

IN THE INCOME TAX APPELLATE TRIBUNAL
GUWAHATI BENCH, GUWAHATI
(VIRTUAL HEARING AT KOLKATA)

SHRI MANOMOHAN DAS, JUDICIAL MEMBER
SHRI SANJAY AWASTHI, ACCOUNTANT MEMBER

I.T.A. No. 304/GTY/2025
Assessment Year: 2021-2022

Income Tax Officer (Exemption),

Ward – 2(3), Guwahati,

Aayakar Bhawan, GS Road,

Christian Basti,

Guwahati - 781005

.....**Appellant**

vs.

Arunachal Pradesh Police Welfare Society,

Police Headquater, RK Mission,

Papumpare (Arunachal Pradesh) - 791113

[PAN: AABTA1599H]

..... **Respondent**

Appearances by:

Assessee represented by : Anil Kumar Agarwala, FCA

Department represented by : Sanjay Jha, JCIT

Date of concluding the hearing : 04.12.2025

Date of pronouncing the order : 04.12.2025

ORDER

PER SANJAY AWASTHI, ACCOUNTANT MEMBER:

1. This appeal arises from order under Section 250 of the Income Tax Act, 1961 (hereafter “the Act”), dated 21.08.2025, passed by the Ld. Additional/Joint Commissioner of Income Tax (Appeals)-10, Mumbai (hereafter “the Ld. Addl./JCIT(A)].

1.1 The main issue in this case is that the assessee is a charitable organization registered u/s 12A of the Act. For the present year, it filed its return of income within the extended due date, on 31.03.2022. The

assessee had claimed its entire receipt/income as exempt u/s 11 of the Act. However, the Ld. AO-CPC denied the said exemption on the ground that a valid registration was not available with the assessee. The assessee carried this matter before the Ld. CIT(A) where after a detailed finding the assessee could succeed. The said finding deserves to be extracted:

“4. Findings and Decision I have perused the submissions of the appellant and the order u/s 143(1) dated 23.08.2022. The facts of the case is that the appellant is a charitable organisation registered under Section 12A of the income-tax Act, 1961. For AY 2021-22 1 filed its return within the extended due date on 31 03:2022 vide ack no 566353530310322 declaring Gross Receipts of Rs 4,50,80,892/- of which 3.37,97,943/- was towards voluntary contribution forming part of corpus (being amount collected as contribution towards welfare fund from police personnel out of their salaries) and Rs 1.12.82.949/- was income derived from property held in trust against which application of Rs 1.70,21,406 was claimed declaring taxable income at NIL

Thus the entire receipts/income was claimed as exempt u/s 11 of the IT Act, a refund of Rs 65,370/- was claimed in the return on account of prepaid taxes.

2. The return was processed u/s 143(1) and intimation was issued on 23-08-2022 assessing taxable income at 4,50,80,892 and raising a demand of Rs 2,12,57,480/-. The reason for raising the demand was mentioned in the order at Page 18 which is on account of incorrect claim u/s 143(1)(a)(ii). The error description states as follows. In Schedule Part A General-"Details of registration or approval under Income Tax Act details of Section 12AB or 10(23C) (iv)/ 10(230)(v)/ 10(230) (vi)/ 10(23C)(via) is not provided in the column "Section under which the registration is applied". The Act has been amended from 01/06/2020, and all the entities have to get new registration/ approval u/s 12AB or 10(230) (iv)/ 10(230)(v)/ 10(230)(vi)/ 10(230) (via) to be eligible for exemption. Since in your case, new registration/approval details are not available, exemption claimed in Sl. No. 4i to 4viii in Schedule

3. The fact of the matter is that section 12AB inserted by the Finance Act 2020 was withdrawn by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and reintroduced w.e.f. 1.4.2021. The last date of filing application was extended to 31.03.2022 which is beyond the extended due date of the current years return which was 15.03.2022. The appellant applied for the registration on 24.11.2022 which was granted on 01.12.2022 w.e.f AY 2022-23. This information is however irrelevant for the tax return of AY 2021-22.

4. The reason for disallowance in the order passed u/s 143(1)(a) was therefore not in accordance with applicable law. Being aggrieved, the assessee is in appeal against the order u/s 143(1) was passed on 23.08.2022. I am in agreement with the appellant contention that the appellant is eligible for deduction u/s 11 of the I.T Act. As the new provisions of registration for claiming deductions by virtue of section 12AB was relaxed and reintroduced w.e.f 01.04.2021. Hence the appellant was eligible for deduction as per the old provisions of the Act. The A.O. is directed to grant the deduction u/s 11 of the

I.T Act of the entire receipts/income of the appellant. As a result the appeal is treated as allowed.”

1.1 Aggrieved with this, the Revenue has approached the ITAT with the following grounds:

“1. That on the facts and in the circumstances of the case and in law, the Ld. Addl. CTT/JCIT(A)-10, Mumbai erred in allowing the exemption claimed by the assessee amounting to 24,50,80,892, without appreciating the fact that the assessee failed to file Audit Report on time as per the prescribed provisions of the Act and that the assessee failed to fulfil the "Conditions for applicability of Section 11 and 12" laid down as per Section 124(1)(b) of the Act to avail the benefit of exemption.

2. That the Ld. Addl. CIT/JCIT(A)-10, Mumbai failed to consider the intimation for proposed adjustments u/s 143(1)(a) of the Act dated 02-07-2022 and instead decided to allow the appeal in favour of the assessee on the matter related to Registration u/s 12AB of the Act, which is not applicable and not in accordance to the specific and particular reason for which the disallowance was made u/s 143(1) of the Act by CPC

3. That the Addl. CIT/JCIT(A)-10, Mumbai erred in ignoring the fact that the assessee had the option to address the matter of late filing of Audit Report by choosing to file an application for Condonation a/s 119(2xb) of the Act to the appropriate authority to avail the benefit of claiming exemption as mentioned in "Conditions for applicability of Section 11 and 12" laid down as per Section 12A(1)(b) of the Act.

4. That further ground or grounds of appeal may be submitted on or before the date of hearing.”

2. Before us, the Ld. DR read out the relevant portion from the Ld. AO/s order and stated that in the absence of a valid registration the assessee deserved to be denied the exemption claimed.

2.1 Per contra, the Ld. AR pointed out that the grounds 1 and 2 stating that the audit report was not filed in time were not borne out from the appellate order (impugned). It was pointed out that the assessee had duly filed the return of income within the extended time available as per law. The Ld. AR also stated that the assessee has been complying with the requirement of registration as per law and there was no infirmity for this year. The Ld. AR, thereafter, relied on the finding in the impugned order.

3. We have heard the rival submissions and have gone through the

records before us. It is clear that Grounds 1 and 3 of Revenue do not arise from the impugned order and hence they are not adjudicated. Regarding the remaining issue of whether the exemption was available to the assessee or not, it is seen that the finding of Ld. Addl. JCIT(A) in para 4, especially sub para 3 of the same (supra) are relevant and correct as far as the law applicable to the facts of the case is concerned. Accordingly, we find no error in the impugned order and hence the appeal of the Revenue is dismissed.

4. In result, appeal of the Revenue is dismissed.

Order pronounced on 04.12.2025

Sd/-
[Manomohan Das]
Judicial Member

Sd/-
[Sanjay Awasthi]
Accountant Member

Dated: 04.12.2025
AK, Sr. PS

Copy of the order forwarded to:

1. The Appellant
2. The Respondent
3. CIT(A)-
4. CIT-
5. CIT(DR)

//True copy//

By order

Assistant Registrar, Kolkata Benches

