

**आयकर अपीलीय अधिकरण “ए” न्यायपीठ पुणे में ।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL “A” BENCH, PUNE**

**BEFORE SHRI R.K. PANDA, VICE PRESIDENT**  
**AND**  
**MS. ASTHA CHANDRA, JUDICIAL MEMBER**

**आयकर अपील सं. / ITA No.559/PUN/2025**

Kalyani Gorakshan Trust, 240-F Kalyani Building, Shaniwar Peth, Karad, Dist.-Satara-415110  PAN : AAATK1172B	<b>Vs.</b>	CIT(Exemption), Pune
<b>अपीलार्थी / Appellant</b>		<b>प्रत्यर्थी / Respondent</b>

Assessee by :	Shri C.H. Naniwadekar
Department by :	Shri Amol Khairnar
Date of hearing :	08-09-2025
Date of Pronouncement :	10-11-2025

**आदेश / ORDER**

**PER ASTHA CHANDRA, JM :**

The appeal filed by the assessee is directed against the order dated 26.12.2024 of the Ld. Commissioner of Income Tax (Exemption), Pune [**CIT(E)**] whereby he rejected the application of the assessee filed before him on 29.06.2024 in Form No. 10AB under clause (iii) of first proviso to sub-section (5) of section 80G of the Income Tax Act, 1961 (**the “Act”**).

2. Briefly stated, the facts of the case are that on receipt of assessee’s application for regular approval along with annexures thereto, with a view to verify the genuineness of activities of the assessee and fulfillment of conditions laid down in clauses (i) to (v) of section 80G(5) of the Act, the Ld. CIT(E) issued a notice through ITBA portal on 08.08.2024 which was duly served on the assessee through e-portal and email, requesting the assessee to upload certain information/clarification contained therein. Compliance to the said notice was due by 22.08.2024 which was extended till 19.12.2024 on the request of the assessee. On verification of the reply and documents submitted by the assessee in response thereto, certain discrepancies were noticed by the Ld.

CIT(E) which were communicated to the assessee by issue of another notice on 03.12.2024 requesting the assessee to explain its case with supporting documentary evidence. The Authorized Representative of the assessee trust appeared on behalf of the trust and furnished its response on 19.12.2024. Upon verification of the documents submitted by the assessee and considering the activities carried out by the assessee trust, the Ld. CIT(E) observed that genuineness of the activities of the trust remained questionable as the assessee has not furnished the bills/ invoices for expenditure, the details of the experts/ doctors and beneficiaries etc. The Ld.CIT(E) further observed that the activities carried out by the trust appears to be more of a commercial nature rather than charitable as the assessee trust is generating huge surplus from investments in mutual funds which is not intrinsic with the trusts objects. He, therefore, rejected the application of the assessee and also cancelled the provisional registration granted earlier by observing as under :

*“4. ...Upon verification of the documents submitted by the assessee, the Ld. CIT(E) seen that the trust has claimed activities like maintenance and upkeep of unproductive cows, cattle, animal vaccination camp, celebrations of different important days, diagnostic visit and scientific visit to farmers field, Jal Shakti Abhiyan & Lecture Delivered as Resource Person, Swachhata activities and Swachhata Pakhwada activities, On Farm Testing (OFT) and Front Line Demonstration (FLD), Training Programme etc. In support of its claim, the assessee furnished few photographs of its purported activities. However, no other evidence in the form of invoices/ bills of expenditure on objects, details of experts/ doctors who render services, beneficiaries etc. have not been furnished. Hence, genuineness of activities remained questionable.*

*5. Further, the trust has made substantial amount of investments in mutual funds and has sold and purchased units of mutual funds. It has generated huge surpluses as reported in respective financial statements of relevant years from these activities. The assessee trust has contended that it is not spending more time on mutual funds investments and rather the trust is focusing more on charitable activities. However, it is seen that main source of income is from sale of investments. It is seen from the financial statements/computation of income that there has been huge amounts invested in mutual funds which are sold periodically generating huge surplus and the quantum of these transactions are huge compared to other activities claimed to be undertaken by the assessee. Surplus so generated are again invested in mutual funds year on year. As such, despite the assessee's contention that the transactions (sale and purchase) are carried not carried out frequently, the fact remains that the trust has been generating huge surplus from said activities which is not intrinsic with the trust's objects and also the funds are kept idle without utilizing them on the objects of the trust. Hence, the activity of the trust appears more of a commercial nature rather than the charitable nature.*

*6. Considering the above facts discussed in the show notice and discrepancies noticed, the undersigned is not satisfied about the charitable nature and the genuineness of activities of the assessee and fulfillment of conditions laid down in clause (i) to (v) of section 80G(5) of the Act. It is also observed that on similar grounds, the earlier application dated 05/07/2019 filed by the assessee was rejected vide this office order dt. 30/01/2020.*

*7. In view of the above, the application filed by the assessee is hereby rejected and the provisional approval granted on 22/02/2022 under clause (iv) for first proviso to section 80G(5) of the Income Tax Act, 1961 is hereby cancelled.”*

3. Aggrieved with such order of Ld. CIT(E), the assessee is in appeal before the Tribunal by raising the following solitary ground of appeal :

- “1. The learned CIT (Exemption) erred on facts and in law in rejecting approval u/s 80G of the Act without appreciating the facts and the submissions made by the assessee in its proper perspective.*
- 2. The appellant craves leave to add, alter, delete or substitute all or any of the above grounds of appeal.”*

4. The Ld. AR submitted that the assessee has already been granted registration under section 12A of the Act. Relying on the decision of the Bangalore ITAT in the case of Academy of Liberal Education Regd Vs. CIT (Exemptions) (2025) 176 taxmann.com 675 (Bangalore – Trib.) (page 207-213 of the Paper Book refers), the Ld. AR submitted that the Ld. CIT(E) ought to have granted approval under section 80G of the Act when the registration u/s 12A has already been granted to the assessee after verifying genuineness of the activities carried out by the assessee. Referring to paragraph 7.5 of the said decision (supra), he raised a contentions that that at the time of granting of approval u/s 80G of the Act, what is required to be established to the satisfaction of the Ld. CIT(E) is that the chartable institution is established in India for charitable purposes and the activities of the assessee trust are genuine and the assessee trust also fulfilled all the stipulated conditions. The Ld. CIT(E) not brought any material on record to show that the activities of the assessee trust are not genuine or the prescribed conditions u/s 80G(5) are not fulfilled by the assessee. The Ld. AR further submitted that investment made by the trust in the trust approved mutual funds is a permissible activity/ investment under section 11(5) of the Act. The assessee had made detailed submissions on this issue before the Ld. CIT(E), however, the Ld. CIT(E) seems to have ignored it completely while deciding the application of the assessee (pages 2-10 of the Paper Book refers). The Ld. AR also brought to our attention the evidence(s) in the form of photographs etc. of various programs conducted by the assessee trust which were filed before the Ld. CIT(E) which demonstrates the charitable nature and genuineness of the activities of the trust (pages 40-96 of the Paper Book refers). He therefore submitted that the assessee is in a position to make further submissions before the Ld. CIT(E) as

desired by him to his satisfaction. He accordingly submitted that in the interest of justice, the assessee should be given an opportunity to substantiate its case by filing the requisite details/ evidence before the Ld. CIT(E).

5. The Ld. DR relied on the order of the Ld. CIT(E).

6. We have heard both the sides, perused the order of the Ld. CIT(E) and the paper book filed by the Ld. AR on behalf of the assessee. We have also perused the judicial precedents cited by the Ld. AR. The Ld. CIT(E) rejected the application filed by the assessee for grant of permanent approval under section 80G of the Act and also cancelled the provisional registration granted earlier for the reasons reproduced in the preceding paragraphs which is mainly on account of non-submission of the adequate evidence to prove the genuineness of the activities of the trust and the investments in mutual funds rendering the activities carried out by the assessee trust commercial in nature rather than being charitable. It is the submission of the Ld. AR that the assessee is carrying out the permissible activities only as against the observation made by the Ld. CIT(E). The Ld. AR has demonstrated that the assessee had in fact filed detailed submissions on these aspects before the Ld. CIT(E), however, he has not considered the assessee's submissions. Further, the assessee also holds a valid registration certificate under section 12A of the Act which has been granted only after verifying the charitable nature and genuineness of the activities of the assessee trust. The Ld. AR has therefore prayed that an opportunity may be granted to the assessee to substantiate its case by filing the requisite details/documents before the Ld. CIT(E) to his satisfaction. Considering the totality of the facts and in the circumstances of the case, we deem it fit and proper in the interest of justice and fair play, to set aside the impugned order of the Ld. CIT(E) and restore the matter to his file with a direction to grant one more opportunity to the assessee to substantiate its case by filing the requisite details and decide the matter afresh on merits as per fact and law in light of the submissions already placed on record before him and any further submission that may be furnished by the assessee during the course of fresh proceedings before him. The assessee is also hereby directed to appear and make his submissions as may be required/called for by the Ld. CIT(E) on the appointed date without seeking any adjournment under any pretext, failing which the Ld. CIT(E) is at liberty to pass appropriate order as

per law. We order accordingly. The solitary ground raised by the assessee is accordingly allowed for statistical purposes.

7. In the result, the appeal of the assessee is treated as allowed for statistical purposes.

**Order pronounced in the open court on 10<sup>th</sup> November, 2025.**

Sd/-  
(R.K. Panda)  
**VICE PRESIDENT**

Sd/-  
(Astha Chandra)  
**JUDICIAL MEMBER**

पुणे / Pune; दिनांक / Dated : 10<sup>th</sup> November, 2025.  
रवि

**आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "ए" बेंच,  
पुणे / DR, ITAT, "A" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

//सत्यापित प्रति// True Copy//

आदेशानुसार / BY ORDER,

वरिष्ठ निजी सचिव / Sr. Private Secretary  
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune