

IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD “B” BENCH: HYDERABAD

BEFORE SHRI MANJUNATHA G, ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, JUDICIAL MEMBER

ITA.No.40/Hyd./2025
Assessment Year 2024-2025

Manilal Modi Charitable Foundation, Secunderabad – 500 003. PAN AAITM1654J	vs.	The Income Tax Officer, Exemption Ward-1(2), Hyderabad.
(Appellant)		(Respondent)

For Assessee :	CA Darshan Jakharia
For Revenue :	Ms. M. Narmada, CIT-DR

Date of Hearing :	28.04.2025
Date of Pronouncement :	28.04.2025

ORDER

PER MANJUNATHA G. :

This appeal has been filed by the Assessee-Trust against the order dated 16.12.2024 of the learned CIT(E) in rejecting the application for registration of the assessee-trust u/sec.12AB of the Income Tax Act, 1961 [in short “the Act”].

2. Brief facts of the case are that, the assessee-trust viz., Manilal Modi Charitable Foundation (hereinafter referred to as "Trust") is a Charitable Trust formed on 01.08.2022 with the objective of carrying charitable activities i.e., 1. Rendering medical help to the needy in the form of subsidizing the cost of medical treatment, donating hospitals, clinics for treatment of poor and needy (2) Spreading education, rendering help to the needy and deserving students in the form of awarding scholarship, financial assistance to education institution. (3). Providing food, clothes, other assistance to the poor and needy people. The assessee-trust was granted provisional registration u/sec.12AB of the Act vide order dated 08.11.2022. Thereafter on 20.06.2024, the assessee-trust made an application u/sec.12A(1)(ac)(iii) of the Act seeking for regular registration which has been rejected by the learned CIT(E) vide impugned order dated 16.12.2024.

3. Aggrieved by the order of the learned CIT(E) in rejecting the application for regular registration, the assessee-trust is in appeal before the Tribunal.

4. CA Darshan Jakharia, Learned Counsel for the Assessee, submitted that, the application of Assessee-Trust has been rejected in a summary manner without providing any elaborated and convincing reasons. Further, the reasons given by the learned CIT(A) in his order do not justify the rejection of application and as the order passed is not in accordance with the provisions of the Act. In support of this contention, the Learned Counsel for the Assessee drew the attention of Bench para-3 of the order of the learned CIT(E) which is reproduced as under:

“3. On perusal of the submissions made by the assessee, it is observed that no substantial activities which are charitable in nature are being carried out by the assessee, which is in violation of the provisions of the section 12AB of the IT Act, 1961. In view of the above, the present application in form 10AB for registration u/s 12AB is herewith rejected.”

4.1. He accordingly submitted that, the learned CIT(F) has rejected the application simply stating that "No substantial activities of charitable nature are being carried out and the same is in violation of provisions of section 12AB. He submitted that in line with its object the assessee-trust, it is carrying on charitable activity in the form of

providing financial assistance for medical treatment of the needy people. For this purpose, the assessee-trust has tie up with “Aakar Asha Hospital”, a charitable hospital run by “Narsing Swain Memorial Trust”. For the purpose of medical treatment for the poor/needy people, the assessee-trust is paying Rs.35,000/- per treatment based on the information and requisition received from the hospital regarding patient, problem and the treatment given. Further, in order to substantiate it’s charitable activity, the assessee-trust has submitted requisition letters received from Aakar Asha Hospital requesting for money for treatment of the patients and also furnished bank statement reflecting the payments made. He accordingly submitted that, the assessee-trust is strive to reach to meet-out it’s objections by serving to the poor/needy people and by furnishing relevant documentary evidences, the assessee-trust made an application u/sec.12A(1)(ac)(iii) of the Act seeking for regular registration. He submitted that the learned CIT(E) has rejected the application of the assessee-trust for registration without considering the documentary evidences placed on

record and also without giving any reasons and, therefore, the order of the learned CIT(E) is not sustainable in the eye of law and be directed for registration of the assessee-trust or in the alternative, he submitted that, the matter may be restored back to the file of learned CIT(E) for examine/verify the matter in issue afresh, after providing due opportunity of hearing to the assessee-trust.

5. MS. M. Narmada, learned CIT-DR, on the other hand, relied on the order of the learned CIT(E), but, unable to controvert the submissions of the Learned Counsel for the Assessee.

6. We have heard both the parties, perused the material on record and the order of the learned CIT(E). We find that, there is no dispute between the parties that the assessee is a trust and granted provisional registration u/sec.12A(10(ac)(vi) for a period of 03 years in Form-10AC of the Act vide order dated 08.11.2022. In fact, the assessee-trust is providing medical-aid expenses to the poor and needy people through “Aakar Asha Hospital”, a charitable hospital run by “Narsing Swain Memorial Trust”.

Further, the assessee-trust is paying the sum for the treatment based on the information and requisition received from the hospital regarding patient, problem and the treatment given. In support of this contention, the assessee-trust has placed various documents such as requisition received from the hospital per patient and also the payment made by the assessee-trust through banking channel by way of cheque. Further, from the careful perusal of the order of the learned CIT(E), the learned CIT(E) did not give reasons for decision and simply rejected the application of the assessee-trust filed in Form-10AB for regular registration u/sec.12AB of the Act by simply observing that *“no substantial activities which are charitable in nature are being carried-out by the assessee”*. We find that the learned CIT(E) has passed a lackadaisical order, without considering the documentary evidences filed by the assessee-trust. In this connection, we may note that, although, the Government is taking steps for providing treatment to poor /needy people by running Government Hospitals in this vast country consisting of 140 crores population, but, as a

matter of fact, the efforts taken-up by the Government is not at all enough/sufficient. Therefore, in our view, if any trust, like the assessee-trust before us, came forward to providing medical-aid by providing some money or aid that too after requisition from the designated clinic/trust hospital, such noble activities by Trust(s) established by some individuals/group of persons, shall be encouraged in true letter and spirit. We, therefore, set aside the matter in issue back to the file of learned CIT(E) with a direction to reconsider the application for regular registration of the assessee-trust in accordance with law, after providing adequate opportunity of hearing being heard to the assessee-trust. The assessee-trust is also directed to place all it's documentary evidences before the learned CIT(E) as called for by him to substantiate it's case. Accordingly, the grounds of appeal raised by the assessee-trust are allowed for statistical purposes.

7. In the result, appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 28.04.2025

Sd/-
[RAVISH SOOD]
JUDICIAL MEMBER

Sd/-
[MANJUNATHA G]
ACCOUNTANT MEMBER

Hyderabad, Dated 28th April, 2025

VBP

Copy to

1.	Manilal Modi Charitable Foundation, H.No.5-4-187/5/16/5, 2 nd Floor, P.M. Modi Commercial Complex, Karbala Maidan, Secunderabad – 500 003. Telangana.
2.	The Income Tax Officer, Exemption, Ward-1(2), Aaykar Bhavan, Basheerbagh, Hyderabad-500 004. Telangana.
3.	The Commissioner of Income Tax (Exemption), Hyderabad.
4.	The Pr. CIT (Central), Hyderabad.
5.	The DR ITAT “B” Bench, Hyderabad.
6.	Guard File.

//By Order//

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