

IN THE INCOME TAX APPELLATE TRIBUNAL, DIVISION BENCH, JODHPUR

HEARING THROUGH: VIRTUAL MODE

BEFORE: SHRI. LALIET KUMAR, JM & DR. MITHA LAL MEENA, AM

ITA Nos. 57 & 58/Jodh/ 2025

Reodar Welfare Foundation 3369 No. Kalabi Vas, Reodar, Sirohi, Rajasthan, India -307514	Vs.	The CIT Exemption Jodhpur Rajasthan-307514
PAN NO: AAKCR7688C		
Appellant		Respondent

Assessee by : Shri Anoop Bhatia, C.A

Revenue by : Smt. Runi Pal, CIT-DR

Date of Hearing : 06/10/2025

Date of Pronouncement : 30/10/2025

आदेश/Order

PER BENCH:

Both the above appeals have been filed by the Assessee against the separate orders passed by the learned CIT (Exemption), Jaipur, each dated 25.12.2024.

2. Since the issues involved in both the above appeals are common and were heard together therefore they are being disposed of by this consolidated order for the sake of convenience and brevity.

3. We shall take up the appeal of the Assessee in ITA No. 57/Jodh/2025 as a lead case for discussion.

4. This appeal has been filed by the assessee against the order of the Id. CIT (Exemption), Jaipur dated 25.12.2024, passed under section 12AB(1)(b)(ii) of the Income-tax Act, 1961, whereby the application of the assessee for grant of registration was rejected and the provisional registration granted earlier was also cancelled.

5. Against the order of the Id. CIT(E) the assessee preferred an appeal before us.

6. During the course of hearing the Id. AR submitted that the assessee is a charitable trust created with the object of carrying out welfare activities in rural areas. The application for registration under section 12AB was filed in Form 10AB on 14.06.2024. The assessee furnished Memorandum of Association, certificate of incorporation, audited financial statements for F.Ys. 2020-21, 2021-22, 2022-23, ITRs for A.Ys. 2022-23 to 2024-25, details of members and Form 10AC in support of its claim.

6.1 It was further contended that the notices issued by the Id. CIT(E) were duly replied to, though not in the exact format prescribed. The assessee furnished details of income and expenditure, financial statements, and other relevant material. However, the Id. CIT(E) rejected the application without appreciating the material filed and without providing adequate opportunity to the assessee to cure the procedural deficiencies.

6.2 The Id. AR further contended that while examining an application under section 12AB, the satisfaction regarding the genuineness of activities has to be based on the substance of actual charitable undertakings and not merely on the technicalities of the format in which replies are furnished. The assessee being a newly constituted trust had only gradually commenced its charitable activities and, therefore, certain documents and details could not be presented in the precise format earlier called for. Rejection of registration solely on account of such procedural or technical lapses, when the underlying charitable intent and activities exist, would be contrary to the benevolent scheme of section 12AB. It was further submitted that the assessee is in possession of all the documents and records now sought by the Department and, if one further opportunity is granted, the same shall be duly furnished before the Id. CIT(E) so as to meet the statutory requirements in full. Reliance was placed on judicial precedents

wherein it has been consistently held that denial of registration cannot rest upon mere technical or procedural defaults in the absence of any finding of non-genuineness of objects or activities.

7. Per contra the Ld. DR supported the order of the Id. CIT(E). It was submitted that the assessee was issued questionnaire on 09.07.2024, reminders on 13.09.2024 and 06.11.2024, and finally a show-cause notice on 06.12.2024. Despite repeated opportunities, the assessee failed to furnish complete replies in the prescribed formats.

7.1 It was emphasised that even in the part reply filed on 08.11.2024, the assessee did not provide a list of activities conducted, details of beneficiaries, breakup of income, bank statements, details of salary and rent, or supporting bills/vouchers. Since crucial details necessary to establish the genuineness of activities were withheld, the Id. CIT(E) had no option but to reject the application.

7.2 It was further contended that as per section 12AB(1)(b)(ii), in case the CIT is not satisfied about the genuineness of activities, he is empowered to cancel provisional registration. Hence, the order of rejection was passed in accordance with law and deserves to be upheld.

8. We have heard both the parties and perused the record. The chronology of events is as under:

- 14.06.2024 – Application in Form 10AB filed u/s 12AB.
- 09.07.2024 – Questionnaire issued by CIT(E).
- 13.09.2024 – Reminder notice issued.
- 06.11.2024 – Reminder notice issued; assessee filed partial reply on 08.11.2024.
- 06.12.2024 – Show-cause notice issued by CIT(E).
- 25.12.2024 – Order passed rejecting registration and cancelling provisional registration.

8.1 It is noted that although the assessee filed certain documents such as financial statements, ITRs, and Memorandum of Association, the replies were not in the prescribed format and certain crucial details like activity-wise expenditure, list of beneficiaries, vouchers, rent agreement, etc., were not submitted. However, we also note that the assessee did submit certain information and had requested for consideration of its documents.

8.2 We find merit in the above submission. In our considered view, the principles of natural justice mandate that a fair and adequate opportunity must be afforded to the assessee before an adverse conclusion is drawn. The record reveals that some information and supporting documents were indeed filed, though not in the format prescribed. In such circumstances, a blanket rejection of registration, without granting one final opportunity to remove the deficiencies, cannot be sustained. In the present case, the assessee has categorically expressed that the requisite documents and evidences are now available and can be produced before the Id. CIT(E). In these facts, there would be no prejudice or loss to the Revenue if one more chance is extended, whereas denial of such opportunity would cause serious and irreversible detriment to the assessee's charitable objectives. We are therefore of the view that the matter deserves to be remanded for fresh consideration, after affording the assessee an effective opportunity to comply with all requirements.

8.3 Therefore, in the interest of justice, we deem it fit to remand the matter back to the file of the Id. CIT (Exemption), Jaipur. The Id. CIT(E) shall afford adequate opportunity to the assessee to file the required details in the prescribed format and thereafter decide the issue afresh in accordance with law. The assessee is directed to cooperate and file complete details promptly.

8.4 As a result, the appeal of the assessee is allowed for statistical purposes, with the direction that the matter be remanded to the file of the Id. CIT

(Exemption), Jaipur for fresh adjudication after affording due opportunity of being heard.

9. Both the parties fairly submitted that the facts and circumstances of other appeal i.e ITA No. 58 / Jodh/2025 are exactly identical to the Appeal in ITA No. 57/Jodh/2025 and similar contentions raised therein may be considered, therefore, our findings and directions given in ITA No. 57/Jodh/2025 shall apply *mutatis mutandis* to other appeal also, which are accordingly allowed for statistical purposes.

10. In the result, both the above appeals of the Assessee are allowed for statistical purposes.

(Order pronounced in the open Court on 30/10/2025)

Sd/-
(DR. MITHA LAL MEENA)
ACCOUNTANT MEMBER
AG

Sd/-
(LALIET KUMAR)
JUDICIAL MEMBER

Copy of the order forwarded to :

1. The Appellant
2. The Respondent
3. CIT
4. The CIT(A)
5. DR, ITAT, JODHPUR
6. Guard File

अदेशानुसार / By order,
सहायक पंजीकार / Assistant Registrar