

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI PRADIP KUMAR CHOUBEY, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 399/Ran/2024
(Assessment Year-2019-20)
(Virtual Hearing)

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| National University of Study and Research in Law, Ranchi, NUSRL Campus, Pithoria Road, P.O- Burku at Nagri, Jharkhand. PAN No. AAAJN 0847 Q | Vs. | Assistant Director of Income Tax, C.P.C., Bangaluru. |
| Appellant/ Assessee | | Respondent/ Revenue |

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|---------------------------|---------------------------------|
| Assessee represented by | Shri J.P. Sharma, A.R. |
| Department represented by | Shri Khubchand T. Pandya, Sr.DR |
| Date of hearing | 29/10/2025 |
| Date of pronouncement | 20/11/2025 |

ORDER

PER: RATNESH NANDAN SAHAY, A.M.

1. This appeal is directed against the order of the National Faceless Appeal Centre, Delhi (NFAC)/learned Commissioner of Income Tax (Appeals), [in short, the Id. CIT(A)] dated 11/07/2024 for the Assessment Year (AY) 2019-20 by raising following grounds of appeal:

"1. The NATIONAL UNIVERSITY of STUDY & RESEARCH IN LAW is an educational institution established by Jharkhand Act 04, 2010, engaged in imparting education in the field of law. We claim exemption under Section 10(23C) of the Act and also registered under section 12A, therefore eligible for claiming exemption u/s 11(2). For the A.Y. 2019-20, Income Tax Return was filed wherein our receipts were Rs. 15,04,80,231, out of which Rs.8,25,86,586 and Rs. 1,99,14,936 were utilized for revenue and capital expenditure of the institute. Also, Rs.2,54,06,674.00 were accumulated and set apart u/s 11(2) in the same year. The department has disallowed the accumulation of funds and capital expenditure. We filed an appeal to CIT(A) for the above. The appeal was accepted and accumulation of fund was allowed however the matter of capital expenditure escaped the consideration of the authority and demand was raised on it. Further details are

explained in attachments in the attachment section, due to restriction in character."

2. Facts of the case in brief are that the appellant is a National University of Study & Research in Law (NUSRL), established by the Jharkhand Act 04, 2010 (National University of Study & Research in Law Act, 2010), engaged in imparting education in the field of law. The appellant is registered under Section 12A of the Income Tax Act, 1961 (in short, the Act) and therefore, claimed exemption under Section 11(2) of the Act. The appellant filed income tax return for the A.Y. 2019-20 on 31/10/2019 and disclosed the aggregate receipt at ₹ 15,04,80,231/- for the period under consideration out of which ₹ 8,25,86,586/- and ₹ 1,99,14,936/- were utilized against the revenue and capital expenditure respectively by the institute. The remaining ₹ 2,54,06,674/- were accumulated and set apart for the purpose as specified under Section 11(2) of the Act by the institute during the year under consideration. The appellant has claimed that the amount set apart in the F.Y. 2018-19, the institute filed Form No. 10 but could not be submitted within due date and therefore resulted in delay filing of its return. The Form No. 10 was successfully filed on 28/10/2020 for the Financial Year under consideration and a request was made to condone the delay in filing of return due to genuine problem.
3. However, the institute received an intimation under sub-Section (1) of Section 143 of the Act dated 29/09/2020 bearing DIN No. CPC/1920/A7/2008041750 wherein the department added the set apart and accumulated amount of ₹ 2,54,06,674/- to the total income of the appellate institute and a tax demand of tax was raised on the ground that the return was filed after the due date of

filing of return and therefore, it is a belated return. The request for condonation of delay was not acceded by the department.

4. The appellant then filed a rectification application against the above demand notice, however, the same was rejected by the department. The appellant institute, therefore, filed another rectification application, however, the department bearing DIN No. CPC/1920/U7/2013753186 dated 04/02/2021 disallowed both the revenue expenditure as well as the capital expenditure claimed by the appellant institute.
5. The appellant again filed a rectification application to rectify the order of the department dated 04/02/2021 but the same was again rejected by the CPC vide its order dated 25/05/2021 bearing DIN No. CPC/1920/U7/2014164727 and the exemption claimed by the appellant institute was disallowed.
6. Aggrieved by the above order of CPC, the appellant filed appeal before the Id. CIT(A), who vide the impugned order, allowed the accumulated and set apart fund under Section 11(2) of the Act. However, the capital expenditure of ₹ 1,99,14,936/- escaped the attention of the Id. CIT(A) and as a result, the said capital expenditure was not allowed despite the fact that in the grounds of appeal filed in Form No. 35, it was one of the grounds of appeal raised before the Id. CIT(A). Thus, the department while giving effect raised a demand of ₹ 79,62,524/- and added the entire capital expenditure of ₹ 1,99,14,936/- to the total income of the appellant.
7. Aggrieved by the impugned order, the present appeal has been preferred by the appellant before this Tribunal.

8. During the appellate proceedings before us, the appellant's counsel reiterated the same what was stated in the "statement of facts" and the grounds of appeal raised as above.
9. We have considered the submissions made as above and it is found that though the Id. CIT(A) allowed the appeal of the assessee but the allowability of capital expenditure of ₹ 1,99,14,936/- escaped the attention of the Id. CIT(A). Thus, we find that the same requires to be readjudicated by the Id. CIT(A) and therefore, the issue is restored back to the file of Id. CIT(A) for fresh consideration after providing reasonable opportunity of being heard to the appellant. The Id. Sr.DR for the revenue did not raise any objection.
10. In the result, this appeal of assessee is allowed for statistical purposes only.

Order announced in open court on 20th November, 2025.

Sd/-
(PRADIP KUMAR CHOUBEY)
JUDICIAL MEMBER

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Ranchi, Dated: 20/11/2025

**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi