आयकर अपीलीय अधिकरण, दिल्ली पीठें, नई दिल्ली

INCOME TAX APPELLATE TRIBUNAL, DELHI BENCHES, NEW DELHI

BENCH: H

BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT
AND
SHRI MANISH AGARWAL, HON'BLE ACCOUNTANT MEMBER

ITA No. 7202/Del/2026
(Assessment Year: ----)

EKATM MANAVDARSHAN ANUSANDHAN EVAM VIKAS PRATISHTHAN, 37, EKATM BHAWAN, DEENDAYAL UPADHAYAYA MARG, NEW DELHI – 1 (PAN: AAATE60H)	Vs.	COMMISSIONER OF INCOME TAX (EXEMPTION), DELHI
(Appellant)		(Respondent)

Assessee by :	Sh. Salil Aggarwal, Sr. Adv., Sh. Shailesh Gupta, CA and Sh. Uma Shankar, Adv.
Revenue by:	Ms. Mrinalini Kaur Sapra, CIT(DR)
Date of Hearing	23/11/2026
Date of pronouncement	23/11/2026

O R D E R

PER MAHAVIR SINGH, VP :

This appeal filed by the assessee against the order of the Ld. Commissioner of Income Tax (Exemption), Delhi order dated 28.06.2026 rejecting the application filed in Form 10AB for registration of Trust u/s. 12A(1)(ac)(vi)(B) of the Income Tax Act, 1961 (hereinafter referred as Act).

2. Briefly stated facts are that the applicant, a society filed an application electronically on 6.12.2025 in Form No. 10AB seeking registration u/s. 12A(1)

(ac)(vi)(B) of the Act. The applicant was issued a questionnaire on 7.4.2026 with a request to furnish certain details and documents in support of its claim for registration u./s 12A(1)(ac)(vi)(B) It on or before 14.4.2026. Applicant filed its submission on 02.05.2026, 14.5.2026 and 6.6.2026 which have been taken on record. After examination of the submissions, the applicant vide letter dated 9.6.2026 was show caused as to why its application for registration u/s. 12A may not be rejected as the society's income is largely derived from advertisement, hall booking and sales Manthan which appear to be commercial in nature, in response to the said notice dated 9.6.2026 the applicant filed its reply on 16.6.2026 which has been taken on record. Ld. CIT(E) observed that the applicant entity has been registered as a society on 15.12.1999 and main object of the entity is to research and implementation of principles of integrated humanism propounded by Pt. Deen Dayal Upadhyay (i.e. Ekatm Manavdarshan) and with a view to achieve that object the society publishes a quarterly magazine names "Manthan". Ld. CIT(E) on perusal of the audited accounts of the society and on the basis of submission, observed that the society is receiving revenue from advertisement, subscription, fee, rent, hall booking, sales Manthan and society income is largely derived from advertisement and its commercial receipts is apparently more than 20% of the total receipts in the respective years. Thus it is apparent that the society is mainly involved in activities for generation of income rather than the charity. Accordingly, the applicant was show caused vide notice dated 9.6.2026 to justify its claim for registration u/s. 12AB as its receipts in all years were substantially from advt., hall booking and sales Manthan which appear to be commercial in nature. In response to the same, assessee replied vide submission dated 16.6.2026 and submitted that the assessee society continues to be engaged exclusively in the advancement of its charitable objects, namely research, study, dissemination and propagation of the philosophy, socio economic thought and humanitarian principles propounded by Pandit Deendayal Upadhyay, alongwith conducting educational, intellectual and public awareness activities through publications, seminars, conferences, lectures and research programmes for the benefit of society at large. It was further submitted that the

society has been enjoying registration u/s. 12A/12AA on the basis of its charitable object falling within the ambit of "advancement of any other objcet of general public utility" as defined u/s. 2(15) of the Act. There has been no change whatsoever in the objects of the society, nor has there been any deviation from such objects. However, Ld. CIT(E) observed that the applicant is systematically engaged in generating income from advt. on a commercial basis. While the applicant claims that the consideration received merely recovered cost of magazine and there is no element of business, trade, commerce in this activity, the fact remains that the activity is a commercial activity generating income in systematic basis pursuant to advertisement in the magazine. They are merely incidental but form a significant source of income for the applicant society on regular basis. Thus, these activities fall within the ambit of business as defined u/s. 2(15) of the Act, as all the proceeds of the commercial activities are utilized for its objectives only and, hence, none of its activities are commercial. Ld. CIT(A) noted that utilization of commercial receipts for the advancement of objections of an entity does not give it any immunity from the proviso to section 2(15) of the Act where such receipts are in excess in 20%. Thus, it was observed by the Ld. CIT(E) held that conditions for grant of registration are not satisfied and hence, the application filed in Form 10AB for grant of registration u/s 12A(1)(ac)(vi)-ITEM B was rejected and provisional registration obtained from CPC for the periods from AY 2021-22 to AY 2023-24 has not been regularized and same is cancelled.

3. Ld. Counsel for the assessee before us, stated that the society has been enjoying registration u/s. 12A/12AA on the basis of its charitable object falling within the ambit of "advancement of any other object of general public utility" as defined u/s. 2(15) of the Act. There has been no change whatsoever in the objects of the society, nor has there been any deviation from such objects.

4. Ld. DR stated that Ld. CIT(E) rejected the assessee's application for registration for the reasons that the same is hit by the provision of section 2(15) of the Act and accordingly activities of the assessee are not charitable in nature.

5. We have heard the rival contentions and gone through the facts and circumstances of the case. We have also perused the relevant Memorandum of Association and its objects, which is available at Assessee's paper book from pages 18-47. It is settled principle of law that while examining charitable status, the dominant and primary purpose test has to be applied. The incidental generation of income does not alter the charitable character of an institution so long as :

a) The primary object remains charitable;

b) The activity generating income is undertaken only to further the charitable objects;

c) No profit motive exists; and

d) The income earned is wholly towards the attainment of charitable purposes.

6. In view of above, it reveals that the society's activities are directed solely towards intellectual, educational and social development through research and dissemination of ideas concerning human welfare and integral humanism. The receipts under consideration merely support and facilitates the carrying out of these charitable activities.

7. But now before us, the issue of registration u/s. 12A(1)(ac) of the Act which was rejected by the Ld. CIT(E) was only on the ground that assessee is not carrying the charitable activities in view of proviso to section 2(15)(ii) of the Act and moreover in view of the decision of the Hon'ble Supreme Court in the case of ACIT(E) v Ahmedabad Urban Development Authority [2022] 143

taxmann.com 278 (SC). The assessee/applicant is a Statutory Authority carrying out statutory and public functions which are probably by Centre notification or exemption under specific provisions governing its case. We noted that Ld. CIT(E) has not denied that the assessee objectives are not in charitable nature, but it is only a GPU. Hon'ble Supreme Court in the case of ACIT(E) v Ahmedabad Urban Development Authority [supra] has considered the issue in the case of non-statutory bodies like assessee how the purpose is charitable and finally held as under:-

> *E. Non-statutory bodies*
>
> *E.1 In the present batch of cases, non-statutory bodies performing public functions, such as ERNET and NIXI are engaged in important public purposes. The materials on record show that fees or consideration charged by them for the purposes provided are nominal. In the circumstances, it is held that the said two assesses are driven by charitable purposes. However, the claims of such non-statutory organisations performing public functions, will have to be ascertained on a yearly basis, and the tax authorities must discern from the records, whether the fees charged are nominally above the cost, or have been increased to much higher levels.*
>
> *E.2 It is held that though GSI India is in fact, involved in advancement of general public utility, its services are for the benefit of trade and business, from which they receive significantly high receipts. In the circumstances, its claim for exemption cannot succeed having regard to amended section 2(15). However, the Court does not rule out any future claim made and being independently assessed, if GSI is able to satisfy that what it provides to its customers is charged on cost basis with at the most, a nominal markup.*

8. In terms of above, we direct the ld. CIT(E) to grant the registration to the appellant u/s. 12A of the Act and will not go into quantification and that the subject matter of the assessment whether the markup in the receipts hit by proviso to section 2(15) is exceeding and is liable to be taxed u/s. 11 of the Act or the same is to be disallowed u/s 11 or section 13 of the Act.

9. In the result, the appeal of the assessee is allowed as indicated above.

Order pronounced in the open court 23.11.2026.

Sd/-	**Sd/-**
(MANISH AGARWAL)	**(MAHAVIR SINGH)**
ACCOUNTANT MEMBER	**VICE PRESIDENT**

SR BHATNAGGAR

Date: 27.11.2026

Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT DELHI