

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
**IN THE INCOME TAX APPELLATE TRIBUNAL
DIVISION BENCH, 'B' CHANDIGARH**

**BEFORE SHRI RAJPAL YADAV, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER**

आयकर अपील सं. ITA No. 1706/CHD/2025
निर्धारण वर्ष / Assessment Year: 2022-23

Maharaja Jagat Singh Medical Relief Society, Dera Baba Jaimal Singh, Balsarai, Amritsar.	Vs	The CIT (Exemptions), Chandigarh.
स्थायी लेखा सं./PAN NO: AAATM1276C		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

Assessee by : Shri Atul Mandhar, Advocate and
Ms. Ekakshra Mandhar, Advocate
Revenue by : Shri Bharat Bhushan Garg, CIT DR

Date of Hearing : 29.01.2026
Date of Pronouncement : 10.02.2026

HYBRID HEARING

ORDER

PER RAJPAL YADAV, VP

The assessee is in appeal before the Tribunal against the order of Id. Commissioner of Income Tax (Exemptions) [in short 'the CIT (E)'] dated 25.11.2025 passed for assessment year 2022-23 vide which Id. CIT (E) has cancelled the registration granted u/s 12A of the Income Tax Act. This order has been passed in Form No. 10(ac) of the Act.

2. The assessee has taken 11 grounds of appeal but its grievance revolves around a single issue, namely, ld. CIT (E) has erred in cancelling the registration granted to the assessee Trust. The pleadings in all other grounds are peripheral arguments in support of the above central point.

3. The ld. counsel for the assessee while impugning the order of ld. CIT (E) took us through the written submissions filed by the Trust and available on page Nos. 1 to 24. He pointed out that assessee Trust was enacted in 1978 under the name and style of Maharaja Jagat Singh Medical Relief Society, Beas. It was registered with Registrar of Firms and Societies, Punjab. It was granted registration u/s 12A of the Income Tax Act as well as 80G. This registration was granted on 18.12.1978 and copy of the registration is available on page No. 104 to 106 of the Paper Book. The assessee Society, later on made changes in its name and the expression 'Beas' has been deleted. This change has also been recognized by the Registrar of Firms and Societies on 16.03.2011 and a fresh certificate was given which is available on page 40 of the Paper Book. The ld. counsel for the assessee has apprised us with

the objects of the society and we briefly take note of such objectives as under :

OBJECTS OF SOCIETY

MEMORANDUM OF ASSOCIATION OF MAHARAJ JAGAT SINGH MEDICAL RELIEF SOCIETY:

- I. *The name of the Society shall be Maharaj Jagat Singh Medical Relief Society.*
- II. *The Registered Office of the Society shall be situated in the State of Punjab.*
- III. *The objects of the Society to be followed on incorporation shall be:*
 - (1) *To acquire, establish, run, give assistance, financial or otherwise, in establishing and/or running hospitals, medical institutions, dispensaries, ambulances and nature cure clinics in India for providing medical relief by the reception and treatment of persons suffering from illness or mental defectiveness or by the reception and treatment of persons during convalescence, or of persons requiring Medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit.*
 - (2) *To establish, run, assist in establishing or running Pathological Laboratories equipped with scientific equipment; to provide assistance, financial or otherwise, to individuals for diagnosis and treatment of their diseases in a specialised hospital through a specialised agency.*
 - (3) *To establish /run or assist mobile dispensaries and to organise/assist camps in rural areas for providing medical relief to needy persons irrespective of caste, colour and creed.*
 - (a) *To aid and assist the people affected by a grave natural calamity by way of appropriate relief and rehabilitation.*
 - (4) *To promote medical research centres for the advancement of medical facilities in India.*
 - (5) *To enter into any arrangement with the Government. Central or State, for securing grants-in-aid. benefits and entitlements for any*
 - (6) *To run schools, library & reading rooms*
 - (7) *To purchase, take on lease, hire, accept as a gift or otherwise acquire movable or immovable property or rights therein or privileges attached thereto, which may be necessary for the attainment of the objects.*
 - (8) *To do all such other acts and things incidental to the furtherance of the above-said objects so however that no activity shall be carried on for profit and the charges, if any, shall be regulated accordingly*
 - (9) *In furtherance of the objects of the society, all the expenditure shall be incurred irrespective of caste, creed, colour, status or religion."*

3.1 In order to fulfil the above objects, it was submitted that assessee Trust has been running four hospitals and two Out Patient Dispensaries, namely ;

- (i) Maharaj Sawan Singh Charitable Hospital, Beas (Punjab) |
(ii) Maharaj Charan Singh Charitable Hospital, Sikanderpur(Haryana)
(iii) Bhota Charitable Hospital, Bhota (Himachal Pradesh) and
(iv) Dera Hospital (Beas)

3.2 The ld. counsel for the assessee has also made compilation in tabular form exhibiting the details of Out Patients as well as major and minor operations carried out in different hospitals of the assessee Trust. Such details are placed on page No. 2. With the help of these details, it was demonstrated before us that right from 1978 till 2026, it has been carrying out yeoman service to the mankind in the field of medical relief. For completeness of the facts, we deem it appropriate to take note of these details also :

Maharaj Sawan Singh Charitable Hospital, Beas													
STATISTICS OF SPECIALITYWISE OPD PATIENTS FROM APRIL 2021 TO MARCH 2022													
Month	GOPD											Total	
	MED	SURG	ORTHO	GYN	DENTAL	SKIN	PEDIA	ENT	GENERAL	EYE	Emer		Flu Clinic
April	2,148	1,374	861	966	394		276	835	2,314	822	1,103	1,539	12,632
May	2,130	1,260	764	887	386		344	682	2,153	640	1,075	1,255	11,576
June	2,774	1,858	1,006	1,034	682		738	1,057	2,925	932	1,171	880	15,057
July	3,398	2,705	1,298	1,476	881		1,091	1,708	3,636	1,440	1,675	1,073	20,381
August	3,332	2,890	1,506	1,599	1,112		1,467	2,185	4,482	1,417	1,772	943	22,705
Sept	3,969	3,121	1,474	1,623	1,375	609	1,866	2,279	5,017	1,516	1,700	315	24,864
Oct	3,839	3,065	1,501	1,419	1,096		2,110	2,145	4,656	1,214	1,876	-	22,921
Nov	3,924	3,048	1,412	1,272	965	719	2,234	1,843	3,753	996	1,221	-	21,387
Decr	3,532	3,048	1,519	1,277	1,022	822	2,102	1,744	3,404	1,434	1,085	-	20,989
Jany	2,736	2,250	1,072	1,037	680		1,149	1,248	2,598	943	1,123	535	15,371
Feb'y	3,162	2,340	1,315	1,214	866		1,214	1,406	3,585	1,222	894	399	17,617
March	4,424	3,292	1,941	1,559	1,250	1,064	2,193	1,922	5,139	1,695	1,317	18	25,814
TOTAL	39,368	30,251	15,669	15,363	10,709	3,214	16,784	19,054	43,662	14,271	16,012	6,957	2,31,314

STATISTICS OF MAJOR & MINOR OPERATIONS FROM APRIL 2021 TO MARCH 2022													
MONTH	MAJOR OPERATIONS						MINOR OPERATIONS						
	SURGER	ORTHO	GYN	E.N.T	EYE	TOTAL	SURG	ORTHO	GYN	ENT	EYE	DENTAL (Crowns)	TOTAL
APR	15	7	9	2	35	68	25	9	68	166	4	13	285
MAY	4	6	5	4	18	37	13	3	54	135	0	67	272
JUN	33	12	11	9	47	112	38	8	88	231	1	105	471
JUL	68	26	26	23	76	219	39	16	118	603	5	48	829
AUG	92	35	28	22	86	263	44	14	137	649	1	51	896
SEP	135	42	27	31	106	341	61	17	156	599	1	112	946
OCT	177	26	23	34	94	354	75	14	113	574	0	106	882
NOV	161	33	25	22	37	278	60	8	90	428	1	109	696
DEC	182	45	32	30	219	508	85	5	83	420	0	95	688
JAN	92	27	17	12	58	206	56	6	60	260	3	73	458
FEB	111	29	14	19	72	245	52	5	114	227	1	70	469
MAR	247	48	23	33	179	530	84	6	121	421	3	98	733
G.TOTAL	1317	336	240	241	1027	3161	632	111	1202	4713	20	947	7625

3.3 The ld. counsel for the assessee further apprised us that in order to fulfil various obligations under different laws, it has complied with all conditions and obtained registration according to the requirements. Details of such Registration Certificates are being placed in the Paper Book as Annexure 9 to 15. The details of such registrations are being noticed as under :

- (i) *Registration with Ministry of Home Affairs under FCRA with validity up to 01/01/2027 (Annexure 9).*
- (ii) *Registration with Ministry of Corporate Affairs in context to CSR activities (Annexure 10).*
- (iii) *Memorandum of Understanding with PGI, Chandigarh in context to collaboration of patient care activities (Annexure 11).*
- (iv) *Registration under various laws in context to Medical services (Annexure 12).*
- (v) *Registration under EPF Act and details of Provident Fund deposited (Annexure 13).*
- (vi) *Registration under Gratuity Act (Annexure 14) and details of Gratuity paid.*
- (vii) *Registration under TDS Provisions of Income Tax Act and details of TDS deposited (Annexure 15).*

3.4 The ld. CIT (E) has issued a notice dated 20.06.2025 to the assessee to submit certain details. The ld. CIT (E) must have some apprehension, therefore, in order to verify activities of the assessee and to find out whether they are in line of its objects or not, she had issued the notice. The assessee has filed detailed submissions in response to the notice. The ld. CIT (E) has noticed donations received by the assessee on page No. 3 of the impugned order and such details read as under :

Maharaj Jagat Singh Medical Relief Society			
Nature of Donation received for Financial Year 2021-22			
S.No.	Particulars	Amount (Rs.)	Page. No.
1	Donation Received within India, including sewa in kind	63,71,52,125.20	28 to 852
	Foreign Donation Received, including sewa in kind	4,31.52,337.40	853 to 856
3	Donation Received in India as CSR Contribution from Companies in Bank	2,91,50,000.00	28 to 852
GRAND TOTAL		70,94,54,462.60	

3.5 The ld. CIT (E) has examined some of the donations on test check basis and she has short listed donations received from three persons, namely;

- i) Shri Kailash Rajwani Rs.5,48,70,023/-
- ii) Shri Suresh Kanotra Rs.1,09,00,000/-
- iii) Shri Vikas Badhan Rs.17,04,000/-

3.6 She directed the assessee to explain these donations and assessee has filed submissions which have been noticed by the ld. CIT(E). As far as donations received from Shri Suresh Kanotra and Shri Vikas Badhan are concerned, assessee has submitted that Shri Suresh Kanotra has sold a property for a sum of Rs.1,20,00,000/- and he has donated Rs.1,09,00,000/-. The ld. CIT(E) did not examine this issue further and did not find any irregularity qua this donation. Similarly, she issued Show Cause Notice to Shri Vikas Badhan

and ultimately accepted the donation from this person because these donations were made from salary income. The ld. CIT(E), thereafter, made a detailed examination of the donations received from Shri Kailash Rajwani. It is observed by ld. CIT(E) that Shri Kailash Rajwani was a non-resident taxpayer in financial year 2021-22. He is holding a valid Indian Passport. He was having a company registered in Dubai and China, named as Suhrab Trading LLC. Money was transferred from the account of his father Shri Nand Lal to his NRE Account in India with Axis Bank and from there, he has made donations to the assessee Trust. The ld. CIT(E) thereafter issued notice to Shri Kailash Rajwani u/s 133(6), namely, it is a notice requiring the donor to give information. In response to the notice, Shri Kailash Rajwani has given submissions through the assessee Trust which has been partly reproduced by the ld. CIT(E) on page 7. The ld. CIT(E) was of the view that source of these donations is from a foreign country and therefore, assessee ought to have reported under FCRA. The ld. CIT(E) was of the view that these donations are of doubtful character and therefore, it is to be construed that

assessee Society has not acted in consonance with its objects and accordingly, has cancelled the registration.

4. The ld. counsel for the assessee further submitted that assessee is having registration with Ministry of Home Affairs under FCRA which is valid upto 01.01.2027 and Registration Certificate is attached as Annexure-A. He drew our attention towards a FAQ issued by Ministry of Home Affairs regarding foreign contributions. We deem it appropriate to take note of this complete FAQ as under :

I. Introduction to the Foreign Contribution (Regulation) Act, 2010 (FCRA, 2010)

Q.1 What is the purpose of FCRA, 2010?

Ans. FCRA, 2010 has been enacted by the Parliament to consolidate the law to regulate the acceptance and utilization of foreign contribution or foreign hospitality by certain individuals or associations or companies and to prohibit acceptance and utilization of foreign contribution or foreign hospitality for any activities detrimental to national interest and for matters connected therewith or incidental thereto.

Q.2 What are the various acts/rules/guidelines which regulate the flow of foreign contribution to India?

Ans. The flow of foreign contribution to India is regulated under the Foreign Contribution (Regulation) Act, 2010 and the Foreign Contribution (Regulation) Rules, 2011 (FCRR 2011) read with other notifications/orders etc., as issued there under from time to time. These are available at the website <https://fcraonline.nic.in>.

Q.3 What is the status of the FCRA, 1976 after coming into force of FCRA, 2010?

Ans. It has been repealed.

Q.4 To whom is FCRA, 2010 applicable?

Ans. As per Section 1(2) of FCRA, 2010, the provisions of the act shall apply to:

- *i. Whole of India*
- *ii. Citizens of India outside India; and*
- *iii. Associate Branches or subsidiaries, outside India, of companies or bodies corporate, registered or incorporated in India*

II. Key Definitions and Concepts under FCRA, 2010

A. Foreign Contribution

Q.1 What is foreign contribution?

Ans. As defined in Section 2(l)(h) of FCRA, 2010, "foreign contribution" means the donation, delivery or transfer made by any foreign source -

- *(i) of any article, not being an article given to a person* as a gift for his personal use, if the market value, in India, of such article, on the date of such gift is not more than such sum as may be specified from time to time by the Central Government by the rules made by it in this behalf.*
- *(ii) of any currency, whether Indian or foreign;*
- (iii) of any security as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 and includes any foreign security as defined in clause (o) of Section 2 of the Foreign Exchange Management Act, 1999.*

Explanation1-A donation, delivery or transfer of any article, currency or foreign security referred to in this clause by any person who has received it from any foreign source, either directly or through one or more persons, shall also be deemed to be foreign contribution within the meaning of this clause.

Explanation 2 - The interest accrued on the foreign contribution deposited in any bank referred to in sub-section (1) of Section 17 or any other income derived from the foreign contribution or interest thereon shall also be deemed to be foreign contribution within the meaning of this clause. Explanation3-Any amount received, by any person from any foreign source in India, by way of fee (including fees charged by an educational institution in India from foreign student) or towards cost in lieu of goods or services rendered by such person in the ordinary course of his business, trade or commerce whether within India or outside India or any contribution received from an agent or a foreign source towards such fee or cost shall be excluded from the definition of foreign contribution within the meaning of this clause.

- *In terms of FCRA, 2010 "person" includes -*
- *(i) an individual;*
- *(ii) a Hindu undivided family;*

- (iii) an association;
- (iv) a company registered under section 25 of the Companies Act, 1956 (now Section 8 of Companies Act, 2013).

Q.2 Who can receive foreign contribution?

Ans. Any "Person" can receive foreign contribution subject to the following conditions:-

- a) It must have a definite cultural, economic, educational, religious or social programme.
- b) It must obtain the FCRA registration/prior permission from the Central Government
- c) It must not be prohibited under Section 3 of FCRA, 2010.

Q.3 Who cannot receive foreign contribution?

Ans. As defined in Section 3(1) of FCRA, 2010, the following are prohibited to receive foreign contribution:

- (a) candidate for election;
- (b) Correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper;
- (c) Public Servant, Judge, Government servant or employee of any corporation or any other body controlled or owned by the Government;
- (d) Member of any legislature;
- (e) Political party or office bearer thereof;
- (f) organization of a political nature as may be specified under sub-section (1) of Section 5 by the Central Government.
- (g) association or company engaged in the production or broadcast of audio news or audio visual news or current affairs programmes through any electronic mode, or any other electronic form as defined in clause (r) of sub-section (1) of Section 2 of the Information Technology Act, 2000 or any other mode of mass communication;
- (h) Correspondent or columnist, cartoonist, editor, owner of the association or company referred to in point (g).
- (i) Individuals or associations who have been prohibited from receiving foreign contribution.

Q.4 Can foreign contribution be received in rupees?

Ans. Yes. Any donation, delivery or transfer received from a 'foreign source' whether in rupees or in foreign currency is construed as 'foreign contribution' under FCRA, 2010. Such transactions including interest on foreign

contribution or income derived from foreign contribution even in rupees term are considered as foreign contribution.

• Q.5 Will interest or any other income earned from foreign contribution (FC) be considered foreign contribution?

• Ans. Yes. It will become part of F.C. Please see Explanation 2 under Question 1.

• Q.6 Whether interest or any other income earned out of foreign contribution be shown as fresh foreign contribution receipt during that year or not?

• Ans. No. The interest or any other income earned out of foreign contribution should be shown against Column 2(i)(b) in the annual return (Form FC-4) during the year in which it is earned. Such interest or income would be considered as F.C.

• Q.7 Whether earnings from foreign client(s) by a person in lieu of goods sold or a service rendered by it is treated as foreign contribution?

• Ans. No. As clarified at Explanation 3 under section 2(l)(h), foreign contribution excludes earnings from foreign client(s) by a person in lieu of goods sold or services rendered by it as this is a transaction of commercial nature/quid pro quo in the normal course of business trade etc within or outside India.

• Q.8 whether donation given by Non-Resident Indians (NRIs) is treated as 'foreign contribution'?

• Ans. Contributions made by a citizen of India living in another country (i.e., Non-Resident Indian), from his personal savings, through the normal banking channels, is not treated as foreign contribution. However, while accepting any donations from such NRI, it is advisable to obtain his/her passport details to ascertain that he/she is actually an Indian citizen.

• Q.9 Whether donation given by an individual of Indian origin and having foreign nationality is treated as 'foreign contribution'?

• Ans. Yes. Donation from an Indian origin person who has acquired foreign citizenship is treated as foreign contribution. This will also apply to PIO / OCI cardholders. They are foreigners. However, this will not apply to 'Non-resident Indians', who still hold Indian citizenship as they are not foreigners.

• Q.10 Whether foreign remittances received from a relative are to be treated as foreign contribution as per FCRA, 2010?

• Ans. No. As per section 4(e) of FCRA, 2010 and Rule 6 of FCRR, 2011, even the persons prohibited under section 3, i.e., persons not permitted to accept foreign contribution, are allowed to accept foreign contribution from their relatives. However, in terms of Rule 6 of FCRR, 2011, any person receiving foreign contribution in excess of ten lakh rupees or equivalent thereto in a financial year from any of his relatives shall inform the Central Government in electronic Form FC-1 within three months from the date of receipt of such contribution. This form may be filled online on the website: <https://fcraonline.nic.in>

5. He drew our attention towards Question No. 8 and submitted that contribution made by a Citizen of India living in another country i.e. Non-Resident from his personal savings through normal banking channel is not treated as a foreign contribution. Hence, assessee was of the view that it was not required to be reported. Further, he drew our attention towards Question No.3 wherein certain category of individual institutions are being prohibited to receive foreign contribution. The assessee Trust does not fall in that category. Thereafter, ld. counsel for the assessee drew our attention towards page No. 10 to 22 of his Paper Book wherein he has made reference to various case laws and the propositions laid down therein. His emphasis was that assessee was not under any obligation to verify credentials of the donor to find out whether donor is of suspicious character or not. The role of ld. CIT(E) was to find out whether donations have been misused or not by the assessee Trust. No such finding has been recorded by the ld. CIT(E).

5.1 He drew our attention towards the judgement of Hon'ble Calcutta High Court in the case of CIT Vs Sanskriti Sagar ITA

46 of 2018. There was a Trust called 'Herbicure' which came into existence somewhere in 1993 and was alleged to have been engaged in Scientific Research Program. Thus, Trust has adopted a modus-operandi by which it would take donations from different individuals and industries for the purpose of carrying out its research activities and such donees were entitled for weighted deduction u/s 35(ii) of the Income Tax Act. In other words, if a donor has donated Rs.100/- to this Trust, then he would be entitled for a deduction of Rs.150/-. It was unearthed that this Trust was not carrying out any research activities, rather giving accommodation entries. Sanskriti Sagar has not given donations to this Trust but was beneficiary of receiving the donation. The ld. CIT(E) has cancelled the registration on the ground that this Trust has received donation from a Trust which has dubious activities. The ITAT has quashed this order of the ld. CIT(E). The Hon'ble Court was of the view that it is nowhere discernable that assessee Trust engaged in imparting education was also involved in money laundering. Its fault was only to receive some donations. On the strength of all these judgements and other details placed on the Paper Book, it has been submitted

that ld. CIT(E) has erred in cancelling the registration. The fault pointed out by the ld. CIT(E) is not at all contemplated u/s 12AB(4) of the Income Tax Act.

6. The ld. Sr.DR on the other hand submitted that it was for the assessee to first ensure activities of its donor and only then accept donations. He took us through the order of ld. CIT(E) from page 12 to 20. He pointed out as to how an individual can give donation of 323 days out of 365 ? In other words, how an individual can keep on giving donations periodically ? The nature of this money could not be verified and therefore, ld. CIT(E) has rightly cancelled the registration.

7. We have duly considered the rival contentions and gone through the record carefully. Section 12AB(4) empowers the Pr. Commissioner or the Commissioner to cancel any provisional on regular registration. It is salutary upon us to take note of this clause, which reads as under :

“Procedure for fresh registration.

12 AB(1). *x* *x* *x*

x *x* *x* *x*

(4) Where registration or provisional registration of a trust or an institution has been granted under clause (a) or clause (b) or clause (c) of sub-section (1)

or clause (b) of sub-section (1) of section 12AA, as the case may be, and subsequently,—

(a) the Principal Commissioner or Commissioner has noticed occurrence of one or more specified violations during any previous year; or

(b) the Principal Commissioner or Commissioner has received a reference from the Assessing Officer under the second proviso to sub-section (3) of section 143 for any previous year; or

(c) such case has been selected in accordance with the risk management strategy, formulated by the Board from time to time, for any previous year,

the Principal Commissioner or Commissioner shall—

(i) call for such documents or information from the trust or institution, or make such inquiry as he thinks necessary in order to satisfy himself about the occurrence or otherwise of any specified violation;

(ii) pass an order in writing, cancelling the registration of such trust or institution, after affording a reasonable opportunity of being heard, for such previous year and all subsequent previous years, if he is satisfied that one or more specified violations have taken place;

(iii) pass an order in writing, refusing to cancel the registration of such trust or institution, if he is not satisfied about the occurrence of one or more specified violations;

(iv) forward a copy of the order under clause (ii) or clause (iii), as the case may be, to the Assessing Officer and such trust or institution.

Explanation.—For the purposes of this sub-section, the following shall mean "specified violation",—

(a) where any income derived from property held under trust, wholly or in part for charitable or religious purposes, has been applied, other than for the objects of the trust or institution; or

(b) the trust or institution has income from profits and gains of business which is not incidental to the attainment of its objectives or separate books of account are not maintained by such trust or institution in respect of the business which is incidental to the attainment of its objectives; or

- (c) *the trust or institution has applied any part of its income from the property held under a trust for private religious purposes, which does not enure for the benefit of the public; or*
- (d) *the trust or institution established for charitable purpose created or established after the commencement of this Act, has applied any part of its income for the benefit of any particular religious community or caste; or*
- (e) *any activity being carried out by the trust or institution—*
- (i) *is not genuine; or*
 - (ii) *is not being carried out in accordance with all or any of the conditions subject to which it was registered; or*
- (f) *the trust or institution has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i) of clause (b) of sub-section (1), and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality; or*
- (g) *the apo referred to in clause (ac) of sub-section (1) of Section 12A is not complete or it contains false or incorrect information.*

(5)*The order under clause (ii) or clause (iii) of sub-section (4), as the case may be, shall be passed before the expiry of a period of six months, calculated from the end of the quarter in which the first notice is issued by the Principal Commissioner or Commissioner, on or after the 1st day of April, 2022, calling for any document or information, or for making any inquiry, under clause (i) of sub-section (4).]]*

8. A perusal of above provision would indicate that it empowers the Pr. Commissioner or Commissioner to call for such document or information from the Trust or Institution or make such enquiry as he thinks necessary in order to satisfy himself about the occurrence or otherwise of any specified violation. If there is any specified violation, then he would

pass an order in writing, cancelling the registration of such Trust, granted under sub-clause (a) (clause (b) or clause (c) of sub-section (1) or clause (b) of sub-section (1) of Section 12AA. The Explanation appended to this Section further provides the meaning of expression 'specified violations'. These violations are contemplated in clause (a) to (g) of the Explanation extracted supra.

8.1 'Specified violation' is that if a Trust has been drawing income from the property held under a Trust, wholly or partly, which is charitable or religious in nature and such income has been applied other than for the objects of the Trust, meaning thereby, if income is not being applied for the objects of the Trust, then it would be construed a 'specified violation' on whose fulfilment, registration can be cancelled. The second condition is, the Trust or Institution has income from profits and gains of a business which is not incidental to attainment of its objects but separate books are not being maintained. For example, Hon'ble Gujrat High Court in the case of Sabarmati Gaushala has held that object of the Society was to develop the breed but any income earned by the Society

from sale of semen was only incidental qua the main object of developing the breeds of the milking cows. If there is no incidental income, then assessee is required to maintain separate books of account and if assessee failed in maintaining such books then this would be a 'specified violation'.

8.2. The next 'specified violation' under clause (c) is that if any part of income is applied from the property, held under a Trust for profit on religious purpose which does not exist for the benefit of public at large, then such a situation would be a 'specified violation' for cancelling the registration. Similarly, if any other income is applied for particular religious entity or cause, then it would fall within the ambit of a specified violation contemplated in clause (d). Under (e), it has been provided that any activity carried out by the institution or the Trust is not genuine or is not being carried out in accordance with all or any of the conditions subject to which it was registered. Meaning thereby, assessee has to fulfil the conditions of registration as well as its activities should be genuine in accordance with objects. If there is any

shortcoming in this area, then it would be considered as 'specified violation'. The Trust has failed to comply with requirement of any other allied law as contemplated in sub-clause (i) or clause (b) of sub-section (1) of Section 12AB. In other words, if any specified law being violated, then it would fall within specified violation for cancellation of registration. The last violation provided in this Explanation is that if Registration Certificate is being obtained by submitting false or incorrect information, then registration could be cancelled.

9. At this stage, we deem it appropriate to take note of the submissions made by the assessee qua the position of law available on page No. 10 to 22 which read as under :

While granting registration u/s 12AA of Income Tax Act, 1961 the scope of examination of Lrd. CIT(E) is limited to -

- (i) Examining the genuineness of Society*
- (ii) Examining the activities of the Society are in accordance with the objects of the Society and are charitable.*

In this context, Reliance is placed on -

"Commissioner of Income Tax-I, Ludhiana Vs. Ved Niketan Dham Public Charitable Trust, Ludhiana ITA 70 of 2013 (PB & HRY High Court)

"A perusal of s. 12AA(3) of the Act, reveals that a precondition to cancellation of registration are findings that activities of the trust are not genuine or are not being carried out, in accordance with objects of the trust. Thus, before cancelling registration, a CIT is required to record a finding that activities of the trust are not genuine or are not being carried out, in accordance with objects of the trust. A perusal of the order passed by the CIT reveals that he did not record any finding as required by s. 12AA(3) of the Act. The Tribunal, therefore, rightly reversed the order passed by the CIT.

"Commissioner of Income Tax Vs. IILM Foundation Academy" 389 ITR 148 (PB & HRY High Court)"

"Charitable trust Registration under s. 12A -Object of providing education vis-a-vis incidental objects—At the stage of registration under s. 12A r/w s. 12AA, what is required to be examined by the Principal CIT or the CIT is whether at the time of making the application and consideration thereof, the applicant fulfils the conditions prescribed under s. 12A and that its main objects are charitable or religious in nature—At that stage, to consider the objects, which are merely incidental or ancillary to the attainment of the main objects, some of which in itself may not be charitable, as distinct and independent objects would taint such consideration—Further, registration granted under s. 25 of the Companies Act is a recognition of the fact that the assessee is essentially established for the purpose of education—As of today, there is nothing on record that the assessee is indulging in any activity which is not in the nature of charity—Tribunal while setting aside the order of the CIT, has rightly held that the assessee is eligible for registration under s. 12AA as also for exemption under s. 80G."

"Aryan Educational & Charitable Trust Vs. Commissioner of Income Tax ITA No. 1136/Chd/2024 (ITAT Chandigarh)"

"Charitable trust—Registration under s. 12AA—Cancellation under s. 12AB(4)—CIT(Exemptions) has withdrawn the registration under s. 12AA granted to the assessee-trust by exercising powers under s. 12AB(4)(ii) on the basis of facts recorded in the assessment orders for asst. yrs. 2013-14 to 2015-16— For those years, the Tribunal has held that there was no fault committed by the assessee while accepting the donations and it is not hit by s. 13(l)(c) as well as s. 13(l)(d)—Tribunal directed the AO to grant benefit of ss. 11 and 12— Though the Tribunal confirmed partial addition on account of alleged undue benefit taken by the chairman of the assessee-society, it cannot be construed as if the assessee would not be entitled to the benefit of s. 11 at all and its registration deserves to be cancelled—This is totally erroneous approach at the end of the CIT(Exemption)—Moreover, the circumstances enumerated in subs. (4) of s. 12AB authorizing the competent authority to withdraw the registration has been brought on the statute book by Finance Act, 2022— Thus, the law applicable at that point of time ought to have been looked into—All the facts which have been discussed by the CIT(Exemptions) were available even when registration was granted to the assessee under s. 12A(l)(ac)(iii) on 18th July, 2023 and therefore, the same cannot be reappreciated—Since the facts which are being considered by the AO while determining the taxable income have not been approved by the Tribunal in its orders, CIT(Exemption) cannot use those very facts for branding the assessee as non-charitable Institution—Therefore, the impugned order is quashed—Revenue is directed to restore the registration under s. 12A(l)(ac)(iii) in the same terms and conditions as

was granted on 18th July, 2023 and also dt. 31st July, 2006 which has been cancelled from asst. yrs. 2013-14 to 2015-16 upto 1st April, 2021"

"Himachal Pradesh Environment Protection and Pollution Control Board Vs. Commissioner of Income Tax" ITA No.74/Chd/2009 (ITAT, Chandigarh)" 125 TTJ(Chd) 98

"Charitable Trust—Registration of trust under s. 12AA—Withdrawal—Assessee engaged in activities for the purpose of prevention, control or abatement of pollution—General public utility object and is covered by charitable activity under s. 2(15) in view of retrospective amendment introduced by the Finance (No. 2) Act, 2009—Any collection of fees or charges, in the course of discharging these regulatory functions, cannot be viewed as a consideration of rendering these services of pollution control measures—CIT has also not brought on record any material to demonstrate activities of the assessee are not being carried out in accordance with the objects of the trust or the institution—Hence, withdrawal of registration granted under s. 12AA cannot be sustained in law"

"Santosh Foundation Vs. Commissioner of Income Tax (Exemptions) ITA No.286/Asr/2017 (ITAT, Amritsar)" 226 TTJ (ASR) 466

"Charitable trust—Registration under s. 12AA—Charitable purpose vis-a-vis trust formed for implementing CSR activities of the settlor company—Though the main aim and object of the assessee-trust was to implement the CSR activities of the parental company, it exists per se for the benefit of general public at large—At the time of granting registration under s. 12AA, the CIT (Exemptions) need not go beyond two parameters i.e., object being charitable in nature and activities being genuine—Reason given by the CIT (Exemptions) for refusing registration to the assessee- trust that its object militates against the legal principle that social enterprises cannot be direct recipients of money from corporate is not in conformity with any of the provisions of the IT Act—Donation given by a profit-making company to the charitable trust, cannot make the activities of the trust non-charitable—Fact that the CSR expenditure is not allowable expenditure under s. 37 is relevant only for the taxability of the company incurring such expenditure—From the perception of the assessee-trust whether the amount received as donation would be eligible for exemption under s. 11 depends on the application of such fund for the charitable activities carried on by the trust— CIT(Exemption) has neither pointed out any defect in the objects of the trust nor doubted the activities carried out to achieve these objects— Therefore, the application for registration cannot be rejected— Accordingly, the CIT (Exemptions) is directed to grant registration to the assessee-trust under s. 12AA from the date of application Sixth Ground of Appeal - That the Lrd. CIT Exemptions has been unjustified in cancelling Registration under section 12AB(4) relying on amendment brought by Finance Act, 2022 w.e.f. 01/04/2022 & which is not applicable for the year under consideration i.e. AY 2022 - 23.

Section 12AB as applicable for the year under consideration i.e. AY 2022-23 -

12AB. (1) The Principal Commissioner or Commissioner, on receipt of an application made under clause (ac) of sub-section (1) of section 12A, shall,—

(a) where the application is made under sub-clause (i) of the said clause, pass an order in writing registering the trust or institution for a period of five years;

(b) where the application is made under sub-clause (ii) or sub-clause (Hi) or subclause (iv) or sub-clause (v) of the said clause,—

(i) call for such documents or information from the trust or institution or make such inquiries as he thinks necessary in order to satisfy himself about—

(A) the genuineness of activities of the trust or institution; and

(B) the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its objects; and

(ii) after satisfying himself about the objects of the trust or institution and the genuineness of its activities under item (A) and compliance of the requirements under item (B), of sub-clause (i),—

(A) pass an order in writing registering the trust or institution for a period of five years; or

(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its registration after affording a reasonable opportunity of being heard;

(c) where the application is made under sub-clause (vi) of the said clause, pass an order in writing provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought, and send a copy of such order to the trust or institution.

(2) All applications, pending before the Principal Commissioner or Commissioner on which no order has been passed under clause (b) of sub-section (1) of section 12AA before the date on which this section has come into force, shall be deemed to be applications made under sub-clause (vi) of clause (ac) of sub-section (1) of section 12A on that date.

(3) The order under clause (a), sub-clause (ii) of clause (b) and clause (c), of sub-section (1) shall be passed, in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.

4) Where registration of a trust or an institution has been granted under clause (a) or clause (b) of sub-section (1) and subsequently, the Principal Commissioner or Commissioner is satisfied that the activities of such trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, as the case may be, he shall pass an order in writing cancelling the registration of such trust or institution after affording a reasonable opportunity of being heard.

(5) Without prejudice to the provisions of subsection (4), where registration of a trust or an institution has been granted under clause (a) or clause (b) of sub-section (1) and subsequently, it is noticed that-

(a) the activities of the trust or the institution are being carried out in a manner that the provisions of sections 11 and 12 do not apply to exclude either whole or any part of the income of such trust or institution due to operation of sub-section (1) of section 13; or

(b) the trust or institution has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i) of clause (b) of sub-section (1); and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality, then, the Principal Commissioner or the Commissioner may, by an order in writing, after affording a reasonable opportunity of being heard, cancel the registration of such trust or institution.]

The Lrd. CIT(E) while cancelling the registration of the Society has invoked Provisions of Section 12AB(4) as amended by the Finance Act, 2022 w.e.f. 01/04/2022 and the same is not applicable for the year under consideration i.e. AY 2022-23. [Reference is made to Para 5 of order appealed against].

In this context, Reliance placed on -

"Aryan Educational & Charitable Trust Vs. Commissioner of Income Tax ITA No. 1136/Chd/2024(ITAT Chandigarh)"

"Charitable trust—Registration under s. 12AA —Cancellation under s. 12AB(4)—CIT (Exemptions) has withdrawn the

registration under s. 12AA granted to the assessee-trust by exercising powers under s. 12AB(4)(ii) on the basis of facts recorded in the assessment orders for asst. yrs. 2013-14 to 2015-16— For those years, the Tribunal has held that there was no fault committed by the assessee while accepting the donations and it is not hit by s. 13(l)(c) as well as s. 13(l)(d)—Tribunal directed the AO to grant benefit of ss. 11 and 12— Though the Tribunal confirmed partial addition on account of alleged undue benefit taken by the chairman of the assessee-society, it cannot be construed as if the assessee would not be entitled to the benefit of s. 11 at all and its registration deserves to be cancelled—This is totally erroneous approach at the end of the CIT (Exemption)—Moreover, the circumstances enumerated in subs. (4) of s. 12AB authorizing the competent authority to withdraw the registration has been brought on the statute book by Finance Act, 2022— Thus, the law applicable at that point of time ought to have been looked into—All the facts which have been discussed by the CIT (Exemptions) were available even when registration was granted to the assessee under s. 12A(l)(ac)(iii) on 18th July, 2023 and therefore, the same cannot be reappreciated— Since the facts which are being considered by the AO while determining the taxable income have not been approved by the Tribunal in its orders, CIT (Exemption) cannot use those very facts for branding the assessee as non -charitable institution—Therefore, the impugned order is quashed—Revenue is directed to restore the registration under s. 12A(l)(ac)(iii) in the same terms and conditions as was granted on 18th July, 2023 and also dt. 31st July, 2006 which has been cancelled from asst. yrs. 2013-14 to 2015-16 upto 1st April, 2021"

Seventh Ground of Appeal - That the Lrd. CIT Exemptions has been unjustified in cancelling the registration without bringing on record any legal reasoning.

The Lrd. CIT(E) while cancelling the registration of the Society as mentioned vide Para 5 & 6 of Order appealed against has relied on non relevant fact in context to source of donation of the donor which is out of the purview of Section 12AB and further while cancelling the registration the Lrd. CIT(E) has not brought on record any legal reasoning so as to attract cancellation of registration. Against the receipt of partial reply from donor [which proves that the donor is not anonymous] in compliance to enquiry letter issued, the Lrd. CIT(E) has held the particular donor to be non genuine in the event of non submission of complete documents in context to source of income of the donor. In this context, kind attention of the Hon'ble Bench is drawn to Provisions of Rule 17AA and as prescribed the Society has been regularly filing every year all the requisite forms namely -

- (i) Form No. 9A alongwith Return of Income
 - (ii) Form No. 10 alongwith Return of Income
 - (iii) Form No.IOB alongwith Return of Income
 - (iv) Form No.IOBD [Annual statement of Donors] detailing the following pre requisites
 - Name of Donor
 - Address of Donor
 - PAN, if available
 - Aadhaar No., if available
- (Annexure 18)**

It may be mentioned that filing Annual Form No.IOBD with details of Donors is to be submitted before the due date i.e. 31st May of the relevant year and all the forms mentioned supra have duly been accepted during proceedings before Lrd. CIT(E). Consolidated yearly list of average number of Donors is annexed (Annexure 19).

In other words, Law casts duty on the donee in context to details of donors as prescribed by Form No.IOBD, which as stated supra was already in the domain of Revenue Authority. Nowhere in the statute book duty/responsibility has been cast on the donee who is registered u/s 12AA to enquire and furnish source of income of donor. The Lrd. CIT(E) in the process has failed to appreciate that the proceedings before her were in context to renewal of Registration u/s 12AB and not Assessment proceedings.

In this context, Reliance is placed on -

"Commissioner of Income Tax Vs. Sanskriti Sagar ITA No.46/2018 & LA No. GA/1/2018 (HC Calcutta)" 288 Taxman 153 (Cal)

"Charitable trust—Registration under s. 12A—Cancellation under s. 12AA(3)—Assessee's registration was cancelled by CIT (Exemption) on the ground that assessee has received Rs. 85,000 as donation from Herbicure and Herbicure was involved in money laundering—Not justified—There is no iota of evidence brought on record by the CIT(Exemption) to connect the assessee with the money laundering activities of Herbicure—Furthermore, there is no specific reference to the assessee in the answers given by the director of Herbicure to the various questions posed to him during the course of the survey operations—Precisely, for such reason the Tribunal has recorded that there is no evidence to conclude that the assessee was also engaged in money laundering activities—CIT(Exemption) did not consider the explanation offered by the assessee as to how the donation was received by cheque and it was credited to the

bank account of the assessee and the donation was applied to the objects of the assessee—No opportunity of cross - examination was allowed to the assessee and therefore, the order was in violation of the principle of natural justice— Thus, the order passed by the CIT (Exemption) was wholly unsustainable"

Eighth Ground of Appeal - That the Lrd. CIT Exemptions has been unjustified in failing to appreciate that the Society till date is registered and approved with FCRA.

As mentioned supra vide Ground of Appeal No.4 the Society continues to be registered with Ministry of Home Affairs under FCRA from time to time and the latest registration dated 15/12/2021 is valid up to 01/01/2027 (Annexure 9).

In this context, Reliance is placed on -

"Commonwealth Human Rights Initiative Vs. Commissioner of Income Tax [WP(C) 12289/2025] (HC Delhi)

Ninth Ground of Appeal - That the Lrd. CIT (E) has been unjustified in cancelling registration without bringing on record any instance that the application filed for registration contains false or incorrect information.

In cancelling the registration, the Lrd. CIT(E) has nowhere brought on record in the order appealed against that the Assessee has furnished false or incorrect information. As mentioned supra, the Society is registered both u/s 12AA & 80G since inception and vide order dated 24/09/2021 the registration of the Society was renewed both u/s 12AA & 80G for the years relevant to AY 2022-23 to AY 2026-27 (Annexure 20).

Tenth Ground of Appeal - That the Lrd. CIT Exemptions has been unjustified in cancelling registration without bringing on record any instance of income derived being applied for non-charitable activity.

As provided under the Provisions of Rule 17AA the Society is regularly filing Income Tax Returns based on books of accounts which are duly audited and Income Tax Return's filed for various years have duly been subjected to complete scrutiny over previous years and Assessments have been framed u/s 143(3) with status of Charitable trust [Copies of Assessment Orders passed are annexed -Annexure 21].

Eleventh Ground of Appeal - That the Lrd. CIT Exemptions has been unjustified in cancelling registration without bringing on record any instance of income derived being applied for activity which is not incidental to the objects of the Society.

As mentioned supra vide Ground of Appeal No.2 & 3, the activities of the Society are genuine and charitable vide Hospitals and the Lrd. CIT(E) has been unjustified in cancelling registration without bringing on record any instance of income derived being applied for activity which is not incidental to the objects of the Society in the body of order appealed against.

Twelfth Ground of Appeal - That the Lrd. CIT(E) has been unjustified in cancelling registration without bringing on record any instance of income derived being applied for activity which is not for the benefit of public.

As mentioned supra vide Ground of Appeal No.3, the Society is running four hospitals and two outpatients dispensaries through which charitable activities are being undertaken. In cancelling registration of the Society the Lrd. CIT(E) has been unjustified without bringing on record vide order appealed against any instance of income being applied not for the benefit of public.

Thirteenth Ground of Appeal - That the Lrd. CIT(E) has been unjustified in cancelling registration without bringing on record any instance of income derived being applied for activity which is for the benefit of particular religions community or caste.

The Lrd. CIT(E) has been unjustified in cancelling registration without bringing on record vide order appealed against any instance of income derived being applied for activity which is for the benefit of a particular religion community & caste.

Fourteenth Ground of Appeal - That the Lrd. CIT(E) has been unjustified in cancelling registration in the absence of any specified violation as detailed vide explanation to Provisions of Section 12AB(4).

The Lrd. CIT(E) while cancelling the registration of the Society vide order appealed against has not recorded a single finding that there has been a specified violation as detailed vide explanation to Section 12AB(4). In the absence of reference to any specified violation and complete compliance to Provisions of Rule 17AA, the Lrd. CIT(E) has been unjustified in cancelling the registration.

Fifteenth Ground of Appeal - That the Lrd. CIT Exemptions has been unjustified in not appreciating that registration of Society is governed by the Provisions of Section 12AA and not as per Provisions of Section 68 of Income Tax Act, 1961.

As mentioned supra vide 5th Ground of Appeal, Provisions of Section 12AA limit the scope of Lrd. CIT(E) to the extent of verification of -

- (i) Genuineness of the Society*
- (ii) Activities of the Society are in accordance with objects of the Society and are Charitable*

While cancelling the said registration the Lrd. CIT(E) without quoting in the body of order appealed against has relied upon the Provisions of Clause (a) of first proviso to Section 68 in context to cash credit w.r.t. source of amount credited.

Section 68 - Where any sum is found credited in the books of an assessee maintained for any previous

year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the income of the assessee of that previous year :

Provided that where the sum so credited consists of loan or borrowing or any such amount, by whatever name called, any explanation offered by such assessee shall be deemed to be not satisfactory, unless,-

- (a) the person in whose name such credit is recorded in the books of such assessee also offers an explanation about the nature and source of such sum so credited; and*
- (b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:*

Provided further that where the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium or any such amount by whatever name called, any explanation offered by such assessee-company shall be deemed to be not satisfactory, unless-

- (a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and*
- (b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:*

Provided also that nothing contained in the first proviso or second proviso shall apply if the person, in whose name the sum referred to therein is recorded, is a venture capital fund or a venture capital company as referred to in clause (23FB) of section 10.

In this context, Reliance is placed on -

*"Commissioner of Income Tax Vs. Sanskriti Sugar
ITA No.46/2018 & IA No. GA/1/2018 (HC Calcutta)"
288 Taxman 153 (Cal)*

*"Charitable trust—Registration under s. 12A—
Cancellation under s. 12AA(3)—Assessee's
registration was cancelled by CIT (Exemption)
on the ground that assessee has received Rs.
85,000 as donation from Herbicare and
Herbicare was involved in money laundering—
Not justified—There is no iota of evidence*

brought on record by the CIT(Exemption) to connect the assessee with the money laundering activities of Herbicure—Furthermore, there is no specific reference to the assessee in the answers given by the director of Herbicure to the various questions posed to him during the course of the survey operations—Precisely, for such reason the Tribunal has recorded that there is no evidence to conclude that the assessee was also engaged in money laundering activities— CIT(Exemption) did not consider the explanation offered by the assessee as to how the donation was received by cheque and it was credited to the bank account of the assessee and the donation was applied to the objects of the assessee—No opportunity of cross- examination was allowed to the assessee and therefore, the order was in violation of the principle of natural justice— Thus, the order passed by the CIT (Exemption) was wholly unsustainable"

10. In the light of above, if we peruse the facts and circumstances alongwith the findings recorded by the ld. CIT (E), then it would reveal that ld. CIT (E) has not attributed any specified violation committed by the assessee as contemplated in Section 12AB(4) of the Income Tax Act. We have discussed scope of Section 12AB(4) and pointed out each specified violation on whose occurrence the registration could be cancelled. Receipt of donation from a donee does not fall in any of the violations contemplated in Section 12AB(4) of the Act. The ld. CIT (E) has expressed her apprehension that this amount has been received from a foreign account and therefore, assessee ought to have reported it with the Ministry of Home Affairs as per regulation of introduction to Foreign

Contribution Regulation Act, 2010. This is one of the suspicions of the Id. CIT (E). We have reproduced complete Regulation on page Nos. 8 to 11 of this order. The assessee is having registration with the Ministry of Home Affairs under FCRA which is valid upto 21.01.2027 but the regulation laid down key definitions and concepts by way of Question and Answer form. In Question No.8, it has been specifically provided that if contribution made by citizen of India living in another country i.e. Non-Resident Indian, from his personal savings through the normal banking channel, then it is not treated as a foreign contribution. At the cost of repetition, we may take note of Question No. 8 and its reply, which reads as under :

• ***8 whether donation given by Non-Resident Indians (NRIs) is treated as 'foreign contribution'?***

• *Ans. Contributions made by a citizen of India living in another country (i.e., Non-Resident Indian), from his personal savings, through the normal banking channels, is not treated as foreign contribution. However, while accepting any donations from such NRI, it is advisable to obtain his/her passport details to ascertain that he/she is actually an Indian citizen.*

10.1 It is pertinent to observe that assessee has received huge contribution from various donors. It has been providing free medical aid to the society in its four hospitals. Nowhere in the scheme of the assessment of charitable institution, the obligation has been put upon a charitable institution to first verify the credentials of the donors and only then accept the donations. The whole emphasis given u/s 12AB(4) of the Act is as to how the donations are being applied by a Trust or an institution. If the donations are misused and not applied on objects, then it would be considered as a specified violation. It is also pertinent to note that ld. CIT (E) was not determining the taxable income of the assessee. She could exercise her power only in an area where activities contemplated in the Trust Deed are being carried out by the assessee Trust in true spirit or not. In other words, whether there is any violation at the end of the assessee to carry out its activities as contemplated in its object clause. No such violation has been pointed out by the ld. CIT (E). The suspicion how so may be strong enough, it cannot take the place of credible evidence. The ld. CIT (E) was unable to lay her hand on any of the incriminating material except making comments on peripheral

issues by expressing her apprehension or suspicion on one donation. But, then, she could use powers contemplated u/s 131 of the Income Tax Act whereby presence of the donor can be ensured. Even by issuance of bailable warrants. She has just issued notice u/s 133(6) which only provides a mechanism for collecting information and not ensuring the presence of witness or any other person. On the one hand, assessee has received the donation, on the other hand it cannot emphasize the donor to appear before any authority. It is not necessary that assessee has control over every donor. Therefore, to our mind, the ld. CIT (E) has erred in exercising her powers in this manner and cancelling the registration of a charitable institution which has been working for the medical relief of mankind since 1978. The ld. CIT (E) could not point out a finger on any of the activities carried out by the Trust in its four hospitals. It has also been demonstrated before us that the Trust has some understanding with the PGI for providing medical help to the needy. Therefore, we are of the view that the order passed by the ld. CIT (E) is not sustainable. Accordingly, we allow this appeal and set aside

the impugned order. We restore the registration granted to the assessee u/s 12A of the Income Tax Act.

11. In the result, appeal of the assessee is allowed.

Order pronounced on 10.02.2026.

Sd/-

Sd/-

**(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER**

**(RAJPAL YADAV)
VICE PRESIDENT**

“Poonam”

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

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकरआयुक्त/ CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
5. गार्डफाईल/ Guard File

सहायक पंजीकार/ Assistant Registrar