INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "E": NEW DELHI
BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER

ITA No. 2704/Del/2026

Shishu Kalyan Educational Society, VPO Nawada, Gurgaon, Haryana	Vs.	CIT(Exemption), Chandigarh
(Appellant)		(Respondent)
PAN: AACAS3684F		

Assessee by :	Shri Pawan Chhikara, CA Ms. Himani Garg, CA
Revenue by:	Ms. Lalita Kumari, CIT DR
Date of Hearing	02/07/2026
Date of pronouncement	08/07/2026

<u>O R D E R</u>

<u>PER M. BALAGANESH, A. M.:</u>

1. The appeal in ITA No.2704/Del/2026, arises out of the order of the ld Commissioner of Income Tax (Exemptions), Chandigarh [hereinafter referred to as 'ld. CIT(E)', in short] dated 19.02.2026 against the revenue of registration of trust u/s 12AB(1)(b)(ii) of the of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

2. The Assessee has raised the following grounds of appeal before us:-

1) The Ld. CIT(E), has committed gross injustice to the appellant by and passed the order rejecting the application for renewal of registration filed by the assesse trust u/s 12A(1)(ac)(ii) of the Income Tax Act, 1961 which is bad both in the eye of law and on the facts of the case and the same is arbitrary and unjustified.

2) On the facts and circumstances of the case, the Ld. CIT (E) has erred on both on facts and in law in passing the order rejecting the application for renewal of registration u/s 12A(1)(ac) (ii) of the Income Tax Act without considering the detailed reply filed by the applicant during the registration proceedings before Honorable CIT(E). Therefore *the order passed by the L. CIT(E) is totally against the mandate of Income tax act and Law and the same is liable to be quashed.*

3) On the facts and circumstances of the case, the order passed by the Ld. CIT(E) are in violation of the statutory conditions of the Income Tax act and the procedure prescribed under the Income tax law in relation to the registration u/s 12AB which clearly says that at the time of registration the Honorable CIT(E) 3 has power to check the genuineness of the activities in accordance with the objects of the charitable trust and compliance of such requirements of any other law which are materials to achieve the objects and cannot review the accounts of the trust at the registration stage. Therefore the same is bad in law and liable to be quashed.

4) On the facts and circumstances of the case, the Ld. CIT (E) has erred both on facts and in law in rejecting the application for renewal of registration u/s 12A(1)(ac) (ii) of the Income Tax act despite the fact that the assesse filed the application within the prescribed time limit and fulfilled all the conditions as provided under the Income Tax act in relation to registration and thus, eligible for registration."

3. We have heard the rival submissions and perused the materials available on record. The Assessee society was created on 23-01-2009 for the purpose of engaging itself in educational activities. The said activity duly falls within the definition of charitable purpose under section 2(15) of the Act. The Assessee preferred an application in Form No. 10AB on 26-09-2025 seeking renewal of the registration under section 12AB of the Act. The initial registration was indeed granted to the Assessee. The Assessee along with the application furnished the supporting documents including memorandum of association, financial statements and other records. However, the learned CIT (exemptions) during the course of examination observed from the financial statements and records, that substantial amount had been advanced to various persons and entities including persons closely connected with the Assessee society. Accordingly, a hearing notice dated 6-2-2026 was issued to the Assessee to explain the nature, purpose and justification of such advances and furnish supporting documentary evidences. In response, the

Assessee submitted that the loans and advances have since been received back and furnished the complete ledger accounts of the parties in support of its claim. The learned CIT (Exemptions) noted that even though the amounts were received back from the parties to whom advances were given, the Assessee failed to provide confirmation from these parties, loan agreements, board resolutions or documentary evidence establishing the purpose, necessity and terms of such advances. The learned CIT (Exemptions) noted that such financial arrangement of giving advances to related parties would tantamount to diversion of charitable funds for non-charitable purposes. Accordingly, the learned CIT (Exemptions) proceeded to deny the renewal of registration and rejected the application filed in Form No. 10AB under section 12A(1)(ac)(ii) of the Act. Aggrieved, the Assessee is in appeal before us.

4. At the outset, we find that Assessee had been indeed granted registration from 2009 onwards as per the erstwhile provisions of section 12AA of the Act and thereafter under section 12AB of the Act. The present application filed in Form 10AB on 26-9-2025 was only seeking renewal of the registration under section 12AB of the Act. It is not in dispute that the Assessee is engaged in educational activities which falls within the definition of charitable purpose under section 2(15) of the Act. The learned CIT (Exemptions) nowhere in the order had doubted the educational activity carried on by the Assessee. The only grievance of the CIT (Exemptions) is that Assessee had given some loans and advances to certain related parties from the charitable funds of the Assessee society. This according to him would amount to diversion of charitable funds for non-charitable purposes. In our considered opinion, the Assessee has sought only renewal of registration. The genuineness of the activities of the Assessee society are not

doubted by the revenue. Further the educational activity carried out by the Assessee are also not doubted by the revenue. Hence, the Assessee's application seeking renewal of registration under section 12AB of the Act cannot be denied. If at all the revenue seek to examine the veracity of the loans and advances given to various persons together with its purpose and the nexus with the charitable activities of the Assessee society, the same could very well be taken up at the time of assessment proceedings . That can never be a relevant consideration for denial of renewal of registration sought by the Assessee. Hence, we direct the learned CIT (Exemptions) to grant renewal of registration under section 12AB of the Act to the Assessee society in the facts and circumstances of the instant case. Accordingly, the grounds raised by the Assessee are allowed.

5. In the result, the appeal of the Assessee is allowed.

Order pronounced in the open court on 08/07/2026.

-Sd/-	**-Sd/-**
(SATBEER SINGH GODARA)	**(M BALAGANESH)**
JUDICIAL MEMBER	**ACCOUNTANT MEMBER**

Dated:08/07/2026
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi