

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़

IN THE INCOME TAX APPELLATE TRIBUNAL

DIVISION BENCH, 'A' CHANDIGARH

**BEFORE SHRI RAJPAL YADAV, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER**

आयकर अपील सं./ ITA No. 431/CHD/2018

निर्धारण वर्ष / Assessment Year: 2014-15

The JCIT (OSD), Circle 1(Exemptions), Chandigarh.	Vs	M/s Jalandhar Improvement Trust, Model Town Road, Jalandhar.
स्थायी लेखा सं./PAN NO: AAATJ4768N		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

Assessee by : Shri Ashwani Kumar, CA

Revenue by : Shri Vivek Vardhan, Addl. CIT Sr.DR

Date of Hearing : 24.11.2025

Date of Pronouncement : 27.01.2026

HYBRID HEARING

O R D E R

PER RAJ PAL YADAV, VP

The Revenue is in appeal before the Tribunal against the order of the 1st Commissioner of Income Tax (Appeals) [in short 'the CIT (A)'] dated 12.01.2018 passed in assessment year 2014-15.

2. Though the Revenue has taken ten grounds of appeal, but its grievance revolves around a single issue, namely, whether assessee deserves to be treated as a 'Charitable Institution'

and is eligible to claim exemption u/s 11/12 of the Income Tax Act or not ?

3. With the assistance of 1d. Representative, we have gone through the record carefully.

4. The brief facts of the case are that assessee Trust has filed its return of income on 29.09.2014. the case of the assessee was selected for scrutiny assessment and a notice u/s 143(2) was issued and served upon the assessee on 24.09.2015. The AO was of the view that after the amendment in the definition of 'Charitable Institution' carried out by Finance Act, 2009 and 2010 w.e.f. assessment year 2009-10, assessee was not doing any charitable activities, rather it was indulged into the business activities of sale of plots and developed the sites. The assessee has filed detailed submissions which have been rejected by the AO after making reference of a lots of jurisprudence. The AO, thereafter, denied the benefit of Section 11 to the assessee.

5. Dissatisfied with the assessment order, assessee carried the matter in appeal before 1d.CIT (Appeals). The 1d.CIT

(Appeals) has allowed the appeal of the assessee. The brief findings recorded by the 1d.CIT (Appeals) are as under :

4.2 *I have gone through the order passed by the AO, submissions made in his regard and material brought on record including judicial citations given by appellant and find that the main ground for making the assessment of the trust as an AOP was that nature of receipts of the appellant reflects that it is carrying on activity in the nature of any trade, commerce or business and is therefore, covered by the proviso to section 2(15) of the IT Act. Therefore, all the activities carried out by the trust were held to be in the nature of business. AO has held the status of the trust as an AOP by holding that no charitable work of general public utility within the meaning of section 2(15) of the Act has been carried out.*

4.3 *The appellant has stated that objects of the trust are charitable in nature, as has been held by the Hon'ble Punjab & Haryana High Court in the case of Moga Improvement Trust. Further, it is submitted that Hon'ble ITAT Amritsar, Bench has also restored the registration of the trust cancelled u/s 12AA of the IT Act. The appellant has also stated that honourable IT AT Amritsar bench has restored the registration of the trust under section 12AA of the IT act in the order passed for AY 2014-15. The appellant has also placed reliance on the order passed by the undersigned dated 16.11.2014 for A.Y 2013-14.*

4.4 *I have gone through the copy of the order passed by the Hon'ble ITA Amritsar Bench, in the case of the appellant in A.Y. 2014-15, wherein the registration of the trust u/s 12AA of the IT Act has been restored vide order dated 29.06.2015. Therefore, respectfully following the order passed by the honourable ITAT Amritsar bench in the case of the appellant and also the order passed by the undersigned in A.Y 2013-14, I hold that appellant trust is entitled ^ to the claim of exemption u/s 11 of the IT Act. The AO is being directed to assess the status of the appellant as trust."*

6. A perusal of the above finding would indicate that a 'Charitable Institution' required a registration u/s 12AA of the Income Tax Act, so that it can claim benefit of Section 11 and 12 of the Act. This registration to the assessee was cancelled by the competent authority and that order was challenged by

the assessee before the ITAT Amritsar. The ITAT, Amritsar has set aside the order of cancelling the registration and restored that registration. Meaning thereby, assessee is a 'Charitable Institution'. The ITAT has passed this order on 29.06.2015. The AO should have taken cognizance of this order. He cannot sit as an Appellate Authority over this order. Once assessee is enjoying the registration u/s 12A, meaning thereby it is eligible to claim exemption u/s 11 and 12 of the Income Tax Act. The 1d.CIT (Appeals) has recognized this fact and only directed the AO to assess the status of the appellant as a Trust and allow it exemption u/s 11 of the Act. The AO is required to pass a fresh assessment order giving benefit of Section 11 to the assessee. Accordingly, we do not find any merit in this appeal of the Revenue. It is dismissed.

7. In the result, appeal of the Revenue is dismissed.

Order pronounced on 27.01.2026.

Sd/-

Sd/-

(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

(RAJPAL YADAV)
VICE PRESIDENT

"Poonam"

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

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
5. गार्ड फाईल/ Guard File

सहायक पंजीकार/ Assistant Registrar