

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "A": NEW DELHI  
BEFORE SHRI C. N. PRASAD, JUDICIAL MEMBER  
AND  
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No. 2335/Del/2025

C. J. Mangaliwala Dharmarth Trust, Nagori Gate, Hisar -125 001	Vs.	The Id. Commissioner of Income Tax (Exemptions), Chandigarh
(Appellant)		(Respondent)
<b>PAN:AAATC8402A</b>		

Assessee by :	Shri K. Sampath, Adv Shri V. Rajakumar, Adv
Revenue by:	Ms. Nimisha Singh, CIT DR
Date of Hearing	16/09/2025
Date of pronouncement	10/12/2025

O R D E R

**PER M. BALAGANESH, A. M.:**

1. The appeal in ITA No.2335/Del/2025, arises out of the order of the Id Commissioner of Income Tax (Exemptions), Chandigarh [hereinafter referred to as 'Id. CIT(E)', in short] dated 21.03.2024 against the revenue of registration of trust u/s 12A(1)(ac)(iii) of the of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').
2. At the outset, we find that there is delay in filing of appeal by 313 days before us. Considering the reasons adduced in the delay condonation petition, in the interest of substantial justice, we are inclined to condone the delay and admit the appeal of the assessee for adjudication.
3. The only issue to be decided in this appeal as to whether Id CIT(E), Chandigarh was justified in rejecting the application for renewal of registration under section 12A(1)(ac)(iii) of the Act in the facts and circumstances of the instant case.

4. We have heard the rival submissions and perused the material available on record. The assessee is a public charitable trust which was established in February 2005. The trust had made an application for grant of registration u/s 12AA of the Act on 28.09.2016 and granted registration thereon on 28.09.2016. The CIT(E) noticed on perusal of the financial statement of the assessee for FYs 2020-21, 2021-22 and 2022-23 that main source of the income of the assessee society is agricultural income, Dharamsala receipts, interest income from bank and rent. It was submitted that the assessee owns a building which has 10 shops which are let out to tenants. The building also has six rooms and two halls. The building is used as Dharamshala. The receipts from charity were deployed towards the objects of the assessee society. On perusal of the objects of the assessee society which are reproduced at page 6 and 7 of the order of the Id CIT(E) in Form 10AD Annexure therein, we find that the objects stated thereon are purely charitable in nature. The total receipts and total expenditure of the society together with the surplus for the last three years are tabulated below:—

Assessment Year	Total Receipts	Total Expenditure	Surplus
2022-23	Rs.8,73,589/-	Rs.3,10,034/-	Rs.5,63,555/-
2021-22	Rs.9,60,522/-	Rs.5,06,652/-	Rs.4,53,870/-
2020-21	Rs.6,29,617/-	Rs.5,38,855/-	Rs.90,762/-

5. The Id CIT(E) had noted that the assessee have been deriving surplus year on year and the amount expended towards charity is nominal. Ld CIT(E) also noted that the assessee had sold some of the land and had made profit thereon. Further, the assessee had made some cash deposit on 08.04.2021, 21.04.2021, 31.05.2021, which cannot be directly linked with the income disclosed in the income and expenditure account. Further it was noticed by the Id CIT(E) that assessee had advanced loan of ₹21 lakhs to

Shri Rani Sati Dadi (Mangaliwala Trust) in the year 2021. Based on these facts, Id CIT(E) concluded that activities of the assessee society are not genuine and not in consonance with the main objectives of the society. Further, Id CIT(E) also observed that assessee had debited certain expenditure in its income expenditure account and which could not be substantiated by the assessee. Based on this fact, Id CIT(E) rejected the application seeking registration u/s 12AB of the Act.

6. In our considered opinion, the reason adduced by the Id CIT(E) for rejection of registration are purely the matter of assessment and not relevant to be looked into at the time of grant of registration u/s 12AB of the Act. It is pertinent to note that the assessee is already registered u/s 12AA of the Act from 28.09.2016 onwards. Pursuant to the change in the Act, the assessee had applied for seeking permanent registration u/s 12AB of the Act. The department had already examined the genuineness of the charitable activities of the assessee society while originally granting registration u/s 12AA of the Act. All the factors considered by the Id CIT(E) as stated supra are subject matter of assessment and the same could be looked into in detail at the time of assessment proceedings and the same shall not stand as hindrance while granting registration u/s 12AB of the Act. Hence, we direct the Id CIT(E) to grant registration to the assessee society. Accordingly, the ground raised by the assessee is allowed.

7. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 10/12/2025.

-Sd/-

**(C. N. PRASAD)**  
**JUDICIAL MEMBER**

-Sd/-

**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 10/12/2025  
A K Keot

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

ASSISTANT REGISTRAR  
ITAT, New Delhi