

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA Nos.: **1492, 1493 & 1494/CHNY/2025**
निर्धारण वर्ष/Assessment Years: 2016-17, 2017-18 & 2018-19

**M/s. United Educational
Foundation,**
MAC/ICH Building, VCH Campus,
T.T.T.I Post,
Adyar S.O,
Chennai – 600 113.

The DCIT(Exemption),
Vs. Chennai Circle,
Chennai

PAN: AAATU 3411D

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri R. Vijayaraghavan, Advocate
(Through Virtual Mode)

प्रत्यर्थी की ओर से/Respondent by

: Dr. R. Mohan Reddy, CIT

सुनवाई की तारीख/Date of Hearing

: 29.01.2026

घोषणा की तारीख/Date of Pronouncement

: 30.01.2026

आदेश/ ORDER

PER GEORGE GEORGE K, VICE PRESIDENT:

These appeals filed by the assessee are directed against three orders of Commissioner of Income Tax (Appeals), Chennai-20, all dated 25.03.2026 passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Years are 2016-17, 2017-18 & 2018-19.

2. Common issues are raised in these appeals. Hence, they were heard together and are disposed off by this consolidated order. The issue raised is whether the CIT(A) is justified in upholding the denial of exemption u/s.11 of the Act for the relevant assessment years.

3. Brief facts of the case are as follows: The assessee is a charitable trust registered u/s.12A of the Act. For the assessment years 2016-17 to 2018-19, assessee trust has received donations from various individuals. It is claimed by the assessee that at the time of making donations, each of the donor furnished a certificate stating that the contribution was a voluntary donation made to the assessee. It was also stated that assessee had applied these donations to charitable purpose including donations to other charitable trust which are duly registered u/s.12A of the Act.

4. For the earlier assessment years 2011-12 to 2014-15, assessee trust had received similar donations from various individuals. It is submitted that all of these donors have certified that their contributions were voluntary in nature. It is stated that for the assessment years 2011-12 to 2014-15, the AO examined few of the donors and based on the statement alleged to have been made by few of the donors that donations were connected with obtaining

admission in Sri Venkateswara College of Engineering, the AO extrapolated such statement to all donors and treated the entire donations as capitation fees. Accordingly, the claim of exemption u/s.11 of the Act was denied and same was brought to tax. On appeal for assessment years 2011-12 to 2014-15, the Tribunal held that it is not proved that donations were made for the purpose of obtaining admission in Sri Venkateswara College of Engineering and accordingly, deleted the additions. On further appeal, the Hon'ble High Court of Madras reversed the Tribunal order and held that donations were in the nature of capitation fees thereby restored the order of the AO. Aggrieved by the judgment of Hon'ble Madras High Court, assessee trust filed SLP before the Hon'ble Apex Court. The Hon'ble Supreme Court admitted the SLP vide SLP No.22024-22026/2022 and stayed the operation of the Hon'ble Madras High Court judgment for the assessment years 2011-12 to 2014-15. The copy of judgment of the Hon'ble Supreme Court is placed on record.

5. For the present assessment years in appeals namely 2016-17 to 2018-19, the AO called for the details of donors. It is stated before the Tribunal that due to constraint of manpower, assessee trust was unable to furnish the complete details within the initially prescribed time period. However before the completion of assessment, in

response to show-cause notice, the assessee trust collected and furnished the names and details of all the donors. The AO concluded the assessment by observing that there was insufficient time to examine the donors and treated the entire donations as capitation fees and brought the same to tax (as done in the earlier assessment years 2011-12 to 2024-15).

6. Aggrieved, assessee filed appeals before the CIT(A) for the assessment years 2016-17 to 2018-19. The assessee also brought to the notice of the CIT(A), the judgment of the Hon'ble Jurisdictional High Court has been stayed by the Hon'ble Apex Court. The CIT(A) however, rejected the appeals of the assessee for the assessment years 2016-17 to 2018-19. The CIT(A) held that when information is called for by the AO, the same was filed belatedly at the fag end of the assessment and AO did not have the time to examine the list of donors. Further, it was held that donations that are received in the relevant assessment years are similar to the donations that was received by the assessee trust for earlier assessment years 2011-12 to 2014-15. Therefore, the CIT(A) following the judgment of the Hon'ble Jurisdictional High Court decided the issue against the assessee.

7. Aggrieved by the orders of the CIT(A), assessee has filed the present appeals before the Tribunal. The Ld.AR submitted that the CIT(A) merely followed the judgment of the Hon'ble Jurisdictional High Court for the assessment years 2011-12 to 2014-15 and confirmed the order of the AO. It was submitted that there was no independent examination for the years under consideration. Therefore, the CIT(A) conclusion that donations received from numerous persons were in the nature of capitation fees is not based on supporting material. It was further submitted that the CIT(A) has failed to consider the assessee's submission that operation of judgment of the Hon'ble High Court has been stayed by the Hon'ble Apex Court. It was contended by the Ld.AR that the judgment of the Hon'ble High Court to the earlier assessment years was rendered on the basis of facts specific for those years and cannot be mechanically applied or extrapolated to present years without independent enquiry / examination of the donors. It was stated that the CIT(A) having acknowledged donors details were furnished before the AO, ought to have called for a remand report from the AO and then decided the appeals. It is submitted that the failure to do so vitiates the appellate order. It was submitted by the Ld.AR that treating of voluntary donations received by the assessee trust as capitation fees for obtaining admission in Sri Venkateswara College of Engineering is

not based on any evidence on record and merely on surmises and presumptions.

8. The Ld.DR on the other hand submitted that assessee was directed to furnish the list / details of donors on or before 01.06.2018 but the same was furnished at the fag end of assessment on 15.12.2018 (for assessment year 2016-17). The Ld.DR stated that the details of donors were filed belatedly on purpose to avoid the AO to examine the same. Further, the Ld.DR submitted that donations collected for the impugned assessment years are similar to the donations that are collected for assessment years 2011-12 to 2014-15 and the modus operandi being the same, addition of donations as capitation fee is in order in light of the judgment of the Hon'ble Jurisdictional High Court in assessee's own case.

9. We have heard rival submissions and perused the material on record. For the assessment years 2011-12 to 2014-15, assessee trust had received similar donations from various donors. For the said assessment years, the AO during the course of assessment proceedings had recorded statement from some of the donors. In the said statement recorded, the donors had stated that these

donations are connected with obtaining admission in Sri Venkateswara College of Engineering. The AO thereby treated the entire donations as capitation fee and brought the same to tax. On appeal by the Revenue, Tribunal held that it is not proved that donations were made for the purpose of obtaining admission in Sri Venkateswara College of Engineering and accordingly, dismissed the appeals of the Revenue. However, the Hon'ble Jurisdictional High Court reverses the Tribunal's order (case reported in 144 Taxmann.com 54) and allowed the appeals of the Revenue. The assessee trust challenged the said judgment of the Hon'ble Jurisdictional High Court before the Hon'ble Supreme Court vide SLP No.22024 to 22026/2022. The following order has been passed by the Hon'ble Apex Court on 04.12.2023:-

ORDER

Issue notice to the respondent(s).

Having regard to the order dated 24.11.2023 passed in SLP (C) Nos.22564-22567/2022 arising from the same batch of cases disposed of by the Madras High Court on 31.10.2022 and following the same, there shall be interim stay of further proceedings of the impugned judgment and order in these matters also.

10. In light of the aforesaid order of the Hon'ble Supreme Court, there is an interim stay of further proceedings of the Hon'ble High Court of Madras.

11. For the impugned assessment years 2016-17 to 2018-19, assessee had furnished details/list of donors though belatedly before the AO. The AO due to paucity of time passed the assessment orders for assessment years 2016-17 to 2018-19 by holding the entire donations as capitation fees and brought the same to tax. The CIT(A) followed the judgment of the Hon'ble Jurisdictional High Court and dismissed the appeals of the assessee trust.

12. On facts on record, it is clear for the impugned assessment years there has been no investigation or examination carried on by the AO regarding the payment of donations whether it is capitation fees or not. The CIT(A) after having acknowledged that donor details were furnished by the assessee trust before the AO though belatedly ought to have called for a remand report and provided an opportunity to the AO to examine whether donations received is in the nature of capitation fee or not. The assessee's contention before the Tribunal is limited. It is submitted that evidences/details of the donors may be examined by the AO and then come to a conclusion whether it is capitation fee or not. The contention of the Ld.AR is reasonable. Hence, we restore the issue raised in these appeals to the files of the AO. The AO is directed to examine the list of donors and take a decision whether donations whether is capitation fees or

not. The assessee shall cooperate with the Revenue and shall furnish all the relevant details called for by the AO. The AO is directed to afford reasonable opportunity of hearing to the assessee and shall take a decision in accordance with law.

13. In the result, the appeals filed by the assessee are allowed for statistical purposes.

Order pronounced in the open court on 30th January, 2026 at Chennai.

Sd/-

(एस.आर. रघुनाथा)

(S.R. RAGHUNATHA)

लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 30th January, 2026

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Chennai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष /VICE PRESIDENT