



CNR: KAHC010508982018

NC: 2026:KHC:39911-DB
ITA No. 31 of 2018

IN THE HIGH COURT OF KARNATAKA AT BENGALURU
DATED THIS THE 30TH DAY OF JULY, 2026
PRESENT
THE HON'BLE MR. JUSTICE S.G.PANDIT
AND
THE HON'BLE DR. JUSTICE K.MANMADHA RAO
INCOME TAX APPEAL NO. 31 OF 2018

BETWEEN:

1. THE PR. COMMISSIONER
OF INCOME-TAX, CIT(A)
CENTRAL CIRCLE, C.R. BUILDING,
QUEENS ROAD,
BENGALURU - 560 001.
2. THE DIRECTOR OF INCOME-TAX,
EXEMPTIONS, PRESENT ADDRESS
DCIT, CENTRAL CIRCLE-1(3),
C.R. BUILDING, QUEENS ROAD,
BENGALURU - 560 001.

...APPELLANTS

(BY SRI. RAVI RAJ Y.V. AND SRI M. DILIP, ADVS.)

Digitally signed by
NANJUNDACHARI

Location: High
Court of
Karnataka

AND:

M/S. ANANDA SOCIAL AND EDUCATIONAL TRUST,
DR. B.R.AMBEDKAR MEDICAL COLLEGE CAMPUS,
KADUGONDANAHALLI,
BENGALURU - 560 045.

...RESPONDENT

(BY SRI. T SURYANARAYANA, SR. ADV. FOR
SMT. MANASA ANANTHAN, ADV.)

THIS APPEAL IS FILED UNDER SEC.260-A OF INCOME TAX ACT
1961, ARISING OUT OF ORDER DATED 24.08.2017 PASSED IN ITA
NO. 591/BANG/2007, FOR THE ASSESSMENT YEAR NIL, PRAYING TO
I. FORMULATE THE SUBSTANTIAL QUESTIONS OF LAW STATED



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ABOVE; II. ALLOW THE APPEAL AND SET ASIDE THE ORDERS PASSED BY THE INCOME-TAX APPELLATE TRIBUNAL, BENGALURU IN ITA NO.591/BANG/2007 DATED 24.08.2017 AND CONFIRM THE ORDER OF THE APPELLATE COMMISSIONER CONFIRMING THE ORDER PASSED BY THE DEPUTY COMMISSIONER OF INCOME TAX, CENTRAL CIRCLE-1(3), BENGALURU AND ETC.

THIS APPEAL, COMING ON FOR HEARING, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S.G.PANDIT
AND
HON'BLE DR. JUSTICE K.MANMADHA RAO

JUDGMENT

(PER: HON'BLE MR. JUSTICE S.G.PANDIT)

The instant appeal under Section 260-A of the Income-Tax Act, 1961 (for short "the Act") is directed against the order dated 24.08.2017 in ITA No.591/Bang/2007 passed by the Income-Tax Appellate Tribunal, Bangalore (for short "ITAT") allowing the appeal filed by the respondent-assessee holding that the respondent-assessee is entitled for registration under Section 12A/12AA of the Act, by condoning delay in submitting the application.

2. The above appeal was admitted to consider the following substantial questions of law on 09.11.2018:



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"(1) Whether on the facts and in the circumstances of the case, the Tribunal is correct in directing the DIR(E) to grant registration under Section 12A w.e.f. A.Y.2002-03?

(2) Whether on the facts and in the circumstances of the case and law, the Tribunal is correct in directing the revenue to grant registration under Section 12A w.e.f. assessment year 2002-03 due to reason that lower authorities have not brought on record any infirmity or defect in the audited books of account even though there was no occasion for the revenue to examine violations made by the assessee trust w.e.f. assessment year 2002-02 onwards?

(3) Whether on the facts and in the circumstances of the case and law, the Tribunal was right in directing the DIT(E) to grant registration under Section 12A w.e.f. assessment year 2002-03 ignoring the fact that this Hon'ble Court had already upheld the refusal of registration under Section 12AA in the assessee's own case and there was no change in the facts and circumstances of the case?"

3. The brief facts of the case are that:

The respondent-assessee is a Trust formed with specific purpose of social and educational activities that



too for the purpose of establishing Medical College to be run by the Trust. The land was granted by the State Government for the said purpose, with a specific condition that the respondent-assessee shall build and run the Medical College. The respondent-assessee was granted recognition under Section 80G of the act and was also granted exemption under old Section 10(22) of the Act. Subsequently, the respondent-assessee filed an application for grant of registration under Section 12A of the Act, w.e.f. 10.01.1980 so as to utilize the exemptions that are available under Sections 10 and 11 of the Act. Initially, the application of the respondent-assessee was rejected by the Director of Income-Tax(Exemptions) (for short "DITE") on the ground that the application was filed belatedly and stated that the object of the Trust is not only social and educational purpose, but it is also to make profit. The respondent-assessee filed an appeal before the Tribunal and the Tribunal allowed the appeal by order dated 26.08.2005, by holding that the objects of the



respondent-assessee are undisputedly charitable in nature and the respondent-assessee would be entitled for grant of registration under Section 12A of the Act. It is stated that the order passed by the Tribunal had not indicated from when the respondent-assessee is entitled for grant of registration. It is also stated that the respondent-assessee filed a Miscellaneous Application for rectification of the order to provide the period from which the respondent-assessee is entitled for registration. It is stated that the application came to be dismissed. On rejection of the said Miscellaneous Application, it is stated that the respondent-assessee filed another Application before the DITE seeking grant of registration afresh under Section 12A of the Act w.e.f. 10.01.1980. The said application came to be rejected solely on the ground that no reasons are forthcoming for delay in filing the said application. The said order was the subject matter of the appeal before the Tribunal and the Tribunal allowed the appeal by order dated 12.09.2007 holding that the delay



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was sufficiently explained and the Tribunal directed the DITE to grant exemption w.e.f. 01.04.1999.

4. The Revenue filed an appeal in ITA No.44/2006 against the order dated 26.08.2005 wherein the appeal of the respondent-assessee was allowed by the Tribunal holding that the objects of the respondent are charitable in nature and holding that they would be entitled for registration. This Court, by order dated 09.11.2010 allowed the appeal of the Revenue by setting aside the order of the Tribunal dated 26.08.2005 and restored the order of the DITE rejecting registration of the respondent-assessee. The appellant-Revenue had filed an appeal in ITA No.24/2008 against the order of the Tribunal dated 12.09.2007, whereunder the delay was condoned and DITE was directed to grant exemption w.e.f. 01.04.1999. This Court, taking note of the order passed in ITA No.44/2006, set aside the order dated 12.09.2007 in ITA No.24/2008 and remanded the matter to the Tribunal to consider with regard to grant of registration afresh,



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however, with an observation that the respondent-assessee would be eligible for registration only from the assessment year 2002-03 onwards. It is pertinent to mention here itself that the respondent-assessee had filed SLP before the Hon'ble Apex Court against the orders passed in both ITA No.44/2006 as well as ITA No.24/2008 which came to be dismissed on 19.02.2020. Meanwhile, the Tribunal, on remand considered the matter afresh and held that the assessee is entitled for registration under Sections 12A/12AA of the Act, by condoning the delay in making the application and directed to grant registration from 2002-03 onwards. Questioning the said order, the Revenue is in appeal raising the above stated substantial questions of law.

5. We have heard the learned counsel Sri.Y.V.Raviraj and Sri.M.Dilip for the appellant-Revenue and learned senior counsel Sri.T.Suryanarayana for Smt.Tanmayee Rajkumar for respondent-assessee.



6. Learned counsel for the appellant Sri.Raviraj would submit that the Tribunal failed to appreciate the material on record and has wrongly come to the conclusion that the activities carried on by the respondent-assessee are charitable in nature. Further, learned counsel Sri.Raviraj would submit that the Tribunal failed to give a finding on the existence and genuineness of the activities carried on by the respondent-Trust and also submitted that the Tribunal could not have decided the entitlement of respondent-assessee for registration under Section 12AA of the Act and the Tribunal ought to have remitted the matter to DITE for consideration of the application filed by the respondent-assessee under Section 12A of the Act.

7. On the contrary, learned senior counsel Sri.Suryanarayana would support the order passed by the Tribunal and would submit that the appellant-revenue at no point of time had disputed the activities carried on by the respondent-Trust which are social and charitable in nature. Further, learned senior counsel would submit that



the respondent-Trust is running several educational institutions including Medical College and the activities of the respondent-Trust i.e., educational activities, is considered as charitable in nature. Learned senior counsel would further submit that the Revenue has not challenged the order passed by this Court in ITA No.24/2008 dated 07.12.2010 which remanded the matter to the Tribunal for fresh consideration of application for registration made in the year 2006. Thus, learned senior counsel would submit that it is not open for the appellant-Revenue to contend that the Tribunal could not have considered entitlement of the respondent for registration under Section 12AA of the Act. Thus, learned senior counsel would pray for rejection of the appeal as no substantial questions of law would arise for consideration.

8. On hearing the learned counsel for the parties and on perusal of the entire material on record, we are of the considered view that no substantial questions of law would arise for consideration in this appeal.



9. Admittedly, this Court by order dated 07.12.2010 in ITA No.24/2008 remitted the matter back to the Tribunal to consider the application dated 21.09.2006 for registration under Section 12A of the Act from 2002-03 onwards. The appellant-Revenue has not challenged the said judgment of this Court. Initially, the respondent-assessee filed an application for grant of registration under Section 12A of the Act w.e.f. 10.01.1980 on 09.01.2002. The said application came to be rejected on the ground of delay and also observing that the activities of the respondent-Trust is not only for social and charitable purpose but it is also for other purposes of earning profit. However, the appeal by the respondent-assessee filed against the said order was allowed and against the said order of allowing the appeal by the Tribunal, the Revenue had preferred an appeal before this Court and this Court allowed the said appeal, setting aside the order of the Tribunal. However, when the subsequent application of the respondent-assessee was rejected on the ground of



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delay, the respondent-Trust filed an appeal before the Tribunal and the Tribunal allowed the said appeal, against which, the Revenue had preferred an appeal before this Court and this Court on setting aside the Tribunal's order remanded the matter to the Tribunal for fresh consideration.

10. On remand, the Tribunal on examination of the material on record has come to a definite conclusion that the respondent-assessee-Trust is running educational institution and a hospital and is imparting education in medical, dental and nursing fields. Further it has also observed that the appellant-Revenue at no point of time has disputed the genuineness of the activities of the respondent-assessee or disputed the objects of the Trust from its inception.

11. The registration under Section 12A of the Act by the Trust or Institution in the prescribed form and in the prescribed manner is necessary to avail the benefit



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provided under Sections 11 and 12 of the Act. It is also to be noticed that if the activity of the concerned Trust or Institution is doubted or not genuine, sub-Section (3) of Section 12AA of the Act provides for cancellation of registration granted under Section 12A of the Act, on recording satisfaction with regard to activities of the Trust or Institution as to genuineness or otherwise of the activities. Mere registration of a Trust or Institution under Section 12A of the Act would not entitle the said assessee to claim benefit under Sections 11 and 12 of the Act. However, at every assessment, the activities shall have to be proved that the same are charitable or social.

12. With regard to condonation of delay, the Tribunal has considered the material on record and in its discretion has come to the conclusion that there are sufficient reasons to condone the delay. We do not find any perversity in the findings recorded by the Tribunal.



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13. For the reasons recorded above, we are of the considered opinion that there is no merit in the appeal and no substantial question of law would arise for consideration. Accordingly, the appeal stands rejected.

**Sd/-
(S.G.PANDIT)
JUDGE**

**Sd/-
(DR.K.MANMADHA RAO)
JUDGE**

MPK
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List No.: 1 Sl No.: 44