

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“B” BENCH, CHANDIGARH**

**HYBRID HEARING**

**BEFORE HON’BLE SHRI LALIET KUMAR, JM  
AND  
HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

**1. आयकरअपीलसं. / ITA No.759/CHANDI/2025**

**(निर्धारणवर्ष / Assessment Year: 2023-24)**

**&**

**2. आयकरअपीलसं. / ITA No.769/CHANDI/2025**

**(निर्धारणवर्ष / Assessment Year: 2024-25)**

<b>RCS Associates Charitable Trust</b> 74/1, Lower Bazar, Shimla Himachal Pradesh - 171001	<b>बनाम/ Vs.</b>	<b>ITO Exemption</b> Income Tax Office New Bypass Road, Kathed, Solan (HP) - 173208
<b>स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>AABTR-8127-N</b></b>		
<b>(अपीलार्थी/Appellant)</b>	:	<b>(प्रत्यर्थी / Respondent)</b>

<b>अपीलार्थीकीओरसे/ Appellant by</b>	:	Sh. Vishal Mohan (Sr. Advocate) a/w Sh. Praveen Sharma (Advocate) – Ld. ARs (Virtual Mode)
<b>प्रत्यर्थीकीओरसे/Respondent by</b>	:	Dr. Ranjit Kaur (Addl. CIT) – Ld. Sr. DR

<b>सुनवाईकीतारीख/Date of Hearing</b>	:	23-12-2025
<b>घोषणाकीतारीख /Date of Pronouncement</b>	:	06-01-2026

**आदेश / O R D E R**

**Manoj Kumar Aggarwal (Accountant Member)**

1. The assessee is in further appeal before us for Assessment Years (AY) 2023-24 & 2024-25. First, we take up appeal for AY 2023-24 which arises out of an order Ld. Addl. CIT / Joint CIT (Appeals)-9, Mumbai [CIT(A)] dated 26-03-2025 in the matter of an intimation issued

by CPC u/s 143(1) of the Act on 18-11-2024. The grounds of appeal read as under: -

1. That in the facts and circumstances of the case, Ld. CIT(A) is not justified in not appreciating the submission put forth by the assessee/appellant and confirming the order passed by the Ld. Assessing Officer.
2. That in the facts and circumstances the case the Ld. CIT(A) is not justified in upholding the addition of Rs.2,22,83,831/- made on account of the disallowing the application of funds of Rs.2,71,89,794/- for the charitable or religious purpose. The addition so made is bad in law and facts.
3. That in the facts and circumstances the case the Ld. CIT(A) is not justified in upholding the order of the Ld. CPC Bengaluru, and holding that there is a mistake in filing up the Form No. 10BB, as per the P&L account of income is applied out the income of the year and not out of the accumulated income of the previous years. The same is bad in law and facts.
4. That the order of the Ld. Commissioner of Income Tax (Appeals) is bad in law and facts.

The Ld. Sr. Counsel advanced arguments and filed additional evidences. The arguments have been made to assail the impugned adjustment as made by CPC. The Ld. Sr. DR supported the impugned orders. Having heard rival submissions and upon perusal of case records, the appeal is disposed-off as under.

2. From the case records, it emerges that the assessee filed its return of income u/s 139(1) on 30-11-2023. The computation of income reveals that as against aggregate income of Rs.309.83 Lacs, the assessee claimed application of income for charitable purposes in India for Rs.271.89 Lacs. The remaining amount of Rs.37.93 Lacs was claimed to be accumulated or set apart for application in subsequent years. The total income was thus computed as 'Nil'. To lay claim on impugned deduction u/s 11 / 12, the assessee was required to furnish Audit Report in Form No.10BB. In this form, the auditor quantified

allowable application to the extent of Rs.264.82 Lacs and income accumulated or set apart was quantified at Rs.46.47 Lacs. However, in column 27(c) of this Form, the application of income to the extent of Rs.222.83 Lacs was shown to applied out of income of earlier previous years. By considering this form and the return of income, CPC processed assessee's return of income u/s 143(1) on 18-11-2024 and restricted the application of income to the extent of Rs.49.05 Lacs as against Rs.271.89 Lacs as claimed by the assessee since the amount of Rs.222.83 Lacs was shown by auditor in Form No.10BB as applied out of accumulation of earlier years. Aggrieved, the assessee preferred first appeal against the same.

3. The Ld. CIT(A) upheld the action of CPC on the ground that to rectify the mistake, the assessee was required to revise Form No.10BB and file a return for reprocessing showing the correct application of funds. The processing was done correctly by CPC on the basis of return filed. The CPC was to process the return on the basis of data as filled up by the assessee. Aggrieved, the assessee is in further appeal before us.

4. It is crystal clear that the CPC, being a largely automated process, has processed the return of income on the basis of data as filled by the assessee in its return of income as well as by considering the reporting made by Auditor in Form No.10BB. Therefore, the action of CPC in making the impugned adjustment could not be faulted with since the said adjustment could very well be made by CPC u/s 143(1)(a)(ii) which provide for adjustment of an incorrect claim, if such

incorrect claim is apparent from any information in the return. The clause (iv) of Sec.143(1)(a) also enable the CPC to make disallowance of expenditure or increase in income as indicated in the audit report but not taken into account in computing the total income in the return. Clearly, the claim made by the assessee was quite contrary to the reporting made by Auditor. The argument of Ld. Sr. Counsel that such an adjustment could not be made by CPC u/s 143(1) is unsustainable.

5. Proceeding further, it is the argument of Ld. Sr. Counsel that a wrong reporting was made by Auditor in Form No.10BB which has subsequently been rectified and revised Form No.10BB has been issued by the Auditor. These documents have been placed in the shape of additional evidences on Page Nos.20 to 25 of the paper-book. The same, in our considered opinion, would have material bearing on the impugned claim of the assessee. This being so, we set aside the impugned order and restore the appeal back to the file of Ld. CIT(A) for fresh consideration of additional evidences. The Ld. CIT(A) may also examine that the time limit conditions of Sec.11(2) qua application of accumulation of earlier years within five years are not violated by the assessee. The assessee is directed to plead and prove its case forthwith. The appeal stand allowed for statistical purposes.

#### **ITA No.769/Chandi/2025: AY 2024-25**

6. In this year, the aggregate of income has been computed by the assessee at Rs.308.85 Lacs out of which the assessee claimed application of income for Rs.263.89 Lacs. The balance Rs.44.95 Lacs was accumulated for utilization in subsequent years. In the return of

income, the assessee reflected that it had made application of Rs.252.81 Lacs out of accumulation of earlier years. The assessee also did not file requisite Form No.10BB along with return of income. For the aforesaid reasons, the CPC processed the return u/s 143(1) on 04-02-2025 denying the full exemption claim u/s 11 / 12. The Ld. CIT(A) confirmed the processing by CPC on same lines. Aggrieved, the assessee is in further appeal before us.

7. The Ld. AR has placed on record copy of Form 10BB and also copy of revised Form 10BB. However, the assessee has not filed the requisite form for this year. This being so, we set aside the impugned order and restore the appeal back to the file of Ld. CIT(A) for fresh consideration on similar lines. The assessee may seek condonation of delay in filing of Form 10BB from appropriate authority as per extant instructions / guidelines. The appeal stand allowed for statistical purposes.

### **Conclusion**

8. Both the appeals stand allowed for statistical purposes.

*Order pronounced on 6<sup>th</sup> January, 2026.*

-Sd-

**(LALIET KUMAR)**  
**JUDICIAL MEMBER**

-Sd-

**(MANOJ KUMAR AGGARWAL)**  
**ACCOUNTANT MEMBER**

Dated: 06-01-2026

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH