

IN THE INCOME TAX APPELLATE TRIBUNAL

"C" BENCH, MUMBAI

BEFORE SHRI VIKRAM SINGH YADAV, ACCOUNTANT MEMBER

SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER

ITA No.7923/MUM/2025

ITA No.7924/MUM/2025

Cartrade Foundation,

Lloyds Centre Point,
1st Floor, Unit No.11 & 12,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400025
PAN: AAJCC6167E

..... Appellant

v/s

Commissioner of Income Tax (Exemptions),

Room No.601, 6th Floor, Cumballa Hill,
MTNL Telephone Building, Peddar Road,
Dr. Gopalrao Deshmukh Marg, Cumballa Hill,
Mumbai - 400026

..... Respondent

Assessee by : Shri Punit Shah

Revenue by : Shri Virabhadra Mahajan, Sr. DR

Date of Hearing - 26/02/2026

Date of Order - 27/02/2026

ORDER

PER SANDEEP SINGH KARHAIL, J.M.

The assessee has filed the present appeals against the separate impugned orders dated 24.09.2025 and 22.10.2025 passed by the learned Commissioner of Income Tax (Exemptions), Mumbai, [*learned CIT(E)*], rejecting the application filed by the assessee seeking registration under section 12AB and section 80G of the Income Tax Act, 1961 (*the Act*).

2. In ITA No.7923/Mum/2025, the assessee has raised the following grounds: -

"1. On the facts and circumstances of the case and in law, the learned Commissioner Income-tax (Exemptions), Mumbai (hereinafter referred to as "the CITE)) erred in rejecting the application made by the appellant for registration u/s 12A of the Income Tax Act 1961 (hereinafter referred to as "the Act").

2. On the facts and in the circumstances of the case in law, the CIT(E) erred in rejecting the application for conversion of provisional registration into final registration solely on the ground of delay in filing the application.

3. On the facts and in the circumstances of the case in law, the CIT(E) erred in rejecting the application for final registration without considering the condonation request submitted by the appellant. The order merely refers to CBDT extension circulars and concludes that the application was filed beyond the permissible time, without examining the reasons for delay or the merits of the condonation plea. The rejection is mechanical and overlooks the substantive compliance and bona fide conduct of the appellant in carrying out charitable activities.

4. On the facts and in the circumstances of the case in law, the CITE) has wrongly interpreted one of the objects in the Memorandum of Association (MOA) as permitting expenditure outside India despite written clarification during the proceedings clearly stating that it does not intend to spend any funds outside India.

5. The above grounds / sub-grounds are without prejudice to each other;"

3. While in its appeal, being ITA No.7924/Mum/2025, the assessee has raised the following grounds: -

"1. On the facts and circumstances of the case and in law, the learned Commissioner Income-tax (Exemptions), Mumbai (hereinafter referred to as "the CIT(E)") erred in rejecting the application made by the appellant for registration u/s 80G of the Income Tax Act 1961 (hereinafter referred to as "the Act).

2. On the facts and in the circumstances of the case in law, the CIT(E) erred in rejecting the application for conversion of provisional registration into final registration merely on the ground that registration u/s 12AB has been denied, without independently examining the genuineness of the activities and charitable nature of the appellant institution.

3. On the facts and in the circumstances of the case in law, the CIT(E) erred in holding that non-grant of registration u/s 12A ipso facto renders the application for approval u/s 80G untenable, whereas section 80G does not envisage automatic rejection solely on that ground and requires a separate satisfaction regarding the conditions under section 80G(5)(i) to (v).

4. On the facts and in the circumstances of the case in law, the CIT(E) erred in not appreciating that the rejection of registration u/s 12A is sub judice before this Hon'ble Tribunal, and therefore, the consequential rejection of

approval u/s 80G should not be sustained until the final determination of the registration issue.

5. The above grounds / sub-grounds are without prejudice to each other;"

4. We have considered the submissions of both sides and perused the material available on record. The brief facts of the case are that the assessee filed an application in Form No. 10AB on 20.03.2025 under section 12A(1)(ac)(iii) of the Act for seeking registration under section 12AB of the Act. On verification of the application, the learned CIT(E) found that the application was not complete, and all the documents required to accompany the application were not furnished. Accordingly, the notice was issued to the assessee to furnish the complete set of documents mentioned in Rule 17A(2) of the Income Tax Rules, 1962 (*"the Rules"*). In response, the assessee filed its submissions and furnished the requisite details and documents.

5. After going through the same, the learned CIT(E) noticed that the assessee had obtained provisional registration in Form No. 10AC vide order dated 31.12.2021, having validity upto assessment year 2024-25. On the basis that the assessee should have filed the application in Form No. 10AB for regularisation of provisional registration latest by the end of the month of September 2023 and since the assessee has filed the application in Form No. 10AB on 20.03.2025, i.e., after a delay of more than eighteen months, the learned CIT(E) asked the assessee to show cause as to why the application be not rejected on the ground of delay of more than eighteen months.

6. During the hearing, the learned Authorised Representative ("*learned AR*") submitted that in response to the show cause notice issued by the learned CIT(E), the assessee filed an application seeking condonation of delay in filing Form No. 10AB submitting that the delay was purely inadvertent and unintentional, caused due to lack of awareness of newly introduced procedural requirement. From the perusal of the application for seeking condonation of delay, forming part of the paper book from pages 77-78, we find that the assessee submitted that the Trustees were not aware of amended provisions requiring the timely refiling of Form No. 10A/10AB for conversion of provisional approval into final registration under the revised procedures. Therefore, it was submitted that due to a lack of awareness along with administrative oversight, there was a delay in filing Form No. 10AB for seeking regularisation of provisional registration.

7. From the perusal of the impugned order, more specifically para-5, it is evident that the learned CIT(E), without taking into consideration the application filed by the assessee seeking condonation of the delay, rejected the application filed by the assessee for regularisation of provisional approval in Form No. 10AB, *inter alia*, on the ground of late filing of the application.

8. During the hearing, the learned AR reiterated the submissions made by the assessee before the learned CIT(E) and submitted that solely due to lack of awareness of the newly introduced procedural requirement for seeking registration under section 12A of the Act, Form No. 10AB for regularisation of provisional registration could not be filed within the

prescribed limitation period. During the hearing, in support of its submission, the learned AR also placed reliance upon the CBDT Circular No.7 of 2024 dated 25.04.2024, whereby in all cases where the time limit for filing Form No. 10AB was expiring on 30.09.2023 was extended till 30.06.2024. Accordingly, the learned AR submitted that the delay is only of 8.5 months as against 18 months computed by the learned CIT(E).

9. On the other hand, the learned Departmental Representative ("*learned DR*"), by vehemently relying upon the order passed by the learned CIT(E), submitted that the timeline as provided in section 12A(1)(ac)(iii) of the Act is mandatory. In this regard, the learned DR placed reliance upon the decision of the Hon'ble Supreme Court in PCIT vs Wipro Ltd., reported in (2022) 140 Taxman 223 (SC).

10. Having considered the submissions of both sides and perused the material available on record. At the outset, it is pertinent to note that the first proviso to section 12A(1)(ac) of the Act grants the power to the Principal Commissioner or Commissioner to condone the delay in filing the application if there is reasonable cause for not filing the application within the prescribed time. From the perusal of section 10A(8) of the Act, which was under consideration before the Hon'ble Supreme Court in Wipro Ltd. (*supra*), we find that no such power has been granted to the Assessing Officer to condone the delay in furnishing the declaration, as required, beyond the due date for furnishing the return of income. Thus, we are of the considered view that in such circumstances, the Hon'ble Supreme Court in Wipro Ltd. (*supra*) held that the requirements of section 10A(8) of the Act

are mandatory in nature. However, from a plain reading of the provisions of section 12A(1)(ac) of the Act, it is evident that the statute authorises the learned CIT(E) to condone the delay in filing Form No. 10AB upon being satisfied regarding the existence of reasonable cause for the delay.

11. In the present case, the provisional registration in Form No. 10AC was granted to the assessee on 31.12.2021, valid up to the assessment year 2024-25. Since as per the provisions of section 12A(1)(ac)(iii) of the Act, in case where the Trust or institution has been provisionally registered under section 12AB, the application for regularisation of provisional registration is required to be made by the assessee at least six months prior to the expiry of the provisional registration or within six months of commencement of its activities, whichever is earlier. The learned CIT(E), on the basis that the assessee should have filed an application in Form No.10AB for regularisation of provisional registration, latest by the end of September 2023, rejected the application filed by the assessee in Form No. 10AB on the ground of delay. As noted in the foregoing paragraphs, as per the assessee, the delay occurred is purely inadvertent and unintentional, caused due to lack of awareness of the newly introduced procedural requirement, on the basis that Trustees were not aware of the amended provisions requiring timely refiling of Form No. 10AB for conversion of provisional approval into final registration. We find that prior to the insertion of the proviso to section 12A(1)(ac)(iii) of the Act, the CBDT was exercising the power for condonation of delay in filing Form No. 10A/10AB. In order to avoid and mitigate genuine hardship in cases of delayed filing of Form No. 10A/10AB,

the CBDT vide Circular No.7 of 2024 dated 25.04.2024 extended the timeline for filing Form No.10A/10AB in exercise of powers conferred under section 119 of the Act. After the insertion of the proviso to section 12A(1)(ac) of the Act by the Finance (No. 2) Act 2024, w.e.f. 01.10.2024, the learned CIT(E) has been empowered to condone the delay in filing the application.

12. We find that, in the present case, reasons stated by the assessee for seeking condonation of delay in filing Form No. 10AB fall within the parameters for grant of condonation laid down by the Hon'ble Supreme Court in the case of Collector, Land Acquisition, Anantnag vs MST Katiji and others, reported in 1987 (2) SCR 387. It is well established that rules of procedure are handmaid of justice. When substantial justice and technical considerations are pitted against each other, the cause of substantial justice deserves to be preferred. It is evident from the record that in the present case, the assessee did not stand to benefit from the late filing of Form No. 10AB for the regularisation of provisional registration. It is further undisputed that the assessee filed Form No. 10AB on 28.03.2025 for the regularisation of provisional registration.

13. Having considered the submissions of the learned AR and the reasons stated by the assessee before the learned CIT(E), we are of the considered view that the assessee has proved sufficient cause for not filing Form No. 10AB within the prescribed time before the learned CIT(E). Accordingly, we are of the considered view that the said delay should be condoned.

14. In the present case, the learned CIT(E) also rejected the application filed by the assessee in Form No. 10AB for seeking registration under section 12AB of the Act on the basis that the following clauses of the assessee's Memorandum of Association leave room for the potential violation of the provisions of section 11 of the Act: -

*"21. To enter into any arrangement with **any Government authority** whether municipal, local or otherwise or any person or Company that may seem conducive to the attainment of Company's objects or any of them and to obtain from any such Government or other authority, person or company any rights, privileges, charters, contracts, licenses and concessions which may be desirable for the Company to obtain, and to carry out, exercise and comply with the same.*

*22. To subscribe to become a member of and co-operate with any other association whether incorporated or not. whether **located in India or abroad** whose objects and interests are wholly or partly identical with or similar to those of the Company."*

(Emphasis supplied)

15. From the perusal of the impugned order, we find that the learned CIT(E) held that the use of such words as noted in the foregoing paragraph in the Memorandum of Association of the assessee clearly conveys its intention to utilize fund outside India, thereby leaving open the possibility for future endeavours, which may involve expenditure outside the country.

16. During the hearing, the learned AR submitted that the assessee is a not-for-profit company incorporated under section 8 of the Companies Act, 2013. It was further submitted that the main objects of the assessee do not include any clause pertinent to incurring expenditure outside India. The learned AR submitted that clauses 21 and 22 of the Memorandum of Association, treated by the learned CIT(E) to be in violation of the statutory provisions, form part of the incidental objects of the assessee. The learned

AR further submitted that the possibility of the assessee incurring expenditure outside India can be examined at the time of granting exemption under section 11 of the Act, and the same cannot be the basis for denying the registration under section 12AB of the Act, wherein the limited aspect which needs examination is the genuineness of the activities and the objects of the Trust. The learned AR further submitted that, in any case, the assessee has already amended its Memorandum of Association, and the reference to incurring expenditure outside India has been dropped.

17. Since, in the peculiar facts of the present case, the assessee has already amended its Memorandum of Association, amending the clauses pertaining to incurring any expenditure outside India, we are of the considered view that the question whether the learned CIT(E) should have examined the possibility of incurring expenditure outside India at the stage of granting registration under section 12AB of the Act has been rendered academic.

18. Therefore, having considered the facts and circumstances of the present case, we deem it appropriate to set aside the impugned order and restore the application filed by the assessee in Form No. 10AB for regularisation of provisional registration under section 12AB of the Act to the file of the learned CIT(E) for *de novo* adjudication, after condoning the delay in filing Form No. 10AB by the assessee and consideration of the amended Memorandum of Association, as per law. We direct the assessee to bring on record the necessary documentation before the learned CIT(E) for its consideration. With the above directions, the grounds raised by the assessee

are allowed for statistical purposes. Needless to mention, no order shall be passed without affording reasonable and adequate opportunity of hearing to the assessee. Further, the assessee is directed to appear before the learned CIT(E) on all dates of hearing as may be fixed without any default.

19. As we remit the issue of grant of registration under section 12AB of the Act to the file of the learned CIT(E) for *de novo* adjudication, the order of the learned CIT(E) rejecting the application for registration under section 80G of the Act is also set aside and the matter is restored to the file of the learned CIT(E) for deciding afresh. As a result, the grounds raised by the assessee are allowed for statistical purposes.

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

Order pronounced in the open Court on 27/02/2026

Sd/-
VIKRAM SINGH YADAV
ACCOUNTANT MEMBER

Sd/-
SANDEEP SINGH KARHAIL
JUDICIAL MEMBER

MUMBAI, DATED: 27/02/2026

Prabhat

Copy of the order forwarded to:

- (1) *The Assessee;*
- (2) *The Revenue;*
- (3) *The PCIT / CIT (Judicial);*
- (4) *The DR, ITAT, Mumbai; and*
- (5) *Guard file.*

By Order

Assistant Registrar
ITAT, Mumbai.