

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'D' BENCH
MUMBAI**

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI ARUN KHODPIA, ACCOUNTANT MEMBER**

**ITA No.5041/Mum/2025 & 5042/Mum/2025
(Assessment Year :NA)**

Rotary Club of Mumbai Sobo Charitable Trust 30 th Floor, B-3001 Lodha Trump Tower No.4 Pandurang Budhkar Marg Worli SO, Mumbai- 400 018	Vs.	CIT(Exemptions), Mumbai
PAN/GIR No.AAETR5050P		
(Appellant)	..	(Respondent)

Assessee by	Shri Bhupendra Shah
Revenue by	Shri Umashankar Prasad, CIT DR
Date of Hearing	10/12/2025
Date of Pronouncement	06/01/2026

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The present appeals have been preferred by the assessee, namely Rotary Club of Mumbai Soho Charitable Trust, against the separate orders dated 23.06.2025 passed by the learned Commissioner of Income Tax (Exemptions), Mumbai, whereby the assessee's applications seeking regular registration under section 12AB of the Income-tax Act, 1961 and approval under section 80G of the Act were rejected.

Since both appeals emanate from a common factual substratum and arise out of identical reasoning adopted by the learned Commissioner (Exemptions), they are being disposed of by way of this consolidated order.

2. The assessee is a public charitable trust duly registered under the Bombay Public Trusts Act, 1950 with the Charity Commissioner. It is an undisputed fact on record that the assessee was granted provisional registration under section 12A of the Act in Form No.10AC on 19.01.2022, which was valid up to the assessment year 2024-25. In order to seek conversion of the provisional registration into a regular registration, the assessee filed an application in Form No.10AB on 04.11.2024.

3. It is also not in dispute that there was a delay of approximately 400 days in filing the said application in Form No.10AB. The explanation offered by the assessee for such delay is that the trustees were under a bona fide belief that the registration granted under section 12A was valid for a period of five years, a belief which, according to the assessee, stemmed from the clarifications issued by the Central Board of Direct Taxes, particularly Circular No.6 of 2023 dated 24.03.2023 and other subsequent circulars clarifying the transition to the new registration regime for charitable institutions. It was further stated that though the assessee intended to seek condonation of delay, the electronic facility for filing such condonation was not enabled on the income-tax portal till 31.03.2025.

4. The learned Commissioner (Exemptions), on verification of the application in Form No.10AB, initially observed that the application was incomplete and that all documents required under Rule 17A(2) of the Income-tax Rules, 1962 had not been furnished. Pursuant to the deficiency memo, the assessee furnished its online submissions along with the requisite documents on 26.03.2025.

5. Upon further examination of the trust deed and the memorandum of objects, the learned Commissioner (Exemptions) noted that one of the ancillary clauses empowered the trust to apply its funds outside India. According to the learned Commissioner (Exemptions), such a clause was in violation of the provisions of section 11 of the Act. He further held that since the assessee had commenced its activities during the financial year 2022-23, it was statutorily required, in terms of section 12A(1)(ac)(iii) of the Act, to file its application in Form No.10AB within six months from the commencement of such activities, which, according to him, had not been complied with. On these grounds, the learned Commissioner (Exemptions) rejected the application for registration under section 12AB and, as a corollary, also rejected the assessee's application for approval under section 80G.

6. Before us, the learned counsel for the assessee submitted that the delay in filing Form No.10AB was neither deliberate nor intentional, but occurred due to a bona fide and

reasonable belief founded on the CBDT circulars governing the new registration framework. It was contended that the CBDT itself, recognising the genuine hardships faced by charitable institutions, has repeatedly extended timelines and clarified procedural ambiguities, thereby indicating that strict and inflexible adherence to timelines was never intended in deserving cases. In so far as the objection relating to the object clause permitting utilisation of funds outside India is concerned, it was submitted that the assessee has already moved an application before the Charity Commissioner for deletion of the said clause and has furnished a categorical undertaking that no activity involving utilisation of funds outside India has been carried out or is proposed to be carried out. It was further submitted that, if granted an opportunity, the amended trust deed would be placed before the learned Commissioner (Exemptions) for verification.

7. The learned Departmental Representative, on the other hand, supported the impugned orders and submitted that the timelines prescribed under section 12A(1)(ac) are mandatory in nature and that, unless the trust deed is formally amended, the assessee cannot be said to be eligible for registration under section 12AB.

8. We have carefully considered the rival submissions, perused the material available on record, and examined the impugned orders in the light of the statutory framework governing registration of charitable institutions. At the outset, it is significant to note that the assessee was admittedly

granted provisional registration under section 12A in Form No.10AC, which remained valid up to the assessment year 2024-25. The application in Form No.10AB was filed on 04.11.2024, i.e., before the expiry of the assessment year up to which the provisional registration was operative.

9. Section 12A(1)(ac)(iii) of the Act provides that where a trust or institution has been provisionally registered, it shall apply for regular registration at least six months prior to the expiry of the period of provisional registration or within six months of the commencement of its activities, whichever is earlier. While the provision does prescribe a statutory timeline, it cannot be read in isolation from the administrative clarifications issued by the CBDT from time to time. The Board, acknowledging the transitional difficulties faced by charitable institutions, has issued several circulars extending due dates and clarifying the procedural aspects relating to filing of Forms 10A and 10AB, including the circular dated 25.04.2024. These circulars reflect a conscious legislative and administrative intent to adopt a pragmatic and facilitative approach rather than a rigid or mechanical one.

10. In the present case, the explanation offered by the assessee demonstrates a reasonable and bona fide cause for the delay in filing Form No.10AB. Once such bona fides are established, the authority vested with the power to grant registration is expected to exercise discretion judiciously and to advance the cause of justice by condoning the delay and examining the application on merits, particularly when the

assessee was already enjoying provisional registration under the Act.

11. Coming to the objection relating to the object clause permitting utilisation of funds outside India, it is evident from the record that the assessee has acknowledged the concern raised by the learned Commissioner (Exemptions) and has taken concrete steps to rectify the same by initiating proceedings before the Charity Commissioner for deletion of the said clause. An unequivocal undertaking has also been furnished that no such activity has been undertaken in the past and none is proposed in the future. In such circumstances, denial of registration without affording the assessee an opportunity to place the amended trust deed on record would be contrary to the principles of natural justice and the settled jurisprudence governing grant of registration under section 12AB.

12. It is well settled that at the stage of grant of registration, the scope of enquiry is confined to examination of the objects of the trust and the genuineness of its activities. When the assessee has undertaken to remove the objectionable clause and has initiated the requisite process under the relevant trust law, the matter deserves reconsideration after such amendment is placed on record.

13. In view of the aforesaid discussion, we are of the considered opinion that the impugned orders rejecting registration under section 12AB and approval under section

80G cannot be sustained. The delay in filing Form No.10AB deserves to be condoned, and the application for registration under section 12AB requires to be examined afresh on merits after taking into account the amended objects of the trust, once placed on record.

14. Since the rejection of approval under section 80G is merely consequential to the rejection of registration under section 12AB, the same is also restored to the file of the learned Commissioner (Exemptions) for fresh adjudication in accordance with law, after affording due and reasonable opportunity of being heard to the assessee.

15. Accordingly, both the appeals filed by the assessee are allowed for statistical purposes.

Order pronounced on 6th January, 2026.

Sd/-

(ARUN KHODPIA)

ACCOUNTANT MEMBER

Mumbai; Dated 06/01/2026

KARUNA, *sr.ps*

Sd/-

(AMIT SHUKLA)

JUDICIAL MEMBER

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,

(Asstt. Registrar)
ITAT, Mumbai