

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'A': NEW DELHI**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**ITA No.4360/Del/2025
(ASSESSMENT YEAR 2025-26)**

Prinish Foundation, 208, 2 nd Floor, DLF Star Tower, Sector-30, Gurgaon-122001. Haryana. PAN-AAETP5671Q	Vs.	CIT (Exemptions), Chandigarh.
(Appellant)		(Respondent)

Assessee by	Shri Abhishek Agarwal, AR
Department by	Shri Khitesh Gupta, Sr. DR
Date of Hearing	27/11/2025
Date of Pronouncement	27/11/2025

ORDER

PER MANISH AGARWAL, AM:

The present appeal is filed by the assessee against the order of Ld. Commissioner of Income Tax (Exemptions), Chandigarh ['CIT(E)' in short], rejecting application for registration u/s 12AB of the Income Tax Act, 1961 ('the Act' in short) dated 14.05.2025.

2. The assessee has raised the following grounds of appeal:

- "1. That on the facts and circumstances of the case and in law, the order dated 14.05.2025 passed by the Commissioner of Income Tax (Exemptions) ['CIT(Exemptions)'], rejecting application for registration of trust filed under section 12AB of the Income Tax Act, 1961 ('the Act') is without jurisdiction, illegal and bad in law.*
- 2 That the CIT(Exemptions) erred on facts and in law in leveling false/ baseless allegations and relying upon irrelevant material/ fact to justify rejection of application for registration filed under section 12AB of the Act, without*

considering evidence and documents submitted by the appellant and affording due opportunity to rebut the alleged conclusions drawn in the order.

- 2.1 *That the CIT(Exemptions) erred on facts and in law in rejecting application filed by the appellant for registration u/s 12AB of the Act allegedly holding that "there is a mismatch between volume of spending and the visual documentation of charitable activities undertaken by the appellant".*
- 2.2 *That the CIT(Exemptions) erred on facts and in law in allegedly holding that "there is repeated structuring of invoices, non-commensuration of the expenses incurred with the activity conducted, standardized expense heads, taken together paint a picture of orchestrated documentation rather than organically conducted charitable activity."*
- 2.3 *That the CIT(Exemptions) erred on facts and in law in considering only sample invoices of vendors submitted during the course of hearing and selectively reproducing in the impugned order to undermine the credibility of supporting invoices and conclude that there is repeated structuring of invoices.*
- 2.4 *That the CIT(Exemptions) erred on facts and in law in considering one time transaction of trading of raw honey of Rs. 9,18,000 undertaken in financial year 2021-22 by the appellant, even before seeking provisional registration under section 12AB of the Act, to conclude that the activities of the appellant are predominantly commercial in character.*
- 2.5 *That the CIT(Exemptions) erred on facts and in law in concluding that the expenditure incurred by the appellant are in genuine as there is repetition of sub-heads of expenditure mention in various utilization certificates; not appreciating that the utilization certificates were issued by independent Chartered Accountant who verify the accounts and issue certificates in their own standard format.*
- 2.6 *That the CIT(Exemptions) erred on facts and in law in selectively perusing the documents submitted by the appellant to allegedly conclude that the activities undertaken by the appellant are in genuine; without referring to the evidence in form of photographs submitted to corroborate the actual charitable events undertaken by the appellant.*
- 2.7 *Without prejudice, the CIT(Exemptions) erred on facts and in law in also rejecting provisional registration granted under section 12AB of the Act for the preceding years, without appreciating that the rejection of registration could, if at all, be ordered prospectively and not retrospectively.*

The appellant craves leave to add, alter or amend any or all aforesaid grounds of appeal before or at the time of hearing."

3. Heard both the parties and perused the material available on record. It is observed that Ld. CIT(E) has rejected the application filed for registration u/s 12AB of the Act by alleging that there is mismatch between the volume of spending and the visual documentation which raised serious doubts about the conduct. It is further observed that the Ld. CIT(E) has not doubted the charitable activities carried out by the assessee rather has doubted the application of the funds received.

4. In our considered opinion, at the time of registration u/s 12AB scope of CIT(E) is limited to examine the objects of the society whether they are charitable in nature or not. In the instant case, the Ld. CIT(E) has not doubted the objects of the society which are charitable in nature however, rejected the application for registration u/s 12AB of the Act. The Ld. CIT(E) is ignored the fact that it is at the option the AO to examine the genuineness of the activities of the assessee and if it is found that the activities are not being carried in accordance with object, he can proceed to cancel the registration u/s 12A of the Act. The Hon'ble Supreme Court in the case of *CIT (Exemptions) vs. M/s International Health Care Education and Research Institute* reported in **482 ITR 287 (SC)** has observed as under:

"We may only say that mere registration under Section 12-AA automatically does not entitle any charitable trust to claim exemption under Section 10 and 11 respectively of the Act, 1961. When a return is filed by any trust claiming exemption it is for the assessing officer to look into all the materials and satisfy itself whether the exemption has been claimed genuinely or not. If the assessing officer is not convinced it is always open for him to decline grant of exemption"

5. Since, undisputedly the objects of the assessee society are charitable in nature, therefore, we find no reason for Ld. CIT(E) to cancel the registration u/s 12A of the Act to reject the application for registration u/s 12AB of the Act. Accordingly, we hereby allowed the registration u/s 12AB of the Act. In case, the Assessing Officer at later stage find the activities are not carried as per objects of the society and found

the same has non charitable in nature, he has free to take necessary action in accordance with law. All the grounds of appeal thus allowed.

6. In the result, the appeal of the Assessee is allowed.

Order pronounced in the open court on 27.11. 2025.

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Dated:28.01.2026

PK/ Sr. Ps

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT NEW DELHI