

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री अमिताभ शुक्ला, लेखा सदस्य के समक्ष
BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.1159/Chny/2025
Assessment Years: -

Thavam Research Foundation,
No.14, S P N Plaza, West Main Street,
Pudukkottai,
Tamil Nadu-622 001.
[PAN: AADTT3610N]

The Commissioner of Income Tax,
(Exemption),
Chennai.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Assessee by
प्रत्यर्थी की ओर से /Revenue by

: Shri P.M.Kathir, Advocate
: Shri Bipin C.N, CIT

सुनवाई की तारीख/Date of Hearing : 07.08.2025
घोषणा की तारीख /Date of Pronouncement : 21.10.2025

आदेश / O R D E R

PER AMITABH SHUKLA, A.M. :

This appeal is filed by the assessee against the order bearing DIN & Order No.ITBA / EXM / F / EXM45 / 2024-25 / 1075247955(1) dated 29.03.2025 of the Learned Principal Commissioner of Income Tax (Exemption), [herein after "CIT(E), Chennai. The reference to the word "Act" in this order hereinafter shall mean the Income Tax Act, 1961 as amended from time to time.

2.0 The only issue seminal to the case raised by the assessee through its seven grounds of appeal is regarding the rejection of appellant's application for grant of registration u/s 12A(1)(ac)(ii) of the

Act. The Ld.Counsel for the assessee argued that the action of the Ld.CIT(E) is not borne out of the correct understanding of the facts of the case. It was accordingly requested that the impugned order be set aside.

3.0 Per contra, the Ld.DR relied upon the orders of Ld.CIT(E).

4.0 We have heard the rival submissions in the light of material available on records. At the outset, we deem it necessary to examine the brief factual matrix of the case as discerned from the order dated 29.03.2025 of Ld.CIT(E). The assessee trust has been formed, inter-alia, with the objective of promoting national integration, communal harmony, universal brotherhood and global peace, work for child and women welfare, to organize and take up health, educational and welfare programme for women and children, holding research and training courses etc in acupuncture, yoga, nature cure and alternative system of medicine. The assessee had applied for grant of registration through its application in Form-10AB dated 30.09.2024 u/s 12A(1)(ac)(ii) of the Act. Upon consideration thereof the Ld.CIT(E) held that the declared object of the assessee trust of granting 'relief to the poor'. The Ld.CIT(E) placed reliance on the fact that in its reply dated 20.02.2025 the appellant trust could only list few of its online and offline programmes conducted in health care and yoga etc and that it failed to describe as to what activities were taken in last three years to meet the avowed objective of granting

'relief to the poor'. The Ld.CIT(E) further examining the fund flow analysis, noted the appellant had shown fees receipts as its major source of income for last three years. It was noted that the appellant assessee had entered into a Memorandum of Understanding (MoU) with Bharathidasan University who conduct Diploma / Advance programme on acupuncture with fee sharing ratio of 30 : 70. The said MoU was for promoting entrepreneurship and carrier development under the institute for entrepreneurship and carrier development. The Ld.CIT(E) noted that in furtherance of the impugned MoU the appellant trust was collecting Rs.25,000/- and Rs.35,000/- per student to conduct Diploma programme and Advance Diploma programme on acupuncture respectively. As agreed in the MoU, the appellant trust was conducting admission test and interviews etc and thereafter list was sent to Bharathidasan University for approval. On getting approval, assessee was collecting fees from students and issued certificates to the students printed by it carrying logo and seal of Bharathidasan University. The charge of above activities, the assessee was getting 30% of the fees collected. The Ld.CIT(E) concluded that in terms of the impugned MoU, the assessee trust was actually acting as an agent or franchise and was getting share in fees as per the agreed ratio of 30 : 70. The Ld.CIT(E) further concluded that the fees charged for the course was excessive and exorbitant. In support of its conclusions, he drew support from his online verification indicating that

Tamil Nadu Open University was offering the said course at a nominal fees of Rs.4200/- and the private institutions were charging only Rs.13500/-. A presumption qua charging of excessive fees in conducting Diploma and Advance Diploma course, as high as 525% of the normal market value was drawn. It was concluded that this was purely a commercial activity and cannot be compared with any charitable activity in the nature of relief to the poor. The Ld.CIT(E) further concluded that the activities of the trust were not in the category of any 'education' as the assessee did not have any valid approval from any recognized body to conduct any educational course. Consequently, relying upon decision of Hon'ble Apex Court in the case of Lokashikashan Trust 101 ITR 234 he rejected the application of assessee for grant of registration.

5.0 The Ld. Counsel for the assessee vehemently argued against the decision of the Ld.CIT(E). It has been submitted that the assessee has been carrying out charitable activities of providing relief to the poor and that it has been regularly conducting workshops and programmes teaching yoga, health camps etc. During the Covid-19 period, the assessee had extensively worked for benefit of common citizens. All these activities have been undertaken free of cost for the benefit of poor people of the society. It was argued that the Ld.CIT(E) had obtained all the details of the activities of the trust and then thereafter ignoring the same proceeded to reject the application for exemption. The

Ld.Counsel submitted that the conclusions of the Ld.CIT(E) are wholly incorrect. It was argued that the Ld.CIT(E) had granted the appellant registration u/s.12A(1)(ac)(iii) of the Act vide his order dated 27.09.2022 by holding the very same activities to be charitable in nature. In the impugned order, the CIT(E) has omitted to discuss these charitable activities to come to an incorrect conclusion that the appellant is not carrying out any charitable activities. The Ld.Counsel vehemently argued that Ld.CIT(E)'s allegation that the activity of providing diploma courses are commercial in nature is wholly incorrect. It was stated that the appellant assessee is not acting in the capacity of agent/franchise of Bharathidasan University and is actively engaged in providing the diploma courses as it is responsible for framing syllabus, preparing classrooms and study materials, and appointing staff (reference was invited to Clause 3 of the MoU placed at Pg.118 of PB). It was evident that these are not the activities that an agent carries out. The medical education is being granted by the appellant and the certification for the same is provided by the University. The students in the diploma courses are also provided internship training in the appellant's premises where it has been conducting the various yoga and health programs.

6.0 As regards the issue of charging of fees higher than the market rates, it was stated that incorrect comparisons have been made for drawing the impugned conclusions. The Ld. CIT(E) had erroneously

compared the fees charged by the University (shared with the appellant) for acupuncture courses to the fees charged by Acupressure / Acupuncture & Alternative Medicine Institute (Rs. 13,500/-) and the Tamil Nadu Open University (Rs.4.200/-). This comparison was patently erroneous because the two comparable institutes are only providing diploma courses in Acupressure whereas the appellant is providing diploma in Acupuncture. The Ld.Counsel vehemently argued that there is fundamental difference between Acupressure and Acupuncture. Both though were related disciplines had basic differences to justify cost variations. It was argued that the Ld.CIT(E) has failed to consider that the appellant is only entitled to 70% of the fees (i.e.) Rs. 17,500/- out of Rs. 25,000/- for diploma courses and Rs 24,500/-out of Rs. 35,000/- for advanced diploma courses. The Ld.Counsel placed reliance upon a decision of this Hon'ble Tribunal, reportedly on identical facts in the case of Soorya Educational Trust vs. ITO [2012] 22 taxmann.com 222 (Chennai) holding that the assessee providing diploma courses consequent to an MoU entered with Annamalai University cannot be called commercial even if the same resulted in a surplus.

7.0 The Ld.Counsel has further argued that whether or not the activity qua MoU with the Bharathidasan University is commercial or not would have no bearing on the registration application of the appellant. It was argued that even if this activity of providing diploma course is held to

be a commercial activity, per se charitable institutions are allowed to carry out business activities as per section 11(4A) of the Act. However, these are all aspects that come into consideration during the assessment proceedings while deciding whether exemption is to be granted u/s.11 of the Act. On the proposition reliance was placed on the following decision of Karnataka High Court in the case of DIT(E) vs. Karnataka Badminton Association [2015] 378 ITR 700 (Karnataka), and of Hon'ble Madras High Court in the of CIT vs. Sarvodaya Ilakkiya Pannai [2012] 20 taxmann.com 546 (Mad.). It was accordingly prayed to quash the impugned order and grant the appellant registration u/s 12A(1)(ac)(ii) of the Act.

8.0 We have noted that in the case of Karnataka Badminton Association supra Hon'ble High Court as held as under:-

“....10.... If the case of the assessee falls in the first proviso to Section 2(15) of the Act, the benefit of registration which flow from Section 12A of the Act is not available. Anyhow, that is a matter to be considered by the Assessing Authority But on that ground, the registration cannot be cancelled, which is precisely the Tribunal has held by allowing the appeal in the present impugned order....”

9.0 Further, in the case of CIT vs. Sarvodaya Ilakkiya Pannai supra it was held that:-

“....9.under section 12AA, the Commissioner is empowered to grant or refuse the registration and after granting registration, would be empowered to cancel and that too, only on two conditions laid down

under section 12AA(3) of the Act. Whether the income derived from such transaction would be assessed for tax and also whether the trust would be entitled to exemption under section 11 are entirely the matters left to the assessing officer to decide as to whether it should be assessed or exempted....”

10.0 We have also noted that Hon'ble Coordinate bench of this tribunal in the case of Soorya Educational Trust as at 22 taxmann.com 222 has held as under:-

“.....11. We have perused the orders and heard the rival submissions. We have to resolve two issues. First is whether assessee is an education institution eligible for exemption under Sections 11 and 12 of the Act and second is whether various items of payments/investments mentioned by the A.O. constituted violation of Section 13(1)(c) and / or Section 11(5) of the Act. For resolving the first aspect, it is essential to reproduce the Memorandum of Understanding entered by the assessee with Annamalai University :-

"The agreement made on this day of 11th February 2004 between the Registrar, Annamalai University, India (Hereinafter called Party No.1) and Soorya Institute of Management Studies - SIMS managed by Soorya Educational Trust (Reg. No.1311/2003) 375, Mahatma Gandhi Road, Pondicherry - 605001.(Hereinafter called Party No.2).

Whereas the Annamalai University, the authority running Distance education programmes, has resolved to admit students to all programmes viz., one year P.G. Diploma in Hotel Management, two year Diploma in Hotel Management and Catering Technology (DHMCT) Three year B.Sc. Hotel Management and Tourism and one year craft programmes four in number of the Party No.2 through Distance Education in a full-fledged manner in India. The Party No.1 enters into this agreement with the Party No.2 subject to the undermentioned terms and conditions.

Preamble: Whereas the Annamalai University, Annamalai nagar, the unitary and residential in character with nine faculties encompassing Arts, Science, Education, Indian Languages, Engineering & Technology, Fine Arts, Agriculture, Medicine & Dentistry along with well established Distance Education Directorate, both in India and Overseas, is desirous to collaborate for imparting specialized education in Hotel Management, Tourism & Catering Technology offered by the Party No.1 and Party No.2.

The Annamalai University will be represented by the Registrar while Soorya Educational Trust will be represented by its Managing Trustee.

(a) Resolved that the Party No.2 is to offer the programmes approved by Party No.1 jointly with the Party No.2 through Distance Education mode of Annamalai University 50% cost of the first advertisement will be borne by the Party No.1 (any one of leading dailies) and subsequent advertisement charges will be met by the Party No.2. The

Party No.2 shall at its own cost give advertisement in dailies and other Media with due approval of the Party No.1

(b) The development of curricula and conduct of the programmes will be the responsibility of Soorya Educational Trust. The syllabi, regulations and scheme of examinations will be approved by the Academic Council of Annamalai University.

(c) Annamalai University is responsible for confirming the admission and for the conduct of examination, evaluation and award of Diploma/Degree to the enrolled students.

(d) The conduct of Personal Contact Programme for the programme concerned in a full-fledged manner will be the responsibility of the Party No.2. T.A. & D.A. for the faculties engaged from the University during Personal Contact Programme will be borne by the Party No.2.

(e) The Soorya Educational Trust will take care of the conduct of Theory and Practical classes for all programmes as per the calendar finalized jointly by the Party No.1 and the Party No.2.

(f) The Directorate of Distance Education, the Controller of Examinations and the Soorya Educational Trust, Pondicherry will jointly chart out the scheme of examinations for the programmes for each year. The University will send scheme for conduct of examinations and application forms for registration to the examinations to the centres of Party No.1 and the Party No.2.

(g) The activities of the Party No.2 should not contravene the terms and conditions of this agreement. The University is not responsible for the misconduct of Soorya Institute of Management Studies to any third party.

(h) The Party No.2 is responsible and accountable to the Party No.1 in respect of the Coordinatorship.

(i) The Party No.2 will send to the Directorate of Distance Education a panel of Resource Persons handling theory & practical classes with complete details including,

(1) Name

(2) Age

(3) Qualification

(4) Experience in years regarding he/she has worked or/is working with full address.

The panel needs to be submitted in advance, as it requires prior approval by the University authorities.

(j) The Soorya Educational Trust are required to maintain students attendance register for both theory and practicals of all programmes and forward a statement of attendance to the Directorate of Distance Education.

(k) Periodical students' performance assessment in both theory and practicals, studying at Soorya Institute of Management Studies may be made by the Party No.2 and a report be forwarded to the Directorate of Distance Education.

(l) With regard to any dispute that may arise between the Party No.1 and the Party No.2 in respect of any of the matters under this agreement, the place of jurisdiction for taking any legal action will be

only Chidambaram, Cuddalore District, Tamilnadu, India and no other place.

(m) The agreement will be in force from the academic year 2004-05 for the Degree, P.G. Diploma, Diploma and Craft programmes for a period of ten years and in continuance thereafter. If there is breach of any terms and conditions, the agreement can be terminated by giving three months notice in writing by either party ending with the end of any academic year. Thereafter, the programme should be conducted for another two years to enable the registered candidates to complete the programme and also the examination will be conducted for another five years.

(n) Both the parties agree not to have tie-up for the said programmes with any other institutions. In case the Soorya Educational Trust has got already tie up with any other University or Institution with reference to any Diploma, Degree or Craft programme, the tie up should be terminated with effect from today i.e. 11th February 2004. In this matter, if there be any legal dispute it should be settled by the Soorya Educational Trust only and Annamalai University will not be having any binding in any way.

(o) The Party No.1 and the Party No.2 agree for all the above said terms and conditions.

(p) In this agreement the term 'University' includes the 'Directorate of Distance Education'.

The Party No.1 and the Party No.2 will also adhere the following guidelines:

1. The Party No.1 authorizes party of the Party No.2 conduct Programmes

- B.Sc. in Hotel Management And Tourism - 3 years
- Diploma in Hotel Management and Catering Technology - DHMCT - 2 years
- PG Diploma in Hotel Management - 1 year
- Craft Programmes - Front office, House Keeping, Production, Service - 1 year or any other Programmes decided by the Directorate of Distance Education Annamalai University from time to time.

2. The Party No.1 agrees to run the following Hotel Management and Catering Technology Programms courses through the Party No.2

- B.Sc. in Hotel Management And Tourism - 3 years
- Diploma in Hotel Management and Catering Technology - DHMCT - 2 years
- PG Diploma in Hotel Management - 1 year
- Craft Programme - Front office, House Keeping, Production, Service - 1 year

3. The Party No.1 shall advertise about the Programmes in national dailies, and will be responsible to sell the application forms and collect the filled-in application forms from eligible candidates and admit students through the Directorate of Distance Education Annamalai University, Annamalai Nagar, Chidambaram, Tamil Nadu as per terms and conditions of the fees structure prescribed in the prospectus supplied by Directorate of Distance Education, Annamalai University, Annamalai Nagar, Chidambaram, Tamil Nadu.

4. The Party No.1 shall agree to share the total fees collected from the students in the following ratio.60% of the tuition fees and 75% of the Laboratory fees to the Party No.2 and 40% of the tuition fees and 25% of the Laboratory fees to the Party No.1. The share due to Party No.2 shall be payable by Party No.1 in the month of August, October and December. All the other fees except tuition and Laboratory fees collected will belong to the Party No.1

5. The Party No.2 shall enroll 10% students with Directorate of Distance Education, Annamalai University, in all hotel management programmes with the approval by the Party No.1.

6. The Party No.1 shall print and issue Part - I and Part - II study materials of B.Sc. in Hotel Management & Tourism.

7. The Party No.2 shall print and issue Part - III study materials of B.Sc. in Hotel Management and Tourism, Diploma in Hotel Management and Catering Technology, P.G. Diploma in Hotel Management and Craft Programmes.

8. The Party No.1 shall decide hours for the Personal Contact Programme at Soorya Institute of Management Studies, Pondicherry and arrange examination centres, conduct the examination as per the rules and regulations of the Directorate of Distance Education, Annamalai University, Annamalai Nagar, Chidambaram, Tamil Nadu and coordinate all affairs related with the

examinations including the issue of marks list at the end of the year "Degree / Diploma" certificate at the end of the programme.

9. The Party No.2 shall provide a premises to establish an institute with all infrastructure and shall bear all the expenditure in the establishment of centres anywhere in India. The Party No.2 shall appoint Principal / Director to the institute with the approval of Party 1 to manage day to day affairs of the institute. Also shall manage all the expenses including salary to the staff, rent for the premises, electricity bill, water bill, etc. incurred in the day-to-day affairs.

10. The Party No.2 shall collect charges for providing uniforms & shoes, arranging practicals classes, with consultations of Party No.1. The Party No.2 shall agree to prepare study materials for the programmes with the guidance of the Party No.1

11. The Party No.1 will provide the Party No.2 application forms and prospectus in readiness to distribute and their sale proceeds will be vested with the Party No.1. The Party No.2 should issue the application forms to the candidates, collecting the prescribed application fee of Rs.100/- and sending the same to the Party No.1. The applicants should submit the filled-in Application Forms along with the relevant documents to the Directorate of Distance Education, Annamalai University ,Annamalai Nagar.

12. The prescribed centres of the Party No.1 shall have the right provisionally to spot admit the eligible students; However, all the applications with xerox copies of original certificates with due attestation along with fees remittance should be forwarded to the Director, Directorate of Distance Education, Annamalai Nagar, for confirmation of admission. The Director, Directorate of Distance Education, Annamalai University is responsible to confirm the admission on scrutinizing of applications and to issue identity cards to the respective centres of the Party No.1 / the Party No.2 for distribution to the students.

13. The prescribed tuition fees to be paid for the programme should be paid by way of demand draft drawn in favour of the Director, Directorate of Distance Education, Annamalai University by remitting into the Account of the Party No.1

14. Preparation of quality assured study materials will be the responsibility of the Party No.2 and supplied to various centres for distribution to students in time. The printing of publicity materials will be the sole responsibility of the Party No.2 and the Party No.1 will have no share.

15. The entire examination process from the stage of fixing the examiners, preparation of question papers, conduct of examinations, valuation, publication of results and issuance of Diploma /Degrees will be the responsibility of the Party No.1 and the examination fees collected thereof will be the sole share of the Party No.1. The examination application form duly filled in and accompanied with the requisite fees by way of Demand Draft in favour of the Controller of Examinations, Annamalai University, payable at Chennai will be sent by the students to the Party No.1. The theory and practical examinations shall be conducted by the Annamalai University in the selected Examination centres. The Party No.2 will be paid Rs.20/- per candidate for every practical examination wherever they hold.

16. The University will have the right to inspect the Soorya Educational Trust centres and the ongoing programmes."

What we can discern from the above agreement is that the degrees and diplomas were awarded by Annamalai University. The curricula and conduct of programmes were the responsibility of the assessee. The curricula had to be in accordance with the syllabus prescribed by Academic Council of Annamalai University. Assessee was to conduct theory and practical classes. The programmes were to be conducted in a

full-fledged manner. Scheme of the examinations were to be sorted out jointly. Resource persons were to be recruited by the assessee and panel of such resource persons had to be approved by Annamalai University. Attendance register was required to be maintained by the assessee for both theory and practicals and statement of attendance was to be given to the Annamalai University. Performance assessment of students were to be conducted by the assessee and records had to be submitted to the University. Assessee was also prevented from having any other tie-up with any other University or institution. Assessee was entitled for a share of fees collected from the students in the nature of tuition fees and laboratory fees. All other fees collected belonged to University. This is clear from clause No.4. Any other charges, if collected from students could be done only on consultation with Annamalai University, as per clause No.10. The tuition fee was to be paid directly by the students to Annamalai University and not to the assessee. All these would clearly show that assessee was imparting a type of oral education and students studying in assessee's institution were being awarded formal Diploma/degree. There is no case for the Revenue that Annamalai University was existing for any commercial purposes. Assessee was only getting a part of the fees from Annamalai University and nothing more. When assessee was employing teachers and teaching the students for getting a formal degree or diploma of a recognized University and when attendance to such classes was compulsory for being eligible to write the examinations, we cannot place the assessee at par with a coaching centre. Coaching centre only trains the students to face competitive, professional, entrance examinations or similar examinations. Here, the training given by the assessee was for award of formal degrees or diploma courses and scheme of the examination was jointly decided by assessee and Annamalai University. Assessee had a say in charting out the scheme of examination and assessee was solely responsible for conducting classes. As already mentioned, assessee was only getting a share of the fees from Annamalai University. In our opinion, as long as Annamalai University was not considered a commercial institution, assessee also could not be considered a commercial institution. If Annamalai University was an educational institution, then assessee, which was conducting classes for the said University under its authority, was also an educational institution. If we have a look at the objects of the assessee-Trust, it runs as under:-

1. To found, to manage, to run and to administer educational institutions, with a purpose to impart education ,training, research and development.

2. The areas of interest shall be,

- (a) Arts
- (b) Science
- (c) Medical
- (d) Engineering
- (e) Commerce
- (f) Hotel Management & Catering Technology
- (g) Finance
- (h) Physical
- (i) Computer Science
- (j) Information Technology
- (k) Agriculture
- (l) Marine Science
- (m) Horticulture and kindred disciplines

Now existing or to be invented/discovered in the future.

4. To provide a conducive atmosphere, adequate facility and/or patronage for research work.
5. To provide and arrange to publish the result of research periodically or otherwise.
6. To provide adequate infrastructure such as hostels, library, playground, gymnasium, auditorium, laboratory ,research centre, hospital, transport, means of communications, physiotherapy and such equipped and furnished facilities.
7. To arrange for exchange of scholars and students and also employees for the Furtherance and advancement of the aims of the Trust.
8. To interact with other trusts or societies or organisations, professing same or kindred views.

Ex-facie the above objects are nothing but educational.

12. Now we have to see whether the substantial surplus generated by the assessee for the relevant previous year would make it a commercial entity. Assessee was, no doubt, receiving a part of fees from Annamalai University for imparting education. If we have a look at definition of "charitable purpose" under Section 2(15) of the Act, it runs as under:-

"charitable purpose" includes relief of the poor, education, medical relief, preservation of environment(including watersheds, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest, and the advancement of any other object of general public utility.

Education per se is charitable as can be seen from the above definition. The same will be charitable irrespective of the fact that while imparting education, certain fees has been charged. There is no condition to hold that for becoming charitable while imparting education, it should be imparted free or without charging any fees. Lower authorities gave much weightage to the fact that assessee generated substantial surplus and the education

imparted was not free of cost. No doubt, a Trust which imparted education without charging fees would qualify for exemption under Sections 11 and 12 of the Act, but this does not mean that other trusts which are charging fees for imparting education, would not be considered to be charitable in nature. The Act contemplates exemption to be granted to an eligible Trust or institute in respect of its income. It is therefore manifested in such provisions that only when there is income, there could be a claim of exemption. Thus statute envisages that there are chances of a Trust or institute earning income by way of surplus so as to grant exemption under Sections 11 and 12 of the Act, subject to the conditions prescribed under Sections 11(5) and 13 of the Act. If the Trust is not expected to earn surplus, there would not be a question of allowing any exemption from tax liability. When the scheme of the Act allowed exemption from tax liability, the same could be only envisaged where there is a likelihood of earning surplus. Merely because the education activity had resulted in a surplus, would not be a ground to hold that assessee was not carrying on charitable activity. There is no case for the Revenue that surplus generated by the assessee on account of its activities were divided among the trustees or taken by the trustees but, for certain violation allegedly falling under Section 13(1)(c) of the Act. A look at the Income and Expenditure and balance-sheet of the assessee placed at paper-book page 8 clearly shows that excess of income generated Rs. 1,13,97,056.73 was utilized in making investment in various assets of the Trust. Hon'ble Gujarat High Court in the case of Gujarat State Co-operative Union (supra), after considering the judgment of Hon'ble Apex Court in the case of Sole Trustee, Loka Shikshana Trust (supra), had held as under:-

"The Supreme Court, in the above observations, by referring to the systematic instruction, schooling or training given to the young has only cited an instance in order to indicate as to what the word "education" appearing in Section 2(15) of the Act which defines "charitable purposes" is intended to mean. We are certain that these observations were not intended to keep out of the meaning of the word "education", persons other than "young". The expression "schooling" also means "that schools, instructs or educates"(The Oxford English Dictionary, Vol. IX, page 217). The Supreme Court has observed that the word "education" also connotes the whole course of scholastic instruction which a person has received.

This clearly indicates that the observations of the Supreme Court were not intended to give a narrow or pedantic sense to the word "education".

By giving further illustrations of a traveller gaining knowledge, victims of swindlers and thieves becoming wiser, the visitors to night clubs adding to their knowledge the hidden mysteries of life, the Supreme Court has indicated that the word "education" is not used in a loose sense so as to include acquisition of even such knowledge. The observations of the Supreme Court only indicate the proper confines of the word "education" in the context of the provisions of section 2(15) of the Act. It will not be proper to construe these observations in a manner in which they are construed by the Tribunal when it infers from these observations, in para 17 of its judgment, that the word "education" is limited to schools colleges and similar institutions and does not extend to any other media for such acquisition of knowledge. The observations of the Supreme Court do not confine the word "education" only to scholastic instructions but other forms of education also are included in the word "schooling" also means instructing or educating. It, therefore, cannot be said that the word "education" has been given an unduly restricted meaning by the Supreme Court in the said decision.

Though, in the context of the provision of section 10(22), the concept of education need not be given any wide or extended meaning, it surely would encompass systematic dissemination of knowledge and training in specialised subjects as is done by the assessee. The changing times and the ever widening horizons of knowledge may bring in changes in the methodology of teaching and a shift for the better in the institutional set-up. Advancement of knowledge brings within its fold suitable methods of its dissemination and though the primary method of sitting in a classroom may remain ideal for most of the initial education, it may become necessary to have a different outlook for further education. It is not necessary to nail down the concept of education to a particular formula or to flow it only through a defined channel. Its progress lies in the acceptance of new ideas and development of appropriate means to reach them to the recipients."

Assessee here, in our opinion, did fall within the concept of rendering a formal education and could not be equated with a coaching institute. We are, therefore, of the opinion that assessee could not have been denied the eligible exemption under Sections 11 and 12 of the Act for a reason that it was not doing charitable activity as defined under Section 2(15) of the Act...."

11.0 We have noted that there is sufficient force in the argument of the assessee that apparently, no commercial activity is foreseeable in the MoU between the assessee and the Bharathidasan University. Even if there is one, the same would be a subject matter of assessment proceedings u/s 11 of the Act and cannot be made ground for rejection of application for grant of exemption u/s 12A. Similarly, we have also noted that the price comparisons between the courses done by the assessee and other private parties would also deserve to be ignored as a matter for consideration during assessment proceedings u/s 11 of the Act, if any. The argument of the Ld.CIT(E) that the assessee is not engaged in any "Education" activities as it did not had any approval from any recognized body, would also not be able to rescue the case of the Revenue, because the assessee is merely providing support services to the Bharathidasan University and for which it is getting a share in the fees. It is not a case where the assessee himself has undertaken any "Education" activity and claiming any fees. The principal party imparting educational course in this case is the Bharathidasan University. Accordingly, in respectful compliance to the judicial precedents discussed herein above as well as peculiar facts of the case, we are of the considered view that the assessee's request for grant of exemption u/s 12A has been rejected by the Ld.CIT(E) by considering unconnected issues. The denial has been made by placing reliance upon in contextual

facts. Accordingly, we set aside the order of Ld.CIT(E) and remit the matter back to the Ld.CIT(E) with directions to grant the assessee the requested exemption u/s 12A. The assessee shall be entitled for due opportunity of being heard. Accordingly, all the grounds of appeal raised by the assessee are allowed for statistical purposes.

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

Order pronounced on 21st, October-2025 at Chennai.

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष / vice president

चेन्नई/Chennai, दिनांक/Dated: 21st, October-2025.

KB/-

Sd/-

(अमिताभ शुक्ला)

(AMITABH SHUKLA)

लेखा सदस्य /Accountant Member

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT - Chennai/Coimbatore/Madurai/Salem.
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF