

THE INCOME TAX APPELLATE TRIBUNAL
AHMEDABAD "B" BENCH

**Before Dr. BRR Kumar, Vice President
And Ms. Suchitra Kamble, Judicial Member**

**ITA Nos. 1223 & 1224/Ahd/2025
Assessment Year 2019-20**

The ITO (Exemption) Ward-2, Ahmedabad (Appellant)	Vs	Shree Asandas B Murjani Education Trust, A-28 Ankur Society, Opp. Priya Cinema, Krishna Nagar, Ahmedabad PAN: AATTS9496D (Respondent)
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**Assessee by: Shri Jaimin Shah, A.R.
Revenue by: Shri R.P. Rastogi, CIT-D.R.**

Date of hearing : 02-09-2025
Date of pronouncement : 10-10-2025

आदेश/ORDER

Per Suchitra Kamble, Judicial Member:

These two appeals are filed against the order dated 07-03-2025 passed by National Faceless Appeal Centre(NFAC), Delhi for assessment year 2019-20.

2. The grounds of appeal are as under:-

ITA No. 1223/Ahd/2025

"1. Whether on the facts and in circumstances of the case, Ld. CIT is justified in deleting the penalty of Rs.1,62,59,662/- u/s. u/s.270A of the I.T. Act, 1961 for under reporting of income which is in consequences of misreporting of income."

ITA No. 1224/Ahd/2025

“1. Whether on the facts and in circumstances of the case, Ld. CIT is justified in deleting the penalty of Rs. 1,62,59,662/- u/s. u/s.270A of the I.T. Act, 1961 for under reporting of income which is in consequences of misreporting of income.”

3. The assessee made an application in Form 10A for registration u/s. 12AA of the Income Tax Act, 1961 on 23-02-2019 for assessment year 2019-20 before the Assessing Officer. The Assessing Officer has not made any inquiry or asked for document till 05-08-2019 and on 05-08-2019 issued some letter which was received by the assessee. Thereafter on 30-08-2019, the Assessing Officer issued another letter which was received by the assessee and in compliance to the said letter, the assessee filed detailed submission on 10-09-2019. However, without considering the same, the Assessing Officer rejected the application of registration u/s. 12AA of the Income Tax Act, 1961 on 19-09-2019. The assessee again applied for registration u/s. 12AA of the Act on 23-10-2019 and the Assessing Officer granted the registration u/s. 12AA on 20-03-2020 w.e.f. assessment year 2020-21 instead of assessment year 2019-20. Since the assessee was not granted registration u/s. 12AA for assessment year 2019-20, the assessee filed return of income for assessment year 2019-20 on 22-10-2019 by declaring total income at nil. The same was processed and the assessee's case was selected for scrutiny under reason that registration/approval under various sections of Income Tax Act have not been granted or cancelled/withdrawn. Accordingly, notice u/s. 143(2) of the Income Tax Act, 1961 was issued on 30-09-2020. Further notices u/s. 142(1) of the Act along with detailed questionnaire were issued on 30-07-2021, 25-08-2021 and 27-08-2021. In response to the notices issued u/s. 143(2) of the Act, the assessee trust vide letter dated 13-10-2020 submitted a copy of certificate u/s. 12AA of the Income Tax Act, 1961 issued by the

CIT(E) on 20-03-2020. Since the assessee has not been granted registration u/s. 12AA for assessment year 2019-20, the assessee was treated as a AOP(BOI). After taking cognizance of the assessee's submissions, the Assessing Officer observed that the assessee has made revenue expenditure towards application of income for charitable or religious purposes or of the stated objects of the trust/institution to the tune of Rs. 2,45,00,281/- and claimed exemption u/s. 11(1)(c) of the Income Tax Act, 1961. Since the assessee was not a valid trust for assessment year 2019-20 due to non-possession of certificate u/s. 12AA of the Act, therefore claim of exemption u/s. 11(1)(c) of the Act remains invalid. Thus, the expenditure amounting to Rs. 2,45,00,281/- was disallowed and the amount is restricted to its voluntary contribution of Rs. 2,32,83,394/- which was received by the assessee trust during the year under consideration.

4. Being aggrieved by the assessment order, the assessee filed appeal before the CIT(A). The CIT(A) allowed the appeal of the assessee in respect of order of the Tribunal in assessee's case (ITA No 65/Ahd/2022) for assessment year 2019-20 order dated 13-12-2023 wherein the assessee trust was granted registration u/s. 12AA of the Act.

5. The ld. D.R. relied upon the order of the Assessing Officer as well as the order of the CIT(A). He submitted that the CIT(A) was not justified in deleting addition on account of denial of exemption u/s. 11(1)(c) of the Act.

6. The ld. A.R. relied upon the order of the CIT(A).

7. We have heard both the parties and perused all the relevant material available on record. Since the assessee has been granted registration u/s. 12AA as per the directions of the Hon'ble Tribunal in assessee's own case for assessment year 2019-20 order dated 13-12-2023, the CIT(A) was right in directing the Assessing Officer to grant exemption u/s. 11(1)(c) of the Income Tax Act for assessment year 2019-20. There is no need to interfere with the findings of ld. CIT(A). Hence, the appeal of the Revenue being ITA No. 1223/Ahd/2025 is dismissed.

8. As regards ITA No. 1224/Ahd/2025, the same is related to the penalty u/s. 270A of the Act for under reporting of income which is in consequence of mis-reporting of income. This ground does not sustain as it is an appeal to that of denial of the section 11(1)(c) of the Act which was challenged before us in ITA No. 1223/Ahd/2025 and since the registration u/s. 12AA has been granted, there is no mis-reporting of income. Thus, ITA No. 1224/Ahd/2025 filed by the Revenue is dismissed.

9. In the result, both the appeals of the Revenue are dismissed.

Order pronounced in the open court on 10-10-2025

Sd/-
(Dr. BRR Kumar)
Vice President
Ahmedabad : Dated 10/10/2025

Sd/-
(Suchitra Kamble)
Judicial Member

आदेश की प्रतिलिपि अग्रेषित / Copy of Order Forwarded to:-

1. Assessee
2. Revenue
3. Concerned CIT
4. CIT (A)
5. DR, ITAT, Ahmedabad
6. Guard file.

By order/आदेश से,

उप/सहायक पंजीकार
आयकर अपीलीय अधिकरण,
अहमदाबाद