

**IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, AHMEDABAD**

**BEFORE DR. BRR KUMAR, VICE PRESIDENT &
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No.1817/Ahd/2025
(Assessment Year: 2023-24)

ACIT(Exemption), Circle-2, Ahmedabad-380015	Vs.	Gujarat Enviormental Service, 1 st Floor, Kaira Can Office Building, GCMMF – Kaira Can Complex, NR. Ganesh Crossroads, Anand, Gujarat - 388001
[PAN No.AAATG1361J]		
(Appellant)	..	(Respondent)

Assessee by :	Shri Sunil Talati, CA
Department by:	Shri R P Rastogi, CIT-DR

Date of Hearing	08.12.2025
Date of Pronouncement	29.01.2026

ORDER

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Revenue against the order passed by the National Faceless Appeal Centre Delhi (in short “NFAC”), vide order dated 17.07.2025 passed for A.Y. 2023-24.

2. The assessee has taken the following grounds of appeal:-

“1. Whether on the facts and in circumstances of the case, Ld. CIT(A), NFAC is justified in deleting the addition of Rs. 20,82,39,122/- as income under the head ‘other Sources’ for the assessment year under consideration.

3. The brief facts of the case are that the assessee, Gujarat Environment Service Society, is a charitable trust registered under the Bombay Public Trust Act and also holding registration under section

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12A/12AB of the Income-tax Act, 1961 (“the Act”). The assessee is engaged in activities relating to environmental protection such as development and maintenance of gardens, plantation, cleaning and sanitation, composting and solid waste management. For the assessment year 2023–24, the assessee filed its return of income declaring total income at NIL after claiming exemption under section 11 of the Act.

4. The case was selected for assessment and during the assessment proceedings, the Assessing Officer noted that the assessee had earned receipts mainly from contractual activities undertaken for various institutions and organisations for maintenance of gardens and environmental services, along with some interest income. The Assessing Officer took the view that the income earned by the assessee was not derived from property held under trust nor from voluntary contributions, but was in the nature of contractual receipts. According to the Assessing Officer, such income could not be said to have been derived from property held under trust for charitable purposes. On this reasoning, the Assessing Officer denied the exemption claimed under section 11 of the Act and treated the entire surplus as taxable income under the head “Income from Other Sources”.

5. Aggrieved by the assessment order, the assessee carried the matter in appeal before the Ld. Commissioner of Income Tax (Appeals) and raised various grounds challenging the denial of exemption under section

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11 and the consequential addition. Before the Ld. CIT(A), the assessee contended that its objects were purely charitable in nature, being directed towards environmental protection, which falls within the ambit of “charitable purpose” as defined under section 2(15) of the Act. It was submitted that the activities carried out by the assessee, even though undertaken on a contractual basis, were only a means to achieve its charitable objects and were not in the nature of trade, commerce or business. The assessee also submitted that there was no profit motive and that the entire income had been applied towards the charitable objects of the trust.

6. The Ld. CIT(A) examined the submissions of the assessee and the material available on record. While dealing with the grounds of appeal relating to denial of exemption under section 11, the Ld. CIT(A) placed reliance on the earlier orders passed by the Income Tax Appellate Tribunal in the assessee’s own case for earlier assessment years, more particularly the decision of the ITAT, Ahmedabad Bench, for assessment year 2013–14. **The Ld. CIT(A) noted that in those years, on identical facts, the Tribunal had held that the objects and activities of the assessee were charitable in nature, falling within the scope of preservation of environment, and that exemption under section 11 of the Act was rightly allowable.** It was also observed that there was no change in the facts and circumstances of the case and that the registration granted to the assessee under section 12A had not been cancelled.

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7. The Ld. CIT(A) further observed that the contractual receipts earned by the assessee were incidental to and in furtherance of its charitable objects and could not be treated as business income merely because they arose from agreements with various institutions. The Ld. CIT(A) accepted the contention of the assessee that the activities were not carried out with a profit motive and that the proviso to section 2(15) was not attracted. Following the binding precedent in the assessee's own case and also placing reliance on judicial pronouncements including the decision of the Hon'ble Gujarat High Court in the case of Ahmedabad Urban Development Authority, the Ld. CIT(A) held that the assessee was eligible for exemption under section 11 of the Act.

8. The Department is in appeal before us against the order passed by CIT (Appeals) allowing the appeal of the assessee.

9. We have heard the rival contentions and perused the material on record. The brief facts of the case are that the Assessing Officer denied the exemption claimed under section 11 of the Act, on the ground that the receipts earned by the assessee were contractual in nature and not income derived from property held under trust and accordingly treated the surplus as taxable income under the head "Income from Other Sources". In appeal, the Ld. CIT(A), after examining the objects of the assessee, the nature of activities carried out and the manner of application of income,

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held that the activities of the assessee were purely charitable in nature, falling within the scope of preservation of environment as contemplated under section 2(15) of the Act. The Ld. CIT(A) further recorded a categorical finding that the contractual receipts were incidental to and in furtherance of the charitable objects of the trust, that there was no profit motive involved, that the proviso to section 2(15) of the Act was not attracted and that the entire income had been applied towards charitable purposes. The Ld. CIT(A) also noted that there was no violation of section 13 of the Act and that the registration granted to the assessee under section 12A had not been cancelled. **Relying upon the binding decisions of the Coordinate Benches of the Tribunal in the assessee's own case, particularly the decision of the Ahmedabad ITAT in ITA No. 997/Ahd/2017 for assessment year 2013-14, the Ld. CIT(A) allowed the appeal and directed deletion of the addition.**

10. We find that the issue involved before us is squarely covered by the decision of the Coordinate Bench of the Ahmedabad ITAT in the assessee's own case in ITA No. 997/Ahd/2017 for assessment year 2013-14, wherein, on identical facts, it has been held that the objects and activities of the assessee are charitable in nature, that they fall specifically within the ambit of preservation of environment, that the proviso to section 2(15) of the Act is not applicable and that exemption under section 11 of the Act is allowable. The Tribunal in the said decision has also taken note of the fact that exemption under section 11 had been

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granted to the assessee in the past, that there was no change in the facts and circumstances and that the registration under section 12A had not been cancelled. It was further held that income earned from such activities, when wholly applied for charitable purposes, does not lose its charitable character merely because it arises from agreements or arrangements entered into for carrying out the objects of the trust.

11. In the year under consideration also, the facts remain identical and no distinguishing feature has been brought on record by the Revenue to take a different view. Respectfully following the binding decision of the Coordinate Bench in the assessee's own case, we find no infirmity in the order passed by the Ld. CIT(A) allowing exemption under section 11 of the Act. Accordingly, the order of the Ld. CIT(A) is upheld.

12. In the result, the appeal of the Department is dismissed.

This Order is pronounced in the Open Court on 29/01/2026

Sd/-
(DR. BRR KUMAR)
VICE PRESIDENT

Ahmedabad; Dated 29 /01/2026

Neelesh, Sr. PS

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आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

Sd/-
(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

आदेशानुसार/ BY ORDER,
उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad