

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

**BEFORE SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER  
& SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

I.T.A. No.2033/Ahd/2025  
(Assessment Year: NA)

Sanskriti Education Trust, Bhatt Manjulaben V Sehjaldham, TA: Savarkundla, District: Amreli, Gujarat-364515	Vs.	Commissioner of Income Tax (Exemption), Ahmedabad
[PAN No.ABBTS9963Q]		
<b>(Appellant)</b>	..	<b>(Respondent)</b>

<b>Appellant by :</b>	Shri Yogesh Shah, AR
<b>Respondent by:</b>	Shri Alpesh Parmar, CIT DR

<b>Date of Hearing</b>	11.03.2026
<b>Date of Pronouncement</b>	12.03.2026

O R D E R

**PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:**

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Exemption), (in short “Ld. CIT(E)”), Ahmedabad vide order dated 27.12.2024.

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

“1. The learned CIT (Exemption), Ahmedabad has erred in not granting approval u/s 80G (5) of the act on the ground that objects of the trust are religious in nature. The trust runs school and colleges and students from all religion and faiths take education.

On the facts and in the circumstances of the case the trust is not a religious trust and approval u/s 80G (5) be granted to the trust.

2. The learned CIT (Exemption), Ahmedabad has erred in not referring the Audit Reports for last 3 years furnished by the trust along with its application for approval u/s 80G(5) of the act. Where it can be already observed that expense on prayer temple is below the prescribed limit of 5% as per act.

On the facts and in the circumstances of the case approval u/s 80G(5) be granted to the trust.

3. *The learned CIT (Exemption), has erred in deciding what is the religious activities and what is non-religious activities. After all the trust is engaged in providing education to all without discrimination. Students from all faith take education. Prayer temple cannot be wholly religious Hindu Temple.*

*On the facts and in the circumstances of the case approval u/s 80G(5) be granted to the trust in the interest of public at large and its needs of education.*

4. *The appellant may be permitted to alter, to modify, to rectify, to withdraw any grounds of appeal duly raised and to raise new grounds of appeal during the assessment proceedings.”*

3. The brief facts of the case are that the assessee trust had filed an application in Form No. 10AB before the learned Commissioner of Income Tax (Exemptions) seeking approval under section 80G(5) of the Income-tax Act, 1961 ("the Act"). During the course of examination of the application, the learned CIT (Exemptions) issued a show-cause notice dated 12.12.2024 requiring the assessee to explain certain issues arising from the objects of the trust as contained in the trust deed. In the said show-cause notice, the CIT (Exemptions) observed that one of the objects of the assessee trust related to establishing and maintaining a knowledge centre and prayer temple for removal of ignorance and superstition in society, which, according to the CIT (Exemptions), indicated that the trust had objects of a religious nature. The CIT (Exemptions) further noted that for the purpose of approval under section 80G(5) of the Act, the institution must be established solely for charitable purposes and the presence of even a single religious object would render the trust ineligible for approval under section 80G of the Act. In the show-cause notice, the CIT (Exemptions) also advised the assessee that in case it intended to amend or alter the impugned objects so as to comply with the provisions of section 80G(5) of the Act, the assessee could file an affidavit along with a

resolution of the authorized persons and proof of application made to the Charity Commissioner/Registrar of Companies for modification of the objects, clearly specifying the existing object and the proposed amended object.

4. However, the CIT (Exemptions) noted that the assessee did not file any reply to the show-cause notice dated 12.12.2024 nor did it seek any adjournment. Accordingly, the CIT (Exemptions) proceeded to decide the matter on the basis of material available on record. Upon examination of the trust deed, the CIT (Exemptions) observed that one of the objects of the assessee trust was religious in nature involving establishment of a prayer temple and therefore the assessee trust fell within the category of a religious-cum-charitable trust. The CIT (Exemptions) held that under the provisions of section 80G(5) read with Explanation 3 to section 80G of the Act, the institution must be established only for charitable purposes and not for religious or religious-cum-charitable purposes. The CIT (Exemptions) further held that the provisions of section 80G(5B) of the Act only permit limited expenditure of a religious nature up to five percent of total income by a trust otherwise established for charitable purposes, but the said provision does not permit a trust having religious objects in its instrument of creation to claim approval under section 80G of the Act. In support of the above conclusion, CIT (Exemptions) placed reliance on the decision of the ITAT Agra Bench in the case of **Yug Chetna Parmarth Trust vs. CIT (Exemption) (2014) 44 taxmann.com 446 (Agra - Trib.)** and the decision of the ITAT Ahmedabad Bench in the case of **Om**

**Tapovan Charitable Trust vs. CIT (Exemptions), Ahmedabad in ITA No.175/Ahd/2023**, wherein it was held that the presence of even a single religious object in the trust deed would disentitle the trust from obtaining approval under section 80G(5) of the Act. Accordingly, the CIT (Exemptions) held that the assessee trust was not established exclusively for charitable purposes and therefore was not eligible for approval under section 80G(5) of the Act. Accordingly, the application filed by the assessee in Form No.10AB was rejected and the provisional approval granted earlier was also cancelled.

5. The assessee is in appeal before us against the order passed by the CIT (Exemptions) dismissing the application of the assessee.

6. Before us, the learned counsel for the assessee submitted that the order passed by the CIT (Exemptions) suffers from violation of the principles of natural justice as adequate opportunity of hearing was not granted to the assessee. It was submitted that the assessee could not respond to the show-cause notice issued by the CIT (Exemptions) and therefore the matter may be restored to the file of the CIT (Exemptions) for fresh consideration after granting proper opportunity to the assessee to place its submissions and supporting documents on record.

7. We have heard the rival submissions and perused the material available on record. It is observed that the CIT (Exemptions) has rejected the application primarily on the ground that one of the objects of the trust was religious in nature and therefore the trust was not eligible for approval

under section 80G(5) of the Act. However, it is also evident from the record that the application has been rejected without any effective participation of the assessee during the proceedings before the CIT (Exemptions). In our considered view, in the interest of justice and fair play, the assessee deserves one more opportunity to present its case before the CIT (Exemptions). Accordingly, we deem it appropriate to restore the matter to the file of the CIT (Exemptions) for fresh adjudication after granting adequate opportunity of hearing to the assessee.

8. However, while restoring the matter, we consider it appropriate to impose a nominal cost of **Rs. 5,000/-**, which the assessee shall deposit in the **Prime Minister's Relief Fund**, and the proof of such deposit shall be produced before the CIT (Exemptions) at the time of the set-aside proceedings.

9. It is also clarified that in case the assessee intends to **change or alter the impugned objects so as to comply with the provisions of section 80G(5) of the Income-tax Act, 1961 (so as to avoid further litigation on this issue)** and provided that no expenditure has been incurred on the said objects since obtaining provisional approval, the assessee may file an affidavit to that effect along with a resolution passed by the authorized persons of the trust and proof of application made to the Charity Commissioner/Registrar of Companies for modification of the objects, clearly mentioning the existing object and the proposed amended object. The CIT (Exemptions) shall examine the same in accordance with law and

- 6-

subject to compliance with other provisions of the Income-tax Act, 1961 governing grant of approval under section 80G of the Act.

10. In the result, the **appeal of the assessee is allowed for statistical purposes** and the matter is restored to the file of the CIT (Exemptions) for fresh adjudication in accordance with law.

<b>This Order is pronounced in the Open Court on</b>	<b>12/03/2026</b>
--	-------------------

**Sd/-**  
**(NARENDRA P. SINHA)**  
**ACCOUNTANT MEMBER**

Ahmedabad; Dated 12/03/2026

TANMAY, Sr. PS

TRUE COPY

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

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

आदेशानुसार/ BY ORDER,

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