

**IN THE INCOME TAX APPELLATE TRIBUNAL,
JAIPUR BENCHES, "B" BENCH, JAIPUR**

**BEFORE SHRI SANJAY GARG, JUDICIAL MEMBER
&
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER**

**ITA Nos.1332 to 1339 & 1423 to 1424/JPR/2025
(Assessment Years:2010-11 to 2018-19 & 2022-23)**

DCIT Exemption, Circle, Jaipur	Vs.	Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

**CO No.49/JPR/2025
(Arising out of ITA No.1337/JPR/2025)
(Assessment Year:2014-15)**

Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015	Vs.	DCIT Exemption, Circle, Jaipur
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

**CO No.50/JPR/2025
(Arising out of ITA No.1336/JPR/2025)
(Assessment Year:2015-16)**

Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015	Vs.	DCIT Exemption, Circle, Jaipur
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

CO No.51/JPR/2025
(Arising out of ITA No.1335/JPR/2025)
(Assessment Year:2013-14)

Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015	Vs.	DCIT Exemption, Circle, Jaipur
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

CO No.52/JPR/2025
(Arising out of ITA No.1423/JPR/2025)
(Assessment Year:2012-13)

Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015	Vs.	DCIT Exemption, Circle, Jaipur
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

CO No.53/JPR/2025
(Arising out of ITA No.1338/JPR/2025)
(Assessment Year:2011-12)

Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015	Vs.	DCIT Exemption, Circle, Jaipur
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

CO No.54/JPR/2025
(Arising out of ITA No.1339/JPR/2025)
(Assessment Year:2010-11)

Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015	Vs.	DCIT Exemption, Circle, Jaipur
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

CO No.55/JPR/2025
(Arising out of ITA No.1334/JPR/2025)
(Assessment Year:2016-17)

Rajasthan State Text Book Board 2-2A, Jhalana Doongari Jaipur 302015	Vs.	DCIT Exemption, Circle, Jaipur
स्थायीलेखासं./जीआइआरसं./PAN/GIR No:AAAAR6050Q		
Appellant	..	Respondent

Appellant by :	Sh. Deepak Sharma, C.A. (Thru V.C.)
Respondent by :	Mrs. Alka Gautam, CIT

Date of Hearing	19.03.2026
Date of Pronouncement	23.03.2026

ORDER

Per Bench:

These appeals are filed by the revenue and cross objections by the assesseees' against the order of National Faceless Appeal Centre (NFAC)/Ld. Commissioner of Income-tax (Exemption), (hereinafter referred to 'ld. CIT (E)') dated 29.07.2025, 24.07.2025, 23.07.2025 & 28.08.2025 u/s 250 of the Income Tax Act,1961 (hereinafter referred to as "the Act").

2. The revenue has taken the following grounds of appeal:-

1. Whether, on the facts and in the circumstances of the case, the Ld. CIT(A) was justified in holding that the assessee is "wholly or substantially financed by the Government", despite the categorical finding in para 5.5 of the assessment order that it does not receive any grant or finance from the Government of Rajasthan?
2. Whether, on the facts and in law, the Ld. CIT(A) erred in granting exemption under section 10(23C)(iiiab) of the Income-tax Act, 1961 by relying solely on the order of the Hon'ble ITAT, Jaipur in assessee's own case for A.Ys. 2013-14 & 2014-15 (ITA No. 252 & 253/JP/2019 dated 10.04.2019), ignoring the fact that the Department has already preferred an appeal before the Hon'ble Rajasthan High Court which is pending on the substantial question of law regarding assessee's eligibility under section 10(23C)(iiiab)?
3. Whether the Ld. CIT(A) was justified in applying the ITAT's earlier order without considering the statutory amendment namely, the Explanation inserted w.e.f. 01.04.2015 to section 10(23C)(iiiab), read with Rule 2BBB of the Income-tax Rules, 1962 which clarifies that "substantially financed" means receipt of Government grant (and not mere revenue from commercial activity), and in doing so rendered a perverse finding contrary to legislative intent?
4. Whether, on the facts and in law, the Ld. CIT(A) was correct in treating recurring revenue generated from the sale of textbooks as "Government grants", ignoring the settled legal distinction that (i) Government grants are voluntary budgetary allocations, whereas (ii) receipts from systematic commercial activity, even if from a Government

department, constitute revenue receipts, and whether such mischaracterisation has led to an erroneous finding?

5. Whether, on the facts and in law, the reliance placed by the Ld. CIT(A) on judicial precedents and decisions in assessee's earlier years was justified, when those decisions were rendered prior to the insertion of the Explanation to section 10(23C)(iiiab) and without considering the specific factual matrix of the present case, thereby resulting in a perverse conclusion?

6. Whether Ld. CIT(A) is justified in deleting the addition made by the AO on account of disallowance of Equalization fund and Obsolescence Fund which are the provisions made by the assessee without ascertaining the liability and no actual expenditure has been incurred during the year under consideration.

7. The appellant craves leave to add, amend, alter, modify, substitute any ground of appeal on or before the date of hearing."

3. Since the issues are common and the appeals are connected, hence, the same are heard together and being disposed off by this common order.
4. The facts of the case, in brief, are that the assessee is a Registered society under the Registration of Societies Act, 1958 and is engaged in Printing, Publication, Distribution and sales of textbooks, work books & copies. The assessee society has claimed exemption u/s 10(23C)(iiiab) of the Act. The Assessing Officer (AO), on perusal of audited income & expenditure account furnished during assessment proceedings, noted total that total receipts in the case for the year under consideration is of Rs. 234,51,96,150/- as per the details given as under:-

Sr.	Particulars	Amount	%
A.1.	Directorate of Elementary Education & Secondary Education	143,85,91,922	50%
A.2.	Less 3% Levy paid to Govt. Library Fund,(Order of Rajasthan Government in this regard is attached for ready reference)	431,57,758	50%
A.3.	Supply of Model School Books	294,36,266	
A.	Net supply to State Government for distribution under "Free Distribution Scheme"	142,48,70,430	60.76%
B.1	Supply to Private distributors	94,87,89,402	-
B.2	Less 3% Levy paid to Govt. Library Fund	28,46,36,82	
B.	Net supply to Private distributors	92,03,25,720	39.24%
C.	Total supply	234,51,96,150	100.00%

The assessee then claimed a sum of Rs. 55,29,25,828.51 as exempt income u/s 10(23C)(iiiab) of the Act being excess of income over expenditure.

5. The AO however, denied the same on following grounds:-
- i) Considering the nature of activities, the assessee Board is not an educational institution and has also not imparted formal education
 - ii) The claim of the assessee that it is receiving budgetary grants from the Rajasthan Government has also not been established.

- iii) Since the assessee is in the business of printing of books and other printing materials, the activities of the assessee cannot be considered as to qualify being eligible for getting deduction u/s 10(23C)(iiiab) of the Act.
- iv) That the sales have been made to private distributors and substantial cash has been received by the assessee which amounts to profit making.
6. Aggrieved by the order of AO, the assessee filed appeal before the Ld. CIT(A), who vide the impugned order allowed the claim of exemption u/s 10(23C)(iiiab) of the Act by following the orders of the **Hon'ble ITAT Jaipur in ITA No.252 & 253/JP/2019 for the Assessment Year 2013-14 and 2014-15** in the case of the appellant itself, where the Hon'ble Tribunal allowed the claim of the exemption u/s 10(23C)(iiiab) of the Act after having an elaborate discussion on this issue and also by following the decision of the Hon'ble High Court of Rajasthan in appellant's own case by holding that the assessee is an educational institution existing solely for education and not for the purpose of Section 10(22) of the Act reported in **244 ITR 667 [Raj.]**.
7. Aggrieved by the order of Ld. CIT(A) the revenue had filed the appeal before this Tribunal.
8. The Ld. AR of the assessee, placed reliance on the decision of the Hon'ble ITAT wherein the Hon'ble ITAT has allowed the claim of exemption u/s 10(23C)(iiiab) of the Act by following the decision of the Hon'ble Rajasthan High Court (Supra).
9. We have carefully considered the rival submissions and found that this issue is squarely covered by the decision of Hon'ble ITAT (Supra)

which has followed the order of the Hon'ble Rajasthan High Court (Supra) and since there is no change of facts in all the assessment year in question, we respectfully, follow the decision of Hon'ble ITAT and allow the claim of the exemption u/s 10(23C)(iiiab) of the Act.

10 Since the main ground of appeal, in question, is the allowability of claim of exemption u/s 10(23C)(iiiab) of the Act, the other additions made by the AO and partly sustained by the Ld. CIT(A), become infructuous.

11 The assessee in its cross objections has taken the legal issue regarding the validity of the reopening of the assessment u/s 147/148 of the Act. Since we have decided the appeals of the revenue on merits in favour of the assessee. Therefore, the cross objections filed by the assessee at this stage have been rendered academic in nature and same are accordingly, dismissed. However, win liberty to the assessee to raise the same at proper stage if needed be.

12 Thus, the appeals of the revenue are **dismissed**.

Order pronounced in the open court on 23.03.2026

Sd/-
(Sanjay Garg)
JUDICIAL MEMBER

Sd/-
(Ratnesh Nandan Sahay)
ACCOUNTANT MEMBER

Dated 23.03.2026
Mitali, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

By Order,

Asst. Registrar
ITAT, Jaipur