

IN THE INCOME TAX APPELLATE TRIBUNAL
“G” BENCH, MUMBAI
BEFORE SMT. BEENA PILLAI (JUDICIAL MEMBER)
&
SHRI ARUN KHOPDIA (ACCOUNTANT MEMBER)
I.T.A. No. 7684 & 7685/Mum/2025
Assessment Year: 2025-26

GRACE FOUNDATION Room No. 10, Bldg No. 05 Shiv CHSL Ltd. Keshavrao Kadam Marg Mumbai Central Mumbai - 400008 [PAN: AADAG9408N]	Vs.	CIT(Exemption)
(Appellant)		(Respondent)

Assessee by	Shri Mohmmad Shahab
Revenue by	Shri Arun Kanti Datta, CIT DR.

Date of Hearing	11.02.2026
Date of Pronouncement	16.02.2026

ORDER

Per Smt. Beena Pillai, JM:

Present appeals filed by the assessee arise out of separate orders even dated 28/09/2025 passed by the Ld.CIT(Exemptions)-Mumbai [hereinafter the “Ld.CIT(A)”] rejecting the application seeking registration u/s 12AB and 80G of the Act, respectively.

2. The Ld. AR submitted that the assessee is an existing charitable trust registered u/s 12AA and approved u/s 80G. It was submitted that provisional registration u/s 12AB and provisional approval u/s 80G were granted on 03/03/2022 in Forms 12AC and 10AC respectively, valid for A.Ys. 2023-24 to 2025-26. Thereafter, in order to regularize the provisional registration, the assessee filed application in Form 10AB on 11/02/2025 seeking registration u/s 12A and 80G. However, the same resulted in a

delay of about 8 months from the last date as extended by the CBDT vide Circular No. 7/2024 dated 25/04/2024.

2.1. The Ld. AR explained that the delay was unintentional and occurred due to procedural and administrative reasons while transitioning from provisional to regular registration. The Ld. AR submitted that there was a *bona fide* and reasonable cause for the delay in filing the application for regularization of the provisional registration.

2.2. He submitted that the trustee, Mr. Shankar Madhukar Moglekhod, who is solely responsible for the day-to-day affairs of the trust, had entrusted all income-tax related compliances to a tax consultant. It was submitted that during the transition regime introduced under the amended provisions relating to charitable trusts, there was a *bona fide* misunderstanding and confusion regarding the timelines prescribed for filing Form No. 10AB, which was required to be filed within six months from the commencement of activities.

2.3. The Ld. AR further submitted that in view of such widespread confusion, the CBDT itself had issued various circulars extending the time limit for filing applications for regularization of provisional registration. In the present case, upon discovery of the lapse, the trustee and the tax consultant immediately took corrective steps and filed Form No. 10AB on 11/02/2025, resulting in a delay of about eight months. It was submitted that the delay was neither intentional nor deliberate.

2.4. The Ld. AR also pointed out that the trustee has duly filed an affidavit affirming that Form No. 10AB could not be filed within the time allowed by the CBDT due to *bona fide* reasons and circumstances beyond his control.

2.5. On the contrary, the Ld. DR vehemently opposed the submissions of the Ld. AR.

We have perused the submissions advanced by both sides in the light of the material placed before us.

3. Admittedly, there was considerable complexity at the time when the amended provisions governing registration of charitable institutions u/s 12A and approval u/s 80G were introduced. Considering the practical difficulties faced by assesseees at large, the CBDT issued Circular No. 7/2024 extending the time limit for filing applications. Though such circular does not dilute the statutory framework, it certainly reflects the administrative recognition of the transitional difficulties faced by charitable institutions.

3.1. The controversy raised before us is no longer *res integra*. Coordinate Benches of this *Tribunal*, while examining the scheme of registration under sections 12A and 80G, have laid down clear principles governing rejection of applications on purely technical grounds of limitation. In a series of decisions, it has been consistently held that where an application in Form 10AB is rejected solely on the ground of delay, without recording any adverse finding regarding the charitable nature of activities or non-

compliance with substantive statutory conditions, such rejection is not sustainable in law.

3.2. It has further been held that a mere technical lapse should not result in denial of registration or approval, particularly when the eligibility of the trust and genuineness of its activities are not in dispute.

3.3. Support for this view is drawn from the following decisions of the coordinate Benches of this *Tribunal*:

- *Amrut Public Charitable Trust vs. ITO, Exemption [2026]*
182 taxmann.com 690 (Mumbai – Trib.)
- *Anybody can Help Foundation vs. ITO (Exemption) [2026]*
182 taxmann.com 229 (Mum-Trib.)

4. We find that the rejection of the assessee's application seeking final registration u/s 12A & 80G has been made solely on the ground of delay, without recording any adverse finding in respect of the charitable objects of the trust, the genuineness of its activities, or compliance with the substantive conditions prescribed under the relevant sections.

4.1. We also note that, on the very same set of facts, the Department has granted the assessee regular registration under section 12AB(1)(b) for a period of ten years, thereby accepting the charitable nature and genuineness of its activities. In such circumstances, rejection of approval under section 80G(5) on a purely technical ground, without examination on merits, would lead to irreversible and disproportionate consequence, defeating the object of the statutory scheme. The delay has been

satisfactorily explained as arising from bona fide confusion under the transition regime, which explanation stands supported by sworn affidavits and contemporaneous material and has not been rebutted by the Revenue.

4.2. Respectfully following the binding ratio laid down by the coordinate Bench of the *Tribunal* in *Anybody can Help Foundation (supra)* and applying the settled judicial principle that procedural prescriptions are intended to advance the cause of justice and not to defeat substantive rights, we hold that the impugned rejection of the assessee's application is not sustainable in law.

4.3. We, therefore, remit the issue back to Ld.CIT(E) to accept the application seeking final registration u/s 12A & 80G of the Act. The Ld.CIT(E) directed to carry out necessary verification in respect of the same and to pass a speaking order in accordance with law. Needless to say that proper opportunity of being heard must be granted to assessee.

Accordingly, grounds raised by assessee are allowed for statistical purposes.

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

Order pronounced in the open court on 16/02/2026

Sd/-

**(ARUN KHODPIA)
Accountant Member**

Sd/-

**(BEENA PILLAI)
Judicial Member**

Mumbai
Dated: 16/02/2026
SC Sr. P.S.

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

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(Asstt. Registrar)
ITAT, Mumbai