IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES "A" NEW DELHI

SHRI M. BALAGANESH, ACCOUNTANT MEMBER
&
MS. KAVITHA RAJAGOPAL, JUDICIAL MEMBER

ITA No.3604/Del/2026
Assessment Year : NA

Visan Foundation, J-117, Mayfields Garden, Sector-51, Gurgaon. **PAN: AABTV6226E**	v/s	**Commissioner of Income Tax (Exemptions),** Faridabad, Haryana.
Appellant		**Respondent**

Assessee by	Shri Ramesh Chander, Adv. & Ms Sangeeta Ranjit, Advocate
Department by	Shri Jitender Singh, CIT, DR
Date of Hearing	02.06-2026
Date of Pronouncement	24.07-2026

ORDER

Per Kavitha Rajagopal, J M:

This appeal is filed by the assessee challenging the order passed by the Ld. Commissioner of Income Tax (Exemptions), Chandigarh ['the Ld. CIT(E)', for short] dated 28.02.2026, rejecting the application filed by the assessee in Form No.10AB under Section 12A(1)(ac)(ii) seeking for registration u/s 12AB of the Income Tax Act, 1961 ('the Act' for short).

2. The assessee has raised the following grounds of appeal along with additional grounds:-

"<u>Grounds of appeal</u>

Ground Visan Foundation (PAN: AABTV6226E) having Registered office at J-117 Mayfields Garden Sector-51 Gurgaon122002 has filed application in Form 10B (Application for registration OR approval) for Renewal of 12AA Application dated 30th September 2025 vide Acknowledgement No.897001810300925 with CIT Exemptions Chandigarh. CIT Exemptions Chandigarh has rejected the application vide DIN & Notice No: ITBA/EXM/F/EXM45/2025-26/1086694481(1)dated 08/02/2026. Refer Attachment Grounds of Appeal."

<u>Additional Grounds of Appeal:</u>

"2. That, in the facts and circumstances of the case, the order passed by the Ld. Commissioner of Income Tax (Exemption), Chandigarh rejecting and cancelling the registration is without jurisdiction and unsustainable in law for having been passed under the provisions of the Income Tax Act, 1961 invoked which did not give her such a power.

3. That, in the facts and circumstances of the case, the order passed by the Ld. Commissioner of Income Tax (Exemption), Chandigarh in rejecting and cancelling the registration is unsustainable in law for having been passed without affording an opportunity of being heard as mandated u/s 12AB of the Income Tax Act, 1961.

4. That, in the facts and circumstances of the case, the order passed by the Ld. Commissioner of Income Tax (Exemption), Chandigarh in rejecting and cancelling the registration is without jurisdiction and unsustainable in law for having been passed in excess of the jurisdiction as vested under the Income Tax Act, 1961 which jurisdiction was limited only to the extent of verification of the objectives of the Trust and the genuineness of the charitable activities carried out by the Appellant Trust and not beyond.

5. That, in the facts and circumstances of the case, the order passed by the Ld. Commissioner of Income Tax (Exemption), Chandigarh in rejecting and cancelling the registration is unsustainable in law that too when no findings were returned by her in the context of Trust objectives and the Genuineness of the charitable activities."

3. The brief facts are that the assessee is a public charitable Trust and engaged in working towards social impact projects such as employment-linked programmes for the marginalised youth in the field of healthcare and hospitality sector. The assessee also undertakes CSR projects in partnership with other reputed organisations – residential or non-residential. The assessee had filed an application under Section 12A(1)(ac)(ii) of the Act dated 30.09.2025 seeking for registration under Section 12AB of the Act. The ld.CIT(E) sought for various details from the assessee along with documentary evidences to substantiate the genuineness of activities of the assessee Trust and for compliance of statutory requirements. On perusal of the submissions of the assessee, the ld.CIT(E) observed that the assessee had variations in expenditure under the heads of food expenses, rent expenses and training expenses for different financial years and was further asked to furnish year-wise detailed break-up of such expenses along with supporting bills, vouchers and contracts in order to explain the huge variations and how the same is connected with the charitable activities of the assessee. After duly considering the assessee's submissions, the ld.CIT(E) rejected the assessee's application for registration for the reason that the assessee has failed to substantiate its expenditure. Aggrieved, the assessee is in appeal before us challenging the impugned order of the Ld.CIT(E).

4. The Ld. AR for the assessee contended that the assessee had given the complete details of the expenditure incurred by the assessee with regard to the

food, rent and training along with the supporting documentary evidences. The ld. AR further stated that the expenses incurred are wholly and exclusively for the charitable activities of the foundation, where the project funds are duly spent only for the project, which are also audited and the projects are also monitored by the organisations who are entrusting the projects to the assessee. The Ld. AR relied on various decisions which has reiterated that the ld.CIT(E) ought to have considered only the statutory requirements for the purpose of registration and cannot delve into the receipts, which are premature at the stage of the registration of the Trust. The Ld. AR prayed that the assessee is a genuine Trust which has been actively engaged in charitable activities and prayed that the registration be granted.

5. The ld. DR, on the other hand, controverted the said facts and contended that the assessee has failed to substantiate the increase in the expenditure and whether they are attributable to the charitable activities or not. The ld. DR further contended that the assessee has failed to furnish all relevant documentary evidences such as bills, invoices, vouchers, contracts or payment confirmation to substantiate the expenditure incurred. The ld. DR also brought to our attention that the substantial expenses for FY 2022-23 has been claimed in the name of Ms Sangeeta Ranjit who is the Managing Trustee of the assessee Trust. In the absence of complete details, the Ld. DR prayed that the order of the Ld.CIT(E) be upheld and the appeal of the assessee be dismissed.

6. We have heard the rival submissions and perused the material available on record. It is observed that the assessee Trust is engaged in various projects in collaboration with reputed organisations for which various expenses have been incurred by the assessee pertaining to residential programmes conducted during the relevant financial years. The Revenue's contention is that the assessee has failed to furnish supporting documentary evidences to substantiate the expenditure claimed by the assessee, as to whether they are attributable to any charitable activities of the assessee. Further, the Ld. CIT(E) has also rejected the assessee's contention for the reason that substantial expenses have been claimed in the name of the Managing Trustee of the assessee instead of independent third party vendors relating to food expenses and, further, the ld.CIT(E) observed that the assessee has been carrying out CSR projects for various corporates as per the MoU executed with them and, hence, the activities of the assessee are carried on project-to-project basis for a consideration as per the contractual terms. This, according to the Ld. CIT(E) is not akin to a charitable activity undertaken for the benefit of public at large. The Ld. CIT(E) thereby rejects the application filed by the assessee.

7. In the above factual matrix of the case, the issue that warrants our adjudication is whether on the facts the assessee is entitled to the registration u/s 12AB of the Act claimed for in Form 10AB under Section 12A(1)(ac)(ii) of the Act. It is observed that the Ld. CIT(E) has primarily rejected the registration on the ground that the assessee has incurred expenditure which were not substantiated

by cogent documentary evidences, as to whether the same pertained to the charitable activities or not and, further, the apprehension of the Ld. CIT(E) that the said expenditure is alleged to have been routed through the Managing Trustee without adequate evidence and as the same is for the payment towards CSR projects on the basis of contractual agreements, and hence the same cannot be held to be for the benefit of public at large. Pertinently, it is now a settled proposition of law that the Ld. CIT(E), at the time of registration, is duty bound to consider whether the objects of the Trust are charitable in nature and whether the activities carried on are genuine as in accordance with the objects of the Trust. We place reliance on the decision of the Hon'ble Apex Court in the case of ***M/s Ananda Social and Educational Trust vs. CIT, reported in AIR 2020 SUPREME COURT 1189***, wherein this proposition was reiterated and that it is for the Commissioner to establish the fact that the assessee was undertaking activities which were contrary to the objects of the Trust for the purpose of denying registration. It further held that though the facts in the said case was, where the assessee had not carried out any activities, it has been held that the Commissioner will have to emphasise on whether the activities undertaken by the Trust are contrary to the objects of the Trust and only upon satisfying the same the Commissioner is entitled to deny registration.

8. We also draw support from the decision of the Hon'ble Allahabad High Court, Lucknow Bench in the case of ***CIT vs. Red Rose School (2007) 163 TAXMAN 19 (All)*** which has dealt with this issue at length, wherein it was held that at the time of considering the application for registration made under Section 12A of the Act, the Commissioner shall call for such document or information from the Trust in order to satisfy about the genuineness of the activities of the Trust and to carry on such inquiries as he may deem necessary and only upon satisfying himself about the objects of the Trust or institution and the genuineness of the activities, registration shall be granted, else, he may refuse the registration. It held that for the purpose of claiming exemption under Section 11 or 12 of the Act and, consequently, for the applicability of Section 13 of the Act, the Commissioner is only required to look into two aspects, viz., the genuineness of activities and also about the objects of the Trust. Further, it is always open for the Revenue to assess the income and to levy tax if in case it is found that the income derived is not out of the activities of the Trust or if the expenditure cannot be attributed to the objects of the Trust. The Court reiterated that if registration was not granted in genuine cases, then, the assessee would be deprived of claiming such benefit which it would be entitled to. It was further held that only when the objects of the Trust are against the public policy or are not of charitable purpose, then, registration shall be refused. Further emphasis was also laid on sub-section (3) which was inserted w.e.f. 01.10.2004 where the Commissioner was granted the

power of cancellation of registration if it was found that there was any violation of the provision or in case of satisfying that the activities are not genuine. Therefore, registration cannot be rejected on mere presumptions and surmises that the Trust has misused its income or with regard to the applicability funds for the purpose of charitable activities. Also, whether the Trust was earning profit or was misusing income derived from the Trust would be a ground for denying exemption only with respect to that income which is alleged to have been as per the violation of the provisions or the objects of the Trust. It also clarified that mere registration of the Trust does not entitle the assessee to the exemption claimed, but, it merely enhances the process of determining whether the assessee's claim of exemption under Section 11 or 12 of the Act to be allowable or not.

9. In the present case in hand, we do not find any discussion as to the objects of the Trust, neither as to the genuineness of its activities. Rather, it was with regard to the expenditure claimed by the assessee towards food, rent and training expenses, more specifically with regard to the food expenses incurred by the assessee. This, in our view, is not justifiable reasoning for denial of registration. By respectfully following the proposition laid down by the Hon'ble Apex Court and the Hon'ble High Courts, we deem it fit to set aside the order of the ld.CIT(E) with a direction to grant the assessee registration, subject to the condition that the assessee satisfies the requirements mandated as per Section 12A of the Act.

Therefore, the grounds of appeal raised by the assessee are hereby allowed on the above terms.

10. In the result, the appeal filed by the assessee is allowed as per the above observation.

Order pronounced in the open court on 24.07.2026.

Sd/-	*Sd/-*
(M. BALAGANESH) **ACCOUNTANT MEMBER**	**(KAVITHA RAJAGOPAL)** **JUDICIAL MEMBER**

Dated: 24th July, 2026

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Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)
4. Dr, ITAT, Mumbai
5. Guard File.

BY ORDER,

//True COPY//

(Assistant Registrar)
ITAT, Delhi Benches