

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH: BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE – PRESIDENT  
&  
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

<b>ITA No. 2750/Bang/2025</b>
<b>Assessment Year : NA</b>

KCR Foundation, 1AM-303 III Block HRBR Layout, Kalyananagar S.O Bangalore North, Karnataka 560043 <b>PAN: AAFTK5158A</b>	<b>Vs.</b>	CIT (Exemptions) Bangalore
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri V R Harsha CA
Revenue by	:	Sri. Shivanad Kalakeri –CIT DR

Date of Hearing	:	25-02-2026
Date of Pronouncement	:	07-04-2026

**ORDER**

**PER PRASHANT MAHARISHI, VICE – PRESIDENT**

1. ITA No. 2750/Bang/2025 has been filed by KCR Foundation (the assessee trust/appellant) challenging the rejection order issued by the CIT(Exemptions), Bangalore, dated 28th February 2025 in Form No. 10 AD. The application for registration under Section 12 AB of the Income Tax Act, 1961, filed by the assessee in Form No. 10 AB on 14th August 2025, was denied. The assessee is aggrieved with the same and is appeal before us.

2. The brief facts of the case indicate that the assessee trust was established on 18 December 2023 with the primary objective of providing education. The assessee submitted an application for registration on 29 March 2025, which was subsequently rejected by order dated 27 September 2025 on the grounds that a prior application under Section 12A had already been denied by order dated 28 February 2025. The initial application, filed by the assessee on 14 August 2024, was rejected without an opportunity for hearing and due to the assessee's inability to provide details regarding its activities.
3. As the assessee did not file an appeal before the coordinate bench against the order dated 28 February 2025, the subsequent application made on 29 March 2025 was also rejected. The learned CIT (Exemption) issued a show cause notice on 23 September 2025, stating that this fresh application was not maintainable and should be rejected. In the absence of any response to the show cause notice, it was observed that the assessee had previously applied for regularization of provisional approval under Section 12AB via Form No. 10AB on 14 August 2024, which was rejected as per the order dated 28 February 2025. Since no appeal was preferred against that order, it attained finality, leading to the rejection of the current application on 27 September 2025.
4. The appeal filed by the assessee demonstrates that the present application was rejected merely because the earlier application was not challenged following its rejection. The previous application had been denied on the basis that the assessee had entered into a rental agreement with the founders for running the school, incurring rent of Rs. 29,60,000 for three years, which was viewed as a purely administrative expense. Furthermore, the CIT (Exemption) noted that the assessee failed to furnish copies of approvals from the relevant authorities to operate the schools. The assessee maintains, however, that it did submit the permission letter issued by the department allowing it to start school.

5. Aggrieved with the order the learned AR submitted a paper book wherein he submitted the various permission received from education department for running up the school. It was also the claim that the assessee submitted a detailed reply on the portal on 26<sup>th</sup> September, 2025 which is not considered.
6. The learned CIT DR submitted that as the assessee did not furnish the reply and as original application was rejected, there is no infirmity in the order of the exemption.
7. Upon careful consideration of the opposing arguments and review of the CIT(Exemption) order dated 27th September 2025—which rejected the application for registration on the grounds that the assessee's initial application was previously denied on 28th February 2025 and that this decision had become final due to the lack of an appeal. The current application was also rejected for similar reasons. However, there is no provision within the Act stipulating that denial of registration under Section 12AB precludes subsequent grant of registration if all statutory requirements are later met. Therefore, the rationale provided by the CIT(Exemptions) for rejecting the present application based on the earlier denial is not supported by law.
8. Furthermore, the fact that the assessee did not appeal the original rejection is an independent choice and should not prejudice their eligibility for registration, provided the requisite legal conditions are subsequently satisfied.
9. Additionally, the assessee claims to have submitted all required documentation as per the letter dated 26th September 2025, which has been acknowledged through the e-portal, but this submission does not appear to have been considered. The assessee also furnished permission letters from the education department authorizing the commencement of classes from 1st to 8th standard. Since the CIT(Exemption) failed to evaluate the activities and verify the genuineness of the trust, the order dated 27th September 2025 cannot be sustained.

10. In view of the above facts, we restore the whole issue back to the file of the learned CIT(Exemption) with direction to the assessee to once again submit all the details as raised in the original order as well as in the subsequent orders. The learned CIT(Exemption) may verify the same and if found in order, grant registration under Section 12AB of the Act.

11. In the result appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 07<sup>th</sup> April, 2026.

Sd/-  
(SUNDARARAJAN K.)  
JUDICIAL MEMBER

Sd/-  
(PRASHANT MAHARISHI)  
VICE-PRESIDENT

Bangalore,  
Dated, the 07<sup>th</sup> April, 2026.

\*VM\*

Copy to:

1. Appellant
2. Respondent
3. CIT
4. DR, ITAT, Bangalore
5. CIT(A)

By order

Assistant Registrar  
ITAT, Bangalore