

**IN THE INCOME-TAX APPELLATE TRIBUNAL, SURAT BENCH, SURAT  
BEFORE SHRI DINESH MOHAN SINHA, JUDICIAL MEMBER AND  
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER  
आयकर अपील सं./ITA Nos.695 & 696/SRT/2025**

**Assessment Years: (2025-26)  
(Hybrid Hearing)**

Setu Parivar Charitable Trust, 1, Upper Ground Floor, Inoralok Appartment, Bhatar, Surat – 395001.	<b>Vs.</b>	The CIT(Exemption), Ahmedabad
<b>स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: ABDTS8688J</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

<b>Appellant by</b>	Shri Bipin Jariwala, Advocate
<b>Respondent by</b>	Shri Mukesh Jain, CIT-DR
<b>Date of Hearing</b>	08/09/2025
<b>Date of Pronouncement</b>	30/10/2025

**आदेश / ORDER**

**PER BIJAYANANDA PRUSETH, AM:**

These two appeals emanate from the order dated 20.06.2025 passed by the learned Commissioner of Income-tax (Exemption), Ahmedabad [in short "CIT(E)"], wherein the Id. CIT(E) rejected assessee's application filed in Form No.10AB u/s 12A(1)(ac)(iii) of the Income-tax Act (in short, 'the Act') and also cancelled the provisional registration granted earlier. Since application for registration u/s 12A(1)(ac)(iii) was rejected, application for approval u/s 80G(5)(iii) of the Act was also rejected. With the consent of both parties, the appeals were clubbed and heard together and are decided by passing a common order for the sake of convenience and brevity. ITA No.696/SRT/2025 for AY 2025-26 is taking as 'lead case'.

2. The grounds of appeal raised by the assessee in ITA No.696/SRT/2025 are as follows:

*“1. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Exemption), Ahmedabad has erred in rejecting Application for grant of final registration of trust u/s 12A(1)(ac)(iii) of the Income Tax Act, 1961 and the provisional approval u/s. 12A(1)(ac)(iii) granted earlier has also been cancelled.*

*2. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Exemption), Ahmedabad has erred in not granting adequate opportunity to hear and passed the order, hence, the principal of natural justice is not abide.*

*3. On the facts and in the circumstances of the case as well as the law on the subject, the appellant Trust is qualifying for registration u/s. 12A(1)(ac)(iii) of the Income Tax Act, 1961.*

*4. It is therefore prayed that the CIT(Exemption) should be directed passed u/s. 12A(1)(ac)(iii) of the Income Tax Act, may please be set aside to the file of the CIT Exemption) with appropriate direction*

*5. Appellant craves leave to add, alter or delete any ground(s) either before or in the course of the hearing of the appeal.”*

**ITA No.696/SRT/2025 (AY 2025-26):**

6. The facts of the case in brief are that the assessee filed an application for approval under sub-clause (iii) of clause (ac) of sub-section (1) of section 12A of the Act. The CIT(E) issued two notices on 29.01.2025 and 06.03.2025. The assessee was granted provisional approval in Form 10AC under sub-clause (vi) of clause (ac) of sub-section (1) of section 12A on 14.11.2022 from AY 2023-24 to 2025-26. The Id. CIT(E) has discussed legal background of sections 12A(1)(ac) and 12AB(1)(b) of the Act and Rule 17A(1), 17A(2) of the Income-tax Rules, 1962. The assessee was requested to submit certain details/documents vide notice dated 29.01.2025. In reply, the assessee

sought an adjournment on 14.02.2025. Further, a notice dated 06.03.2025 was issued wherein the assessee was again requested to submit requisite details/documents on or before 13.03.2025. In response to the notices, the assessee failed to furnish any reply. The CIT(E) observed that in addition to the requisite details and documents called for vide notices issued by him, the assessee had also failed to furnish requisite details to satisfy himself about the genuineness of the activities of the trust or institution and also to verify that these activities are in consonance with the objects of the trust or institution. The CIT(E) relied on the decisions of Hon'ble Supreme Court in case of CIT vs. Dawoodi Bohra Jamat, in Civil Appeal No.2492 of 2014 and M/s New Nobel Educational Society, in Civil Appeal No.3795 of 2014. The CIT(A) has observed that due to failure of assessee to file documentary evidences; he was unable to be satisfied about (i) genuineness of the activities of the institution, (ii) that the activities of trust or institution are in consonance with the objects of the trust or institution and (iii) that other laws material for the purpose of achieving objects are complied with. Accordingly, the CIT(E) rejected the application filed in Form 10AB for approval u/s 12A(1)(ac)(iii) of the Act and also cancelled the provisional registration granted earlier.

7. Aggrieved by the order of Id. CIT(E), the assessee filed appeal before the Tribunal. The learned Authorized Representative (Id. AR) submitted that as the matter has been decided without considering the merit of the case,

the matter may be set aside to the file of Id. CIT(E) for considering the case afresh on merit. He submitted that the ex parte order by Id. CIT(E) is clearly violative of the principles of natural justice. He submitted that the assessee is now ready with all details and documents in support of the application filed by it. He, therefore, requested that in the interests of justice, one more opportunity may be granted to the assessee to plead its case on merit before the Id. CIT(E).

8. On the other hand, the learned Commissioner of Income-tax - Departmental Representative (Id. CIT-DR) for the revenue supported the order of Id. CIT(E). He would, however, have no objection if the matter is remitted to the file of Id. CIT(E) for fresh adjudication.

9. We have heard both parties and perused the materials available on record. The Id. CIT(E) issued two notices on 29.01.2025 and 06.03.2025 but there was only part compliance from the assessee. The Id. CIT(E) has observed that the assessee failed to file documentary evidence to enable him to satisfy about the genuineness of the activities of the trust and whether the activities are in consonance with the objects of the trust. The Id. AR has contended before us that the assessee is ready to submit all details and evidence needed by the Id. CIT(E) and one more opportunity may be given to the assessee. We find that assessee could not pursue his case before the Id. CIT(E) by filing necessary evidence and document. We are of the view that one more opportunity should be given to the assessee

to file relevant documents/evidences and to plead his case on merit before the Id. CIT(E). It is settled law that principles of natural justice requires that the affected party is granted sufficient opportunity of being heard to contest his case. Therefore, without delving much into the merits of the case, in the interest of justice, we set aside the order of Id. CIT(E) and remit the matter back to the file of Id. CIT(E) with a direction to pass de novo order in accordance with law after granting adequate opportunity of hearing to the assessee. The assessee is directed to be more vigilant and diligent and to furnish all the details and explanations as needed by the Id. CIT(E) by not seeking adjournment without valid reasons. With these directions, the grounds of appeal are allowed for statistical purposes.

10. In the result, appeal of the assessee is allowed for statistical purpose.

**ITA No.695/SRT/2025 (AY 2025-26):**

11. The grounds of appeal raised by the assessee in ITA No.695/SRT/2024 are as follows:

*“1. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Exemption), Ahmedabad has erred in rejecting Application file in form 10AB for registration u/s 800/5 of the Income Tax Act, 1961 and the provisional approval u/s.80G(5)(iii) granted earlier has also been cancelled.*

*2. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Exemption), Ahmedabad has erred in not granting adequate opportunity to hear and passed the order, hence, the principal of natural justice is not Abide.*

*3. On the facts and in the circumstances of the case as well as the law on the subject, the appellant Trust is qualifying for registration u/s. 80G(5)(iii) of the Income Tax Act, 1961*

*4. It is therefore prayed that the CIT (Exemption) should be directed passed u/s. of the Income Tax Act, may please be set aside to the file of the CIT (Exemption) with appropriate direction.*

*5. Appellant craves leave to add, alter or delete any ground(s) either before or in the course of the hearing of the appeal.”*

12. In this appeal, the application for approval under clause (iii) of first proviso to sub-section (5) of section 80G of the Act was filed in Form 10AB electronically. The Id. CIT(E) has issued notices of hearing, i.e., on 30.01.2025 and 26.05.2025. The Id. CIT(E) observed that applicant did not have any valid order for registration u/s 12A/12AB of the Act in Form 10AD because the application u/s 12A(1)(ac)(iii) of the Act was already rejected. The Id. CIT(E) has relied on the decision of Hon'ble Gujarat High Court in case of CIT(E) vs. Shree Tapeshwar Hanumanji Bajrang Charity Trust, 122 taxmann.com 98 and held that the registration u/s 12A of the Act is a pre-requisite for grant of approval u/s 80G of the Act. In absence of valid registration u/s 12A of the Act, approval u/s 80G of the Act was also rejected without deciding on merit.

13. The Id. AR of the assessee requested to restore the matter to the file of Id. CIT(E) for fresh order on merit. On the other hand, Id. CIT-DR for the revenue relied on the order of Id. CIT(E).

14. We have heard both parties and perused the materials available on record. We have already set aside the order of Id. CIT(E) in rejecting application for registration u/s 12A(1)(ac)(iii) of the Act in ITA No. 696/SRT/2025 (supra) cited above. Hence, following the reasons given in ITA

No.696/SRT/2025 (supra), the order of Id. CIT(E) is also set aside and remitted to the file of Id. CIT(E) for fresh order after deciding the application u/s 12A(1)(ac)(iii) and after granting reasonable and sufficient opportunity of being heard to the appellant. For statistical purposes, this appeal of the assessee is also treated as allowed.

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

16. In the combined result, appeals of the assessee are allowed for statistical purposes.

Orders are pronounced under provision of Rule 34 of ITAT Rules, 1963 on 30/10/2025.

**Sd/-**  
**(DINESH MOHAN SINHA)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(BIJAYANANDA PRUSETH)**  
**ACCOUNTANT MEMBER**

Surat

दिनांक/ Date: 30/10/2025

SAMANTA

**Copy of the Order forwarded to:**

1. The Assessee
2. The Respondent
3. The CIT(A)
4. CIT
5. DR/AR, ITAT, Surat
6. Guard File

By Order

**// TRUE COPY //**

Assistant Registrar/Sr. PS/PS  
ITAT, Surat