed another appeal against the subsequent rejection order on 27.01.2025. In the circumstances, the assessee prayed that the delay may kindly be condoned as it was caused due to reasonable and sufficient cause.

3. We have duly considered the matter. As the issue is the grant of approval under section 80G, which emanates out of a common order, it is plausible that the same could lead to a belief that a separate appeal was not necessary. Hence, considering this and also the fact that the similar issue, has also been contested in the subsequent appeal in ITA No. 25/JAB/2025, we deem appropriate to admit appeal in ITA No. 46/JAB/2025 for adjudication.

4. The facts of the case are, that the assessee filed an application for registration under section 80G(5)(iii) before the Id. CIT (Exemption), New Delhi. Subsequently, the case was transferred from Id. CIT (Exemption), New Delhi to Id. CIT (Exemption), Bhopal. The Id. CIT (Exemption) records that opportunity letters were issued by the Id. CIT (Exemption), Bhopal and the assessee submitted a reply in respect of these from time to time. Finally, the Id. CIT (Exemption) issued a show cause notice to the assessee pointing out, that the assessee had not paid interest of 7.5% per annum to Helpage Finlease Limited as per its agreement and therefore, its books of accounts were not proper, as the amount payable were not reflected in its books. Furthermore, the assessee had taken CSR registration post the receipt of CSR funds and stood in violation of CSR rules as per MCA Notification dated 22.01.2021, which also attracted violation of section 12AB(1)(b)(i)(B) of the Income Tax Act. In response, the assessee submitted a response in which the ledger confirmation from HFLL were submitted and it was pointed out that there was no dispute between the lender and borrower with respect to the repayment of loan and interest outstanding as on 31.03.2023. However, the Id. CIT (Exemption) did not find this ledger confirmation to be in order and held that the same was not reliable. The assessee also relied upon the order of the ITAT, Indore Bench in the case of Disha Education Society vs. CIT(E) in ITA No. 164 & 165/IND/2023. However, the Id. CIT (Exemption) held, that in the case of the assessee it was not section 12AB(4)(F) but section 12AB(1)(b)(i)(B) which applied and therefore, the order in the case of Disha Education Society vs. CIT (Exemption) (supra) was not applicable to the facts of the assessee's case. The Id. CIT (Exemption) also noted that the assessee accepted the fact that he took CSR registration post the receipt of CSR funds, which was a violation of the Companies Act and therefore, on these grounds, the Id. CIT (Exemption) held that the assessee was not eligible for exemption under section 12AB of the Act. In respect of Section 80G(5) also, a show cause notice was issued to the assessee that it was required to submit an application for approval before 30.09.2022 as per CBDT Circular No. 8/2022 or within six months from the date of provisional certificate / six months from the start of activities. However, the

assessee had applied in Form No. 10AB on 29.09.2023, which was beyond these time limits. In response, the assessee submitted that it had received the provisional approval under section 80G(5) of the Act, vide order dated 16.08.2022 for the period from 16.08.2022 to assessment year 2025-26. Hence, the show cause issued by the Id. CIT (Exemption) was not maintainable in respect of the assessee, because as per CBDT Circular No. 06/2023, para 1(b) and para 1(c), it was clearly mentioned that all the Trusts having provisional registration, were required to apply for regular registration in Form 10AB at least six months prior to the expiry of the period of provisional registration / approval or within six months of commencement of activities, whichever is earlier. But in the case of the assessee, which was an existing institution, the application had to be made within six months prior to the expiry of the period of provisional registration. In the circumstances, it was eligible for the approval. However, the Id. CIT (Exemption) held that the approval was not maintainable as it was barred by limitation and therefore, he rejected the application of the assessee for grant of registration under section 80G(5) and also cancelled the provisional registration in Form 10AC dated 30.03.2022. Aggrieved with the said order, the assessee filed ITA No. 46/JAB/2025.

5. Subsequently, the assessee filed another application in Form 10AB for registration under section 80G(5)(iii) before the Id. CIT(E). The Id. CIT(E) found that the application for registration under section 12AB had already been rejected by his office order dated 27.03.2024 and the provisional registration accorded by the CPC in Form 10AC had already been cancelled. He held that since the assessee did not have registration under section 12AB, which is a pre-requisite for obtaining approval under section 80G, the assessee is not eligible to obtain approval under section 80G(5)(iii) of the Act. Furthermore, the Id. CIT (Exemption) observed that the application for registration under section 80G had already been rejected vide his office order dated 27.03.2024 and the provisional approval under section 80G(5) in Form 10AC had also been cancelled as per the second proviso to section 80G(5) of the Act. The assessee had filed the instant application under clause (iii)

of the first proviso of sub section (5) of section 80G, which was applicable to assessee's who have a valid provisional registration. But since the assessee's provisional registration had been cancelled, this application was not maintainable. Accordingly, on these two accounts, the assessee's application for grant of approval under section 80G(5) was rejected and aggrieved with this order, the assessee filed ITA No. 25/JAB/2025 before us.

6. Sh. V. Raj Kumar, Advocate (hereinafter referred to as the ld. AR) appearing on behalf of the assessee drew our attention to the fact that the Tribunal vide its earlier orders in ITA No. 96/JAB/2024, had restored the matter of grant of registration under section 12AB to the ld. CIT (Exemption) for reconsideration with the following comments: -

"6. We have duly considered the facts and circumstances of the case. On going through the order of the ld. CIT(Exemption), we find that all the facts relating to the amount of interest payable by the assessee trust to M/s Helpage Finlease Limited, New Delhi have not been clearly brought on record. Ongoing through the agreement dated 16.03.2022, it is seen that the loan was to be disbursed within one month of providing of all documents. The date of actual disbursal of this loan does not figure in the order of the ld. CIT(Exemption) and therefore, the conclusion that the amount of interest that has been shown by the assessee payable in its accounts is an incorrect figure, is premature without consideration of such facts. We observe that the assessee has furnished a confirmation before the ld. CIT(Exemption), duly signed by the authorized signatory of the finance company i.e. M/s Helpage Finlease Limited, wherein the lender has confirmed that the amount of interest payable to his company is only Rs.72,400/-. In the circumstances, we deem it appropriate to restore this matter back the file of the Ld CIT(E) so that all the facts may be brought on record before any conclusion is reached regarding the completeness or correctness of the assessee's accounts.

7. On the issue of violation of law by accepting a donation prior to obtaining registration as a CSR entity under the MCA Notification dated 22.01.2021, we observe that the assessee received the CSR fund of Rs.2,20,00,000/- on 17.11.2022 from M/s Sterile Industries Limited and it obtained registration under CSR on 13.12.2022. Thus, the CSR donation was received prior to the date of registration and to that extent it appears to be a deviation from the terms of the MCA notification dated 22.01.2021. However, we note that immediately upon receiving these funds, the assessee applied for registration in CSR 1 and was granted this registration on 13.12.2022. We also note that the CSR funds were spent on Education and a statement of utilization was submitted to the donor company for enabling it to report the same to the MCA in CSR. The assessee has explained that it was always involved in rendering education and educational institutions were not required to register with the MCA. However, when the company that gave CSR funds to the assessee university, intimated it that it was required to register with

the MCA, the assessee university promptly initiated the CSR registration process and got registration within a month of CSR receipt. It has submitted that that this demonstrates its bonafides and that there was no malicious intent on the part of the assessee to refrain from applying for CSR registration earlier. We also note the submission made before the CIT(Exemption), that the basic purpose of CSR registration was to enable the MCA to keep a record of such entities or institutions, who intend to undertake charitable activities in Schedule VII of the Companies Act and are of charitable nature and this was basically for ensuring that companies who are granting CSR funds should donate to genuine CSR implementing agencies. We note that that since the assessee has been granted CSR registration and submitted a statement of CSR utilization to the donor company, it has complied with the mandate of the MCA Notification dated 22.01.2021, albeit belatedly. Whether such belated compliance would amount to a violation of the law or a mere irregularity is something has to be decided by the authorities which implement the Companies Act. We also observe that companies undertaking CSR activities are required to file with the company law authorities, a detailed statement of CSR activities/ expenditure in Form CSR 2 and doubtlessly, the donor company would have filed a statement in CSR 2. There is no finding in the Ld CITs order that the authorities under the Companies Act 2013, have found any violation of the law in the details contained in such statement. To our mind this is relevant. Though the Ld. CIT(E) has drawn our attention to the fact that specific references to the orders, decrees and directions of such other authorities are not there in section 12AB(1)(b)(i)(B), unlike section 12AB (iv)(f), it is our understanding that it is implied whether specifically mentioned or not, because it is only the relevant authorities under the other laws that are competent to judge whether such laws have been violated or not and not the Income tax Authority.. Therefore, one cannot accept the proposition that in the absence of any such order, direction or decree by the authorities that administer that law, that the Income Tax Authorities are entitled to hold an assessee in violation of that law. We further note that there are several issues relating to the case that have not been considered by the Ld. CIT(E). We note that there are provisions in the said notification, that prior registration would not be required for ongoing projects and programs, approved prior to 1.04.2021. There is no finding as to when the concerned project was approved. We also observe that in the instant case, there was less than a month between the receipt of the funds and the receipt of the registration and no inquiry has been done as to when exactly the funds that were received were utilized ie, whether they were utilized before or after the registration under the CSR Rules. We also observe that the CSR 2 form which calls for details of expenditure on CSR activities, does not ask for the date of such expenditure but the total quantum of such expenditure, project wise, during the financial year, raising a question as to whether the contradiction noticed by the Ld CIT(E) is at all relevant. Accordingly, in view of all these gaps in the order of the LD CIT(E), we deem it appropriate in the interest of justice to we restore the matter back to the file of the ld. CIT(Exemption) to reexamine the application of the assessee in the light of the aforesaid observations and take a fresh decision in accordance with law.

7. Therefore, it was prayed that since the issue of registration of the University under section 12AB had been restored back to the file of the Id. CIT (Exemption), the application under section 80G(5)(iii) may also kindly be restored back to the file of the Id. CIT(Exemption) for an appropriate decision. Sh. Shravan Kumar Meena, CIT DR (hereinafter referred to as the Id. CIT DR) submitted that both appeals could not be entertained at the same time and therefore, one of them may be dismissed as infructuous. He had no objection to the issue of 80G(5) being sent back to the file of the Id. CIT (Exemption) for a fresh decision in accordance with law.

8. We have duly considered the arguments offered, since we have already restored the matter of registration under section 12AB to the file of the Id. CIT (Exemption) and the issues involved are identical, we therefore, restore ITA No.46/JAB/2025 to the file of the Id. CIT (Exemption) also for a fresh decision in accordance with law and since the second application was rejected only because of rejection of the registration u/s 12AB, which has now been restored to the file of the Ld. CIT(E), we dismiss ITA No. 25/JAB/2025 as infructuous. Accordingly, ITA No. 46/JAB/2025 is allowed for statistical purposes while ITA No. 25/JAB/2025 is dismissed as infructuous.

9. In the result, ITA No. 46/JAB/2025 is allowed for statistical purposes while ITA No. 25/JAB/2025 is dismissed as infructuous.

Order pronounced on 30.09.2025 in the open Court.

Sd/-

**[KUL BHARAT]
VICE PRESIDENT**

DATED: 30/09/2025

Sh

Sd/-

**[NIKHIL CHOUDHARY]
ACCOUNTANT MEMBER**

Copy forwarded to:

1. Appellant –
2. Respondent –
3. CITDR , ITAT,
4. CIT,
5. The CIT(A)

By order
Sr. P.S.