

**IN THE INCOME-TAX APPELLATE TRIBUNAL, SURAT BENCH, SURAT  
BEFORE MS SUCHITRA RAGHUNATH KAMBLE, JUDICIAL MEMBER AND  
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER**

**आयकर अपील सं./ITA No.761/SRT/2025**

**Assessment Year: (2025-26)**

**(Hybrid Hearing)**

Shri Surati Modh Ganchi Gnati Jilla Nanpura Panch, 1-1937, Jamrukh Gali, Nanpura, Surat – 395001.	<b>Vs.</b>	The CIT(Exemption), Ahmedabad
<b>स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: AABTS2889N</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

<b>Appellant by</b>	Shri Akshay M. Modi, CA
<b>Respondent by</b>	Shri Ravinder Sindhu, CIT-DR
<b>Date of Hearing</b>	25/08/2025
<b>Date of Pronouncement</b>	04/11/2025

**आदेश / ORDER**

**PER BIJAYANANDA PRUSETH, AM:**

This appeal emanates from the order dated 30.06.2025 passed by the Commissioner of Income-tax (Exemption), Ahmedabad [in short “the CIT(E)”], wherein CIT(E) cancelled the assessee’s registration u/s 12AB of the Income-tax Act (in short ‘the Act’).

2. The grounds of appeal raised by the assessee are as under:

*“(1) On the facts and in the circumstances of the case as well in law, the CIT (Exemption) erred in cancelling the registration of u/s 12AB of the Act on baseless and incorrect presumptions and without considering the material on records available with the department and hence, order of cancellation of registration u/s 12AB of the Act passed by CIT(E) is without jurisdiction, bad in law, perverse, prejudicial, arbitrary, unwarranted of facts and material on records, illegal and invalid, is liable to be quashed or annulled in toto.*

*(2) On the facts and in the circumstances of the case as well in law, the learned CIT (Exemptions) has grievously failed to provide proper, lawful and meaningful opportunity of being heard and hence, ex-facie in violation of the principals of natural justice and also to the relevant provisions under the law, and therefore, the order of CIT(E) is irrational, unfair, and prejudicial and hence, it is liable to be struck down.*

*(3) Your appellant further reserves it's rights to add, alter, amend or modify any of the aforesaid grounds before or at the time of hearing of the appeal."*

3. The brief facts of the case are that the assessee-trust was registered before the Assistant Charity Commissioner, Surat on 26.09.1952 with registration No. A/4/Surat. The assessee trust filed an application for registration u/s 12A(a) of the Act and was subsequently granted registration on 03.10.1974. The applicant has obtained a regular registration from CPC by making an application in Form 10A u/s 12A(1)(ac)(i) of the Act on 23.09.2021 from AY 2022-23 to 2026-27. The assessee trust had taken benefit of Circular No. 7/2024 and made application u/s 80G(5)(iii) of the Act on 06.03.2024, which was decided on merit and a rejection order was passed on 27.09.2024. The Id. CIT(E) observed that the activities carried out by the applicant were not found to be in accordance with the object and the questions of genuineness is not fully established. The Id. CIT(E) did not accept the reply of the applicant on certain grounds, which is reproduced at pages 6 to 8 of the order. The appellant submitted that the appeal filed before the ITAT against the 80G rejection was decided in favour of the applicant and, hence, 12A cancellation proceedings should be dropped. The Id. CIT(E) held that the pendency of appeal or decision does not bar proceedings u/s 12AB(4) of the Act. The grounds of rejection under 80G are distinct from registration u/s 12A of the Act. The appellant had failed to

demonstrate genuineness of activities and alignment with its stated objects, as required u/s 12AB of the Act. He also held that no stay has been granted by the ITAT and hence, administrative action under the law remains valid and justified. Therefore, he held that there is clear violation of clause e(i) of Explanation to sub-section (4) of section 12AB of the Act and, accordingly, he cancelled the registration.

4. Aggrieved by the order of Id. CIT(E), the assessee-trust filed appeal before this Tribunal. The learned Authorized Representative (Id. AR) submitted a paper book containing various details including the order of ITAT setting aside the order of CIT(E) to his file to consider application for approval of the fund u/s 80G(5) of the Act, if the assessee has fulfilled the requisite conditions of approval of funds. The appeal of the assessee was allowed for statistical purpose. Copy of the ITAT order is enclosed at pages 32 to 37 of the paper book. The Id. AR has also enclosed the income and expenditure statement for the year ending 31.03.2023 and submitted that there was no expenditure of religious nature. He submitted that apart from the rent, taxes and cesses, the only other expenditure was Rs.64,526/- towards relief of the poor and mess/tiffin services. He further submitted that the Id. CIT(E) has not considered the detailed written submission filed on 24.10.2024, which is at pages 19 to 27 of the paper book. He submitted that the order was passed without considering the merit of the case. Therefore, the order passed by Id. CIT(E) is clearly violative of the principles of natural justice and accordingly, the matter may be set aside to the file of Id. CIT(E) in the interests of justice. The Id. AR

also submitted that the appellant is ready to file all the details apart from the submissions, which have already been made before the Id. CIT(E) to decide the case on merit. He also submitted that the issue regarding approval of 80G(5) of the Act has been set aside to the file of the Id. CIT(E) and this issue may also be set aside for fresh consideration.

5. 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, however, did not have any objection if the matter is restored to the file of Id. CIT(E).

6. We have heard both parties and perused the materials available on record. We have also carefully perused the order of the ITAT wherein appeal of the assessee trust was allowed for statistical purpose on the issue of approval u/s 80G(5) of the Act. The ITAT has held that there is no finding of Id. CIT(E) as to whether any amount was spent for religious purposes in the last three financial years. We also find that no specific show cause notice was issued by the Id. CIT(E) before cancelling the registration earlier granted to the assessee. Be that as it may, the assessee had filed elaborate details along with written submission, which does not seem to have been considered by the Id. CIT(E) before cancelling the registration. It is settled law that principles of natural justice requires that the affected party is granted sufficient opportunity of being heard to plead its case. Therefore, without delving into the merits of the case, the order of Id. CIT(E) is set aside and the matter is restored to his file for fresh consideration after granting adequate and reasonable opportunity of being heard to the appellant. The

appellant is also directed to furnish all required details in addition to the details already furnished, as may be called for by the Id. CIT(E).

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

Order is pronounced under provision of Rule 34 of ITAT Rules, 1963 on 04/11/2025.

**Sd/-**  
**(SUCHITRA R. KAMBLE)**  
**JUDICIAL MEMBER**

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

Surat

दिनांक/ Date: 04/11/2025

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