2026:MHC:4410

Order QR

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 28-10-2026

CORAM

THE HON'BLE DR.JUSTICE ANITA SUMANTH

AND

THE HON'BLE MR.JUSTICE S.KARTHIKEYAN

TCA No. 321 of 2015

CNR:{HCMA010507412015}

Director of Income Tax,
Chennai

..Appellant(s)

Vs

M/s Thamizh Thai Seva Trust
No.3 Lakshmi Avenue, Ambal Nagar, Senneer
Kuppam, Poonamallee, Thiruvallur District,
Chennai – 600 056.

..Respondent(s)

Appeal filed under Section 260-A of the Income-Tax Act, 1961 against the order of the Income-Tax Appellate Tribunal, Madras 'A' Bench dated 10.11.2014 in ITA No. 2104/Mds/2013.

For Appellant(s): Mr.J.Narayanasamy
Senior Standing Counsel

For Respondent(s): Not Ready Notice

JUDGMENT

(Delivered by Dr.Anita Sumanth, J.)

The Director of Income-Tax has challenged an order of the Income-Tax Appellate Tribunal ('Tribunal' /'ITAT') dated 10.11.2014 allowing an appeal filed by the Thamizh Thai Seva Trust (Trust) challenging an order rejecting the grant of exemption under Section 12AA of the Income-Tax Act, 1961 (in short, 'Act').

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2. Service is incomplete on the assessee as the registered cover has been returned with the endorsement 'vacated'. However, this need not detain us for the reason that we do not see any merit in the appeal instituted by the Department.

3. The questions admitted on 15.07.2015 are as follows:-

> *"1) Whether on the facts and circumstances of the case the Tribunal was right in holding that numerous objects mentioned in the trust deed making the purpose of the trust vague and unclear cannot be the ground for denying registration under Section 12AA?*
>
> *2) Whether on the facts and circumstances of the case, the ITAT was right in holding that a large number of objects in the trust deed do not disentitle the assessee from claiming the status of a charitable trust even though the trust deed is so vague that it does not merit any attention?*
>
> *3) Whether on the facts and circumstances of the case, the Tribunal was right in holding that the object of the assessee trust relating to organizing milk societies and sale of milk cannot be treated as commercial activity warranting rejection of registration under Section 12AA in view of Section 2(15) which defines charitable trust?*
>
> *4) Whether on the facts and circumstances of the case, the ITAT was right in granting registration to the assessee as a 'charitable' entity, part of whose objects were to purpose 'commercial' activities?"*

4. The order of the Tribunal sets out the objects as (i) to organize milk societies for facilitating sale of milk wherever necessary and (ii) to establish factories liking ginning, handloom, spinning, fruit processing, fiber, oil extraction, and processing agricultural products for the economic development of women from the lower economic strata, from rural areas.

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5. It is taking into account the objects that, the Tribunal has rendered a categoric finding that the activities of the Trust are targeted towards empowering and providing for economic development and upliftment of women in rural areas. This is a finding of fact. In fact, the Tribunal has also noted at paragraph 11 that no activities had been carried out by the Trust as at that time on account of want of funds and hence, the rejection of the application for registration by the Director of Income-Tax (Exemptions) was pre-mature. Even today, no material has been brought on record by Mr.Narayanaswamy, who appears for the Department, to dislodge the position that the avowed activities of the assessee are in consonance with Section 2(15) of the Act.

6. In light of the discussion as above, we see no merit in this appeal. We clarify that it is for the assessing officer to examine the conduct of activities by the assessee in each year and thereafter come to a reasoned conclusion as to whether the exemption claimed by the assessee is in order.

7. The questions of law are answered in favour of the assessee and against the revenue and this Tax Case (Appeal) is dismissed. No costs.

(A.S.M, J.) (S.K, J.)
28-10-2026

Index: Yes/No
Speaking order
Neutral Citation: Yes

ssm

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To

1. The Director of Income-Tax, Chennai.

2. The Income-Tax Appellate Tribunal, Madras ‘A’ Bench, Chennai.

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AND
S.KARTHIKEYAN, J.

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