

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'B' Bench, Hyderabad**

**BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT**  
**AND**  
**SHRI MANJUNATHA G, ACCOUNTANT MEMBER**

आ.अपी.सं / **ITA Nos.1382 & 1384/Hyd./2025**

निर्धारण वर्ष/**Assessment Years 2015-2016 & 2016-2017**

**ITA.Nos.1380, 1381, 1383 & 1385/Hyd./2025**

निर्धारण वर्ष/**Assessment Years 2013-2014 to 2016-2017**

Ujjaini Mahakali Devasthanam, SECUNDERABAD – 500 003. PAN AABFU6778J	vs.	The Income Tax Officer, Exemption Ward-1(3), Hyderabad - 500 004. Telangana.
(Appellant)		(Respondent)

निर्धारिती द्वारा /Assessee by :	Sri KVSSN Kumar, Advocate
राजस्व द्वारा /Revenue by :	Dr. Sachin Kumar, Sr. AR

सुनवाई की तारीख/Date of hearing:	04.11.2025
घोषणा की तारीख/Pronouncement:	12.11.2025

**आदेश/ORDER**

**PER VIJAY PAL RAO, VICE PRESIDENT :**

These six appeals by the Assessee are directed against the separate orders of the learned CIT(A)-National Faceless Appeal Centre [in short "NFAC], Delhi, all dated 26.10.2023, out of which, 02 appeals are arising from the

assessment orders passed u/sec.147 r.w.s.144 of the Income Tax Act, 1961 [in short "the Act"], for the assessment years 2015-2016 & 2016-2017 and 04 appeals are arising from the penalty orders passed u/sec.271B of the Act for the assessment years 2013-2014 to 2016-2017, respectively.

2. There is a delay of 607 days in filing all six appeals. The assessee has filed petitions for condonation of delay which are supported by the affidavit of the Executive Officer of the assessee temple. The learned Authorised Representative of the Assessee has submitted that the administration of the assessee temple was takenover by the State Government under the Telangana Charitable and Hindu Religious Institutions and Endowment Act, 1987 and consequently, the administrative control of the assessee temple was given to the Executive Officer appointed by the Government under Telangana Charitable and Hindu Religious Institutions and Endowment Act, 1987 hereinafter called "Endowment Act". The learned Authorised Representative of the Assessee has further submitted that

the assessee and its management was under the bonafide belief that the income of the assessee temple is exempt u/sec.10(23BBA) of the Income Tax Act, 1961 and, therefore, the assessee did not file any return of income and also could not participate in the proceedings before the Assessing Officer due to lack of knowledge of those proceedings. The learned Authorised Representative of the Assessee has referred to CBDT Circular No.258 Dated 14.06.1979 whereby it is clarified by the CBDT that these public religious or charitable trusts also cover temples, maths, masjids, churches etc., and other place of public religious worship and charitable endowments and income arising to any body or authority established, constituted or appointed under any enactment for the administration of such public religious or charitable trusts or endowments or societies for religious or charitable purposes is exempt u/sec.10(23BBA) of the Act. The learned Authorised Representative of the Assessee has further submitted that the assessee is a 192 years old temple and solely conducts religious activities and also published u/sec.6 of Telangana Charitable and Hindu

Religious Institutions and Endowment Act, 1987 and consequently, is under the administrative control of the Commissioner of Endowments Department of the State. Therefore, the assessee was under the bonafide belief that the income of the assessee is exempt u/sec.10(23BBA) of the Act. The State Government conducts audit of the accounts of the assessee temple. He has further submitted that the assessee was allotted PAN on 20.12.2004 in the status of 'Firm'. Since the assessee has not filed its return of income, therefore, the Assessing Officer initiated the proceedings u/sec.147/148 for assessing the income of the assessee on account of deposits made in the bank account. The learned Authorised Representative of the Assessee submitted that the deposits in the bank account are made from the donations received by the assessee which are duly accounted and under the supervision of the Executive Officer appointed under the Telangana Charitable and Hindu Religious Institutions and Endowment Act, 1987, the temple management is having no control over the affairs, but, the administrative committee is looking after all the

affairs of the assessee temple. He has referred to the Governemnt Order vide G.O.Ms.No.110 dated 01.05.2003 and submitted that the Government constituted the Board of Trustees of the assessee temple u/sec.15(1) of the Telangana Charitable and Hindu Religious Institutions and Endowment Act, 1987. Due to the confusion about the taxability of the income of the assessee temple, no return of income was filed and also no representation in the assessment proceedings resulting ex-parte order passed by the Assessing Officer whereby the entire deposits in the bank account has been assessed to tax without even allowing the expenditure. Therefore, if the delay in the appeals is not condoned, it will result the gross injustice as the Assessing Officer has assessed the entire deposits in the bank account to tax. The learned Authorised Representative of the Assessee has further submitted that the delay in filing the appeals is neither willful nor deliberate, but, due to the reason that the administration of the assessee temple is takeover by the Government under the Telangana Charitable and Hindu Religious Institutions and

Endowment Act, 1987. It was also under the belief that income of the assessee temple is not taxable and exemption u/sec.10(23BBA) of the Act. In support of his contention, he has relied upon the following decisions :

1.	Order of ITAT, Ahmedabad Bench, Ahmedabad in ITA.No.74/Ahd/2022, dated 24.04.2024.
2.	Order of ITAT, Hyderabad Bench, Hyderabad in ITA.No.120/Hyd./2025, Dated 23.04.2025.
3.	Order of ITAT, Hyderabad Bench, Hyderabad in ITA.Nos.1002 & 1003/Hyd./2024, Dated 03.07.2025.

3. The learned Authorised Representative of the Assessee has further submitted that for the assessment year 2017-2018, the Assessing Officer has accepted the claim of the assessee that it's income is exempt u/sec.10(23BBA) of the Act. He has filed copy of the assessment order for the assessment year 2017-2018 dated 30.11.2019 and submitted that once the Department has accepted that the income of the assessee temple is exempt u/sec.10(23BBA) of the Act, then, the income assessed by the Assessing Officer for these assessment years is highly arbitrary and inconsistent with the view and stand taken by the Department for the assessment year 2017-2018 vide order

dated 30.11.2019. Thus, The learned Authorised Representative of the Assessee has pleaded that the delay of 607 days in filing these appeals may be condoned and the appeals of the assessee be admitted for adjudication on merits.

4. On the other hand, Learned DR for the Revenue has submitted that the assessee has not explained any 'reasonable cause' muchless 'sufficient cause' for the inordinate delay of 607 days in filing these appeals. He has further contended that the assessee was very much aware about the assessment order when it has filed appeal before the learned CIT(A), but, failed to file the appeal before the Tribunal against the impugned orders of the learned CIT(A). The reasons explained by the assessee are having no bearing on the cause of delay. Thus, he has opposed to the condonation of delay.

5. We have considered the rival submissions as well as relevant material on record. There is no dipsute that the assessee temple was under the superivision of the governing body appointed by the State Government under the

Telangana Charitable and Hindu Religious Institutions and Endowment Act, 1987. The assessee has not filed any return of income for the assessment years in question on the belief that the income of the assessee is exempt from tax u/sec.10(23BBA) of the Act. This belief of the assessee cannot be said to be without any basis when the Assessing Officer himself has accepted the claim of the assessee u/sec.10(23BBA) of the Act while passing the assessment order for the assessment year 2017-2018 on 30.11.2019 which reads as under :

*“The assessee, a trust, in the name of UJJAINI MAHAKALI DEVASTHANAM, deposited cash in Andhra Bank to the tune of Rs. 32,39,221/- during the period of demonetization i.e. from 9-11-2016 to 31-12-2016. Accordingly, a notice uis. 142(1) of the Act, was issued on 30-11-2017 calling for a return of income to be filed by 30-12-2017. This was duly served on the assessee. There was no response. On 30-08-2019 a notice u/s 142(1) was issued to the assessee requiring to furnish information for the sources of deposits of cash in Bank. In response to this notice the assessee filed its reply stating in the following way :*

1. *That the assessee is a temple which is taken over by the Endowments Dept. of Telangana Government ;*
2. *The Board of trustees of the temple will be under the supervision of the Government ;*
3. *The trust board is exempt from income tax u/s, 10(23 BBA) of I.T.Act.*
4. *The Cash deposits made in the bank relate to Hundi Collections of the Temple and rents received from the Hall which is on and often given for functions like marriages,etc.*

*It also said that the said collections are utilized in the maintenance of the Temple. Therefore, it was requested to drop the proceedings.*

*This argument appears to be reasonable. As per section 10(23 BBA) of the Act, any income of any body or authority (.....) established, constituted or appointed by or under any central, state or provisional Act, which provides for the administration of any one or more of the following that is to say, public, religious or charitable trusts or endowments (including matts, temples, gurudwaras.....) or societies for religious or charitable purposes registered as such..... or any other law for the time being in force.*

*As the assessee is a temple taken over by the Government as per Endowments Act, prevailing in the state of Telangana and a Committee is constituted under that Act, to administer the affairs of the temple is covered by the provisions of this section.*

*The assessee has not filed the return in response to the notice u/s.142(1), the assessment is to be completed u/s.144 of the Act, and in view of the above, the income of the assessee is determined at Rs.NIL.*

*Total Income. NIL.”*

6. Thus, it is apparent from this assessment order that even for the assessment year 2017-2018, the assessee did not file any return of income and the Assessing Officer issued notice u/sec.142(1) of the Act calling the assessee for filing the return of income which was also not responded by the assessee and thereafter, the Assessing Officer after considering the reply of the assessee, accepted the claim of the assessee that the income of the assessee is exempt u/sec.10(23BBA) of the Act. Therefore, the assessee was having bonafide reason to believe that income of the assessee is not taxable as exempt u/sec.10(23BBA) of the

Act. For the year under consideration i.e., assessment year 2015-2016 and 2016-2017, the Assessing Officer has reopened the assessment and assessed the entire deposits in the bank account which *prima facie* represented the donations including the *Hundi* collections. Therefore, assessing the entire deposit without considering the earlier assessment order dated 30.11.2019 as well as without allowing the deduction of expenses and corpus fund, if any, such addition made by the Assessing Officer is highly arbitrary. Though the assessee challenged the action of the Assessing Officer before the learned CIT(A) however, in the absence of any representation and compliance to the notices issued by the learned CIT(A), the appeals of the assessee were dismissed and orders of the Assessing Officer were upheld by the learned CIT(A). When the assessee has explained the reasons for having the belief that the income of the assessee is exempt u/sec.10(23BBA) of the Act, then, in the totality of the facts and circumstances of the case and in the interest of justice, we are taking a lenient view to consider the 'reasonable/sufficient cause' for the delay in

filing these appeals. Accordingly, subject to cost of Rs.5,000/- [Rs. Five Thousand Only] for each appeal totalling to Rs.30,000/- [Rs.Thirty Thousand Only] to be paid to the Prime Minister's National Relief Fund within a period of 30 days from the date of this order, the delay of 607 days in filing these 06 appeals is condoned.

7. In the appeals arising from the assessment order passed u/sec.147 r.w.s.144 r.w.s.144B of the Act the assessee has raised the common grounds. The grounds raised by the assessee for the assessment year 2015-2016 are as under :

1. *"The Learned Appellate Authority erred in not appreciating that the assessment order was passed beyond the period of 1 limitation prescribed under the relevant provisions of the Finance Act 2021-22. The said order, being barred by limitation, is bad in law and liable to be quashed.*
2. *The Learned Appellate Authority failed to appreciate that the assessment order was passed by the jurisdictional officer instead of the National Faceless Assessment Centre (NFAC), as mandated under Section*

*144B of the Income Tax Act, 1961. The failure to adhere to the statutory faceless assessment scheme renders the assessment order without jurisdiction, illegal, and void ab initio.*

- 3. The Learned Appellate Authority erred in failing to appreciate that government bodies, by virtue of their statutory status, are automatically eligible for exemption under Section 10(23BBA) of the Income Tax Act, 1961, and do not require separate registration from the competent authority. The requirement of separate registration is applicable only to certain non-governmental institutions, whereas statutory bodies derive their exemption by operation of law.*
- 4. The Appellate Authority has misconstrued the scope and intent of Section 10(23BBA), which clearly provides an exemption to anybody or authority established under a law enacted by the Central or State Government for administering public religious or charitable trusts or endowments. The denial of exemption on the ground of non-registration is, therefore, contrary to the explicit legislative intent.*
- 5. The Appellate Authority failed to appreciate that the 5 Appellant institution is already notified under Section 6(a)(ii) of the Telangana Charitable and Hindu Religious Institutions and Endowments Act, 1987 (Act No. 30 of*

1987). Consequently, it is exempt from the requirement to separately register under Sections 10, 12A, and 80 of the Income Tax Act, 1961.

6. *The Appellate Authority erred by not appreciating that the source of the cash deposits in question originated exclusively from Hundi collections, which are properly accounted for by temple officials who are employees of the Government of Telangana. Therefore, the authenticity and legitimacy of these deposits should not be doubted.*
7. *The Appellate Authority failed to appreciate that the Permanent Account Number (PAN) was initially obtained under an incorrect status of 'Firm', which was purely an inadvertent error. This mistake has since been rectified by obtaining a fresh PAN correctly under the status of 'Trust'*

*Without prejudice to the above, the assessment order violates natural justice principles, as no proper opportunity was given to the appellant in accordance with the faceless assessment framework. The order, therefore, deserves to be set aside on this ground alone.*

8. *The appellant craves leave to add, amend, or modify any grounds of appeal at a later stage in the interest of justice.*

9. *Any other grounds may be urged at the time of hearing.*

*Relief sought for:*

*In light of the above, the Appellant/Assessee most respectfully prays that the Hon'ble Tribunal may:*

- i) Set aside the Appeal No NFAC/2014-15/10138540 u/s 250 vide DIN & Order No. ITBA/NFAC/S/250/2023-24/1057421400 (1) dated 26.10.2023 issued by CIT (A). Hyderabad for AY 2015-16 confirming the Assessment order passed by the Assessing officer:*
- ii) Set aside the Assessment Order u/s. 147 r.w.s. 144 of the IT Act dated 23.03.2022 for the AY 2015-16 issued by the Assessing officer who has assessed the income of Rs. 45.18.386/- as income from undisclosed sources u/s 68 of the Act..*
- iii) Allow the appeal or pass such other relief(s) as deemed appropriate in the facts and circumstances by this Hon'ble Tribunal.”*

8. We have heard the learned Authorised Representative of the assessee and the learned DR for the Revenue. The assessment orders for the assessment year 2015-2016 and 2016-2017 were passed by the Assessing Officer ex-parte when there was no response on behalf of the assessee to the notice/show cause notice issued. Even before the learned CIT(A), the assessee has not participated in the proceedings and consequently, the appeals of the assessee were dismissed due to non-filing of any reply. It manifest from the impugned orders passed by the learned CIT(A) that the appeals of the assessee were dismissed in summary manner without deciding the issue and points as raised by the assessee. Therefore, in the facts and circumstances of the case and the reasons as explained by the assessee for the delay in filing the appeal, we are of the considered opinion that when the Assessing Officer has accepted the claim of the assessee u/sec.10(23BBA) for the assessment year 2017-2018, then, these matters are required to be considered afresh at the level of the Assessing Officer. Accordingly, the impugned orders of the learned

CIT(A) are set-aside and the matters for the assessment years 2015-2016 and 2016-2017 are remanded to the record of the Assessing Officer for fresh consideration of the assessments by taking into account all the relevant facts and record to be filed by the assessee as well as the assessment order for the assessment year 2017-2018. Needless to say, the assessee be given an appropriate opportunity of hearing before passing the fresh orders.

9. In the appeals arising from penalty orders u/sec.271B of the Act for the assessment year 2013-2014 to 2016-2017 the assessee has raised common grounds. The grounds raised by the assessee for the assessment year 2013-2014 are reproduced as under :

1. *“The Learned Appellate Authority erred in not appreciating that the assessment order was passed beyond the period of limitation prescribed under the relevant provisions of the Finance Act 2021-22. The said order, being barred by limitation, is bad in law and liable to be quashed.*

2. *The Learned Appellate Authority failed to appreciate that the assessment order was passed by the jurisdictional officer instead of the National Faceless Assessment Centre (NFAC), as mandated under Section 144B of the Income Tax Act, 1961. The failure to adhere to the statutory faceless assessment scheme renders the assessment order without jurisdiction, illegal, and void ab initio.*
3. *The Learned Appellate Authority erred in failing, to appreciate that government bodies, by virtue of their statutory status, are automatically eligible for exemption under Section 10(23BBA) of the Income Tax Act, 1961. and do not require separate registration from the competent authority. The requirement of separate registration is applicable only to certain non-governmental institutions. whereas statutory bodies derive their exemption by operation of law.*
4. *The Appellate Authority has misconstrued the scope and Intent of Section 10(23BBA), which clearly provides an exemption to anybody or authority established under a law enacted by the Central or State Government for administering public religious or charitable trusts or endowments. The denial of exemption on the ground of non-registration is, therefore, contrary to the explicit legislative intent.*

5. *The Appellate Authority failed to appreciate that the Appellant institution is already notified under Section 6(a)(ii) of the Telangana Charitable and Hindu Religious Institutions and Endowments Act, 1987 (Act No. 30 of 1987). Consequently, it is exempt from the requirement to separately register under Sections 10, 12A, and 80 of the Income Tax Act, 1961.*
6. *The Appellate Authority erred by not appreciating that the source of the cash deposits in question originated exclusively from Hundi collections, which are properly accounted for by temple officials who are employees of the Government of Telangana. Therefore, the authenticity and legitimacy of these deposits should not be doubted.*
7. *The Appellate Authority failed to appreciate that the Permanent Account Number (PAN) was initially obtained under an incorrect status of 'Firm', which was purely an inadvertent error. This mistake has since been rectified by obtaining a fresh PAN correctly under the status of 'Trust'*
8. *Without prejudice to the above, the assessment order violates natural justice principles, as no proper opportunity was given to the appellant in accordance*

*with the faceless assessment framework. The order, therefore, deserves to be set aside on this ground alone.*

9. *The appellant craves leave to add, amend, or modify any grounds of appeal at a later stage in the interest of justice.*
10. *Any other grounds may be urged at the time of hearing.*

*Relief sought for:*

*In light of the above, the Appellant most respectfully prays that the Hon'ble Tribunal may :*

- (i) *Set aside the Appeal No. NFAC.2012-13/10213059 vide DIN & Order No. ITBA/NFAC/S/250/2023-24/1057402267 (1) dated 26.10.2023 u/sec. 250 of the Income Tax Act, 1961 by CIT (Appeals).*
- (ii) *Set aside the penalty order vide ITBA/PNL/F/271B/2022-23/1045792080(1) dated 21.09.2022 imposing a penalty order of Rs.150000/- u/sec. 271B.*
- (iii) *Allow the appeal or pass such other relief(s) as deemed appropriate in the facts and circumstances by this Hon'ble Tribunal.”*

10. We have heard the learned Authorised Representative of the assessee and the learned DR for the Revenue. The Assessing Officer has levied the penalty u/sec.271B of the Act for not getting the books of accounts audited u/sec.44AB of the Act. In view of the facts and circumstances as discussed by us for condonation of delay we find that the assessee was under the bonafide belief that the income of the assessee is exempt u/sec.10(23BBA) of the Act and, therefore, the assessee could not file any return of income as well as the audit report. However, the books of accounts of the assessee are required to be audited by the Government Auditor as per the provisions of Telangana Charitable and Hindu Religious Institutions and Endowment Act, 1987. So far as the tax audit is concerned, when the assessee was under the belief that the income of the assessee was exempt u/sec.10(23BBA) and the administration of the assessee is under the supervision of the Executive Officer appointed by the State Government under Endowment Act, 1987, then, all these facts are required to be taken into consideration at the time of levying

of the penalty as to whether it constitute a reasonable/ bonafide reason for not getting the tax audit report and filing the same before the Assessing Officer. Accordingly, in view of our findings in the appeals against the assessment orders, the impugned orders of the learned CIT(A) are set-aside and the matters arising from levy of penalty u/sec.271B of the Act for the assessment years 2013-2014 to 2016-2017 are remanded to the record of the JCIT (Exemption), Ward-1(3), Hyderabad, for fresh consideration, after giving an appropriate opportunity of hearing to the assessee.

11. In the result, all the six appeals of the Assessee are allowed for statistical purposes. A copy of this common order be placed in the respective case files.

Order pronounced in the open Court on 12.11.2025.

Sd/-  
[MANJUNATHA G.]  
ACCOUNTANT MEMBER

Sd/-  
[VIJAY PAL RAO]  
VICE PRESIDENT

Hyderabad, Dated 12<sup>th</sup> November, 2025

VBP

Copy to :

1.	Ujjaini Mahakali Devasthanam, H.No.3-4-30, 3-4-31-40, Mahakali Street, SECUNDERABAD – 500 003.
2.	The Income Tax Officer, Exemption Ward-1(3), Aaykar Bhavan, Opp. LB Stadium, Basheerbagh, Hyderabad. PIN - 500 004. Telangana.
3.	The Pr. CIT, Hyderabad
4.	DR, ITAT “B” Bench, Hyderabad.
5.	Guard file.

BY ORDER,

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