

**IN THE INCOME TAX APPELLATE TRIBUNAL
“G” BENCH, MUMBAI
BEFORE SMT. BEENA PILLAI (JUDICIAL MEMBER)
&
SHRI GIRISH AGRAWAL (ACCOUNTANT MEMBER)**

**I.T.A. No. 7183/Mum/2025
Assessment Year: 2017-18**

Senior Citizen Santacruz (Paschim) Sanstha Off: Linking Road Santacruz (West) Mumbai - 400054 [PAN: AAHTS8156N]	Vs.	Commissioner of Income Tax (Appeals) – NFAC, Mumbai
(Appellant)		(Respondent)

Assessee by	Ms. Arati Vissanji, Advocate
Revenue by	Shri Swapnil Choudhary, Sr. DR

Date of Hearing	07.01.2026
Date of Pronouncement	19.01.2026

ORDER

Per Smt. Beena Pillai, JM:

Present appeal filed by assessee arises out of order dated 04/09/2025 passed by NFAC, Delhi [hereinafter “the Ld.CIT(A)”], for assessment year 2017-18, on following grounds of appeal:-

“1. DELETION OF ACCUMULATION UNDER SECTION 11(2) AMOUNTING TO 770,37,775/- OF THE INCOME TAX ACT, 1961, AND REJECTING FORM NO.10 FILED ALONG WITH RETURN OF INCOME

[a] The Commissioner of Income Tax (Appeals) erred in fact and in law in rejecting Form No.10 filed by the appellant Trust and thereby denying accumulation of 770,37,775/- under Section 11(2) of the Income Tax Act, 1961.

[b] The objects of the Trust having been accepted as charitable, the appellant ought not have been subjected to tax on the sum of 770,37,775/- on a technical ground;

2. GENERAL:

The appellant Trust craves leave to add to, alter and amend the grounds of appeal on or before the date of hearing."

2. Brief facts of the case are as under:-

Assessee filed its Return of Income for the AY.2017-18 on 02.09.2017 declaring total income at NIL. The trust is registered as a charitable organization with DIT(E), Mumbai, u/s.12A vide Registration No. TR/42159 dated 06.01.2009 and with Charity Commissioner, Mumbai. The assessee's case was selected for scrutiny. It was noted that, the assessee claimed deduction u/s. 11(2) of the Income Tax Act, 1961 of Rs.70,37,775/-. The Ld.AO, on perusal of Form No. 10, observed that the assessee mentioned purpose for accumulation as 'Charitable Purpose'. The Ld.AO noted that provisions of sections 11(1), 11(2) & 11(3) of the Income Tax Act, 1961 show that the assessee is required to spent at least 85% of its income derived from property on the objects of the trust, however as an exception, carry forward of income upto 85% is also permitted u/s.11(2) of the Income Tax Act, 1961 for some specific purpose which is subjected to certain conditions. Further, if the accumulated sum is not spent on a specific purpose then the same is liable to be taxed u/s. 11(3) of the Income Tax Act, 1961.

2.1. The Ld. AO noted that the purpose for which the amount was accumulated was reflected in Form No. 10 as "charitable purpose" which was very vague and does not have any individuality. Further, the Ld.AO stated that the requirement of purpose of accumulation was to be specific and to have some individuality and thereby, relied on decisions of various *High Courts* and disallowed the assessee's

claim of deduction u/s.11(2) of the Income Tax Act, 1961 of Rs.70,37,775/-

Aggrieved by the order of Ld.AO, assessee preferred appeal before Ld.CIT(A).

3. Ld.CIT(A) after considering various submissions of assessee observed and held as under:-

“6(b). The appellant had raised grounds against the disallowance of accumulated income contending that the trust's objects are charitable in nature and that the AO failed to appreciate that the accumulation was for maintenance & development of the eco-friendly crematorium. It was submitted that the omission of specific words in Form 10 was a technical lapse, as the governing body had passed a resolution and the expenditure could not have been for any purpose other than the charitable objects. The appellant relied on judicial decisions to contend that exemption cannot be denied.

6(c). I have carefully considered the facts of the case, grounds of appeal, and the submissions of the appellant. The key issue is whether mentioning 'charitable purpose' in Form No.10 amounts to sufficient compliance with section 11(2) of the Income Tax Act, 1961. Section 11(2) mandates that accumulation of income must be for a specific purpose. Courts have repeatedly emphasized that the purpose should be concrete and identifiable, so as to ensure proper monitoring and application of funds. A general or vague description such as 'charitable purpose' does not satisfy the statutory requirement. In the present case, the assessee's declaration of 'charitable purpose' lacks the specificity mandated by law. The appellant's reliance on other decisions is misplaced as those cases involved situations where the purpose, though broad, was still linked to identifiable projects or objects of the trust.

Here, no such clarity has been provided in Form 10 for AY.2017-18. Therefore, the AO was justified in denying the claim of accumulation u/s.11(2) of the Income Tax Act, 1961. The disallowance of Rs.70,37,775/- is hereby upheld.

6(d). In view of the above discussion, the order of the Assessing Officer disallowing deduction u/s.11(2) of the Income Tax Act, 1961 is hereby confirmed. Accordingly, the grounds raised by the assessee are hereby dismissed.”

Aggrieved by the order of Ld.CIT(A), assessee is in appeal before this Tribunal.

4. Ld.AR submitted that assessee had during the assessment proceedings furnished its memorandum articles and association and also the object clause that reads as under:-

2. Aims and Objects:
- a. *To create and spread the spirit and the feelings of Brotherhood, Unity, Solidarity, Co-operation, Harmony, Integrity amongst the Senior Citizens living in Santacruz (Paschim) and by extending the co-operation amongst themselves to strive to maintain and achieve advancement in social, cultural, economical and health field.*
 - b. *to promote eco-friendly gas cum electric crematorium*
 - c. *******
 - d. *To run home for aged*
 - e. *To promote religious activities, pilgrimage.*
 - f. *to educate members and others in Yoga, physical, spiritual and other educational activities by any means.*
 - g. *To held Orphanage, kinder gardens, schools, colleges by way of entertaining programs, donations, foods, clothes, financial help etc.*
 - h. *To held Gauseva (to serve cows)*
 - i. *To conduct sports, cultural programs, social activities, Bhajan, Kitan/Satsang, folk songs, picnics etc. for the members and the society at large.*
 - j. *To render relief, during natural disasters like flooding, earthquake, draught, accidents etc.”*

4.1. She submitted that, assessee is running an eco-friendly PNG Crematorium in the city of Mumbai and in the suburbs of Mumbai i.e., Santacruz (West). It is submitted that, this Trust was formed to make eco-friendly pipe natural gas crematorium for improvement of

the environment and decided to undertake the project which will benefit the citizens and the societies in the neighbourhood.

4.2. Ld.AR submitted that, Sanstha was registered with an ISO-14001: 2015 certificate and was inaugurated on 23/10/2016. Ld.AR submitted that, while filing Form 10 in respect of accumulation of fund amounting to Rs. 70,37,775/- as the entire expenditure was wholly and entirely used for maintenance and development of eco-friendly crematorium. It, therefore, did not specify the exact object in the relevant column. She submitted that, there was no intention of the members of the governing body for not stating the exact activity that was carried out by assessee and the entire donation that was received were exclusively used for this purpose alone.

4.5. Ld.AR submitted that, Ld.AO rejected the accumulation on the ground that Form 10 did not specify the exact object for which the deduction was claimed. Ld.AR submitted that, non-mentioning of the specific purpose for which funds were being accumulated by the Trust would not be fatal to the exemption claimed u/s 11(2) of the Act, as has been held by in various decisions of *Hon'ble High Courts* as well as Co-ordinate Benches of this *Tribunal*. She placed reliance on following decisions in support of this submission:-

- *Hon'ble Delhi High Court* in the case of *Bharat Krishak Samaj vs. Deputy Director of Income Tax (Exemptions)* reported in *ITA No. 831/Del/2002 and 1384/Del/2002; AY 1997-98*
- *Director of Income Tax vs. Daulatram Education Society* reported in *(2005) 278 ITR 260 (Delhi)*.

- *Hon'ble High Court of Gujarat in CIT(Exemptions) vs. Bochasanwasi Shri Akshar Purshottam Public Charitable Charitable trust reported in [2019] 102 Taxmann.com 122 (Gujarat)*
- *Hon'ble Telangana and Andhra Pradesh High Court in the case of Samaj Seva Nidhi vs. ACIT reported in [2015] 376 ITR 507 (T&AP)*
- *Arhatic Yoga Ashram Management Trust vs. Income Tax Office (Exemptions) Ward-1, Chennai reported in (2021) 126 Taxmann.com 76 (Chennai Tribunal) A.Y. 2012-13.*
- *Pradeep Port Trust vs. ACIT (2011) reported in 141 ITJ (CKT) - Tribunal*

4.3. Ld.AR submitted that, major portion of the funds are being spent for crematorium purposes. She placed reliance on the following details placed in the paperbook:-

SENIOR CITIZEN SANTACRUZ (PASCHIM) SANSTHA
AMOUNT SPENT ON OBJECTS - CHARITABLE PURPOSE
F.Y. 2016-17 & A.Y. 2017-18

SR.	CAPITAL EXPENDITURE		RS
1	SPENT FOR CREMATORIUM AT SANTACRUZ (WEST)	1,00,14,738	
2	AQUAGUARD CCP	65,000	
3	CYCLE	5,200	
4	DEAD BODY FREEZER	1,13,500	
5	PRINTER	7,900	
6	CCTV CAMERA	1,67,535	
7	FURNITURE & FIXTURES	10,913	1,03,84,786
	TOTAL CAPITAL EXPENDITURE		1,03,84,786

Nishant D. Mahajan
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4.4. Ld.AR submitted that, the entire details in respect of the utilization of funds was placed before Ld.AO and assessee had also admitted its inadvertent mistake which was under a *bonafide* satisfaction before Ld.AO during assessment proceedings. The

Ld.AO, however, did not take cognizance of the same and denied the deduction claimed by assessee. She also placed reliance on the extract of Board Resolution dated 27/03/2017 which was placed before Ld.AO during the assessment proceedings.

4.5. On the contrary, Ld.DR relied on the observations of Ld.CIT(A) reproduced *supra*.

We have perused the submissions advanced by both sides in light of the records placed before us.

5. Admittedly, there is no dispute in respect of the amount that has been accumulated by assessee u/s 11(2) of the Act. The only reason to deny the claim is that in Form 10, assessee did not specifically mention the purpose for which the accumulation of funds was made. Instead assessee mentioned it as a general purpose of "charitable in nature". Undoubtedly, the purpose for which income is being accumulated or set apart is one of the requirements which must be satisfied by assessee before availing the benefit u/s 11(2) of the Act. However, that by itself would not mean any inaccuracy or lack of fulfillment of the declaration in Form 10. Moreover, when Ld.AO during assessment proceedings called for relevant information in respect of which the accumulation of unutilized funds were set apart and assessee had provided all relevant information to substantiate the purposes.

5.1. In the present facts of the case, Ld.AO was very much aware of the reasons and the purpose for which the funds were set apart by assessee which was accepted by him during assessment proceedings and has not been found to be a false declaration or

information provided by assessee therein. In any event, the accumulation of funds cannot travel beyond the objects of assessee. The decisions relied on by Ld.AR reproduced hereinabove categorically deals with such circumstances. We place reliance on the decision of *Hon'ble Gujarat High Court* in the case of *CIT(Exemptions) vs. Bochasanwasi Shri Akshar Purshottam Public Charitable Charitable trust (supra)* and *Hon'ble Telangana and Andhra Pradesh High Court* in the case of *Samaj Seva Nidhi vs. ACIT (supra)* in support of the same. We, therefore, direct Ld.AO to consider the claim of assessee based on the above discussion and having regards to the ratio laid down by the decisions referred to hereinabove.

Accordingly, grounds raised by assessee stand allowed.

In the result, appeal filed by assessee stands allowed.

Order pronounced in the open court on 19/01/2026

Sd/-

**(GIRISH AGRAWAL)
Accountant Member**

Sd/-

**(BEENAPILLAI)
Judicial Member**

Mumbai
Dated: 19/01/2026
SC Sr. P.S.

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

True Copy
By order

(Asstt. Registrar)
ITAT, Mumbai