

**आयकर अपीलीय अधिकरण, विशाखापटणम पीठ, विशाखापटणम**  
**IN THE INCOME TAX APPELLATE TRIBUNAL,**  
**VISAKHAPATNAM BENCH, VISAKHAPATNAM**

श्री वी. दुर्गराव, न्यायिक सदस्य एवं  
श्री जी. मंजुनाथा, लेखा सदस्य के समक्ष  
BEFORE SHRI V. DURGA RAO, JUDICIAL MEMBER &  
SHRI G. MANJUNATHA, ACCOUNTANT MEMBER

आयकर अपील सं./I.T.A.No.176/Vizag/2014

(निर्धारण वर्ष / Assessment Year: NA)

Chamber of Commerce Trust  
Rajahmundry  
[PAN: AAATC8302M]

(अपीलार्थी / Appellant)

Vs.

CIT,  
Rajahmundry

(प्रत्यार्थी / Respondent)

अपीलार्थी की ओर से / Appellant by  
प्रत्यार्थी की ओर से / Respondent by

: Shri G.V.N. Hari, AR  
: Shri G. Guruswamy, DR

सुनवाई की तारीख / Date of hearing

: 29.11.2016

घोषणा की तारीख / Date of Pronouncement

: 20.01.2017

**आदेश / ORDER**

**PER V. DURGA RAO, Judicial Member:**

This appeal filed by the assessee is directed against order of the  
CIT, Rajahmundry dated 2.12.2013.

2. The assessee trust was granted registration u/s 12AA of the Income Tax Act, 1961 (hereinafter called as 'the Act') dated 24.8.2005 by considering the following objects:

- a) *To construct and maintain a function hall on the banks of River Godavari in the land allotted by the Mandal Revenue Inspector to Chamber of Commerce, Rajahmundry.*
- b) *To conduct mass marriage ceremonies.*
- c) *To provide vocational facilities for the under-privileged free-of-cost.*
- d) *To impart vocational education and training to women and physically handicapped people of the society.*
- e) *To publish literature on all aspects of trade and commerce and other allied subjects on no-profit basis. And also to run a library for the benefit of the business class.*
- f) *To conduct on a periodic basis, various free medical camps wherein the underprivileged will get an opportunity to get treated by trained professionals.*
- g) *To conduct general awareness camps on social topics like AIDS, Renewable Energy, Pollution and its control etc.*
- h) *It is hereby made clear that the benefits of this Trust shall ensure to all sections of the public in India without any distinction of religion, caste, creed, gender or such other considerations.*

3. The Commissioner had issued a show cause notice on 27.8.2013 on the ground that the assessee had incurred such an expenditure which is contrary to the objects of the Trust and called the assessee to explain why registration granted u/s 12AA of the Act cannot be cancelled. It was submitted by the assessee before the Ld. Commissioner that the donation given to the Gowthami Ghat Adhyatmika Samsthala Samakhya is a spiritual organization located in Gowthami Ghat, Rajahmundry and donation was paid to Sri Dharma

Samstha Adhyatmika Kendram. It is also a spiritual organization, which is promoting Vedadhyanam and issue of scholarships to poor students who are learning Vedas and Vedic culture. It is also registered u/s 12AA of the Act. It is further submitted by the assessee before the Ld. Commissioner that the assessee trust has constructed a function hall which is given to the general public for free of cost for conducting marriages and other social functions, such as birth days, death anniversaries, etc. with free of cost. It is also submitted before the LD. Commissioner that the assessee trust is conducting mass marriages and bear "Tali Bottu" (Mangal Sutram) for free of cost. The Ld. CIT after considering the explanation of the assessee, he is of the opinion that the trust has given donations to two of the organizations, which are contrary to its objects and also of the opinion that the assessee is not carrying its activities in accordance with law. Therefore, he is of the opinion that the assessee trust has violated the provisions of section 12AA(3) of the Act and cancelled the registration u/s 12AA of the Act.

4. Assessee carried matter in appeal before the Tribunal.
5. The Ld. Counsel for the assessee submitted that the assessee has constructed a function hall as per the objects of the Trust running with a charitable intention. The function hall is given to the general public

without collecting any charges and therefore the assessee trust is carrying its activities in accordance with its objects of the trust. The Ld. A.R. further submitted that the registration u/s 12AA of the Act so granted to the assessee cannot be cancelled, which is contrary to law.

6. On the other hand, the Ld. D.R. has supported the order passed by the Ld. Commissioner.

7. We have heard both the parties, perused the materials available on record and gone through the orders of the authorities below. The assessee trust has granted a registration u/s 12AA of the Act on 27.8.2005. On 27.8.2013, the Ld. CIT has issued a show cause notice on the ground that assessee has donated some amount to Gowthami Ghat and also to Sri Dharma Samstha Adhyatmika Kendram, which is contrary to the objects of the trust deed. The assessee has explained that the above amount of ₹ 1 lakh is given not as a donation but it is a contribution towards the construction of the roads for the mutual benefit of the assessee as well as the Gowthami Ghat Adhyatmika Samshtla Samakhya. Another ₹ 50,000/- has been given to Dharma Samshta Adhyatmika Kendram, which is already enjoying the registration u/s 12AA of the Act. The assessee trust further submitted that the trust has constructed a function hall, which is used by the general public free of

cost and also submitted that the assessee trust is conducting the mass marriages and provide Tali Bottu (Mangal Sutram), free of cost. The Ld. Commissioner after considering the explanation of the assessee, he came to the conclusion that the assessee is not carrying its activities according to the objects of the trust and by invoking the provisions of section 12AA(3) of the Act, cancelled the registration, which is granted to the assessee. We find that the Ld. Commissioner has not considered the explanation given by the assessee in respect of donations given to Gowthami Ghat Adhyatmika Samsthala Samakhya and also Dharma Samshta Adhyatmika Kendram. So far as utilization of marriage hall is concerned, the explanation of the assessee is that the assessee is giving its function hall to general public for various purposes such as birthdays, death anniversaries and for marriages and the trust is supplying free Tali Bottu in case of mass marriages. The Ld. Commissioner has not verified whether the function hall is used only for general public or a particular section of people. Whether the assessee is collecting any rent or not also not properly examined. However, the Ld. Commissioner has observed that after marriage, the assessee is collecting some money, which is according to the assessee is a donation. The Ld. Commissioner has not believed the explanation given by the assessee. In our opinion, it needs detailed examination in respect of donations

which are received and also in respect of utilization of function hall. Therefore, we set aside the order passed by the Ld. Commissioner and direct him to make a detailed enquiry in respect of utilization of the marriage hall and also in respect of donations collected by the assessee and pass an order in accordance with law.

8. In the result, the appeal filed by the assessee is allowed for statistical purposes.

The above order was pronounced in the open court on 20<sup>th</sup> Jan'17.

Sd/-  
(जी. मंजुनाथा)  
**(G. MANJUNATHA)**

Sd/-  
(वी. दुर्गराव)  
**(V. DURGA RAO)**

**लेखा सदस्य/ACCOUNTANT MEMBER न्यायिक सदस्य/JUDICIAL MEMBER**

विशाखापटणम /Visakhapatnam:

दिनांक /Dated : 20.01.2017

VG/SPS

आदेश की प्रतिलिपि अग्रेषित/Copy of the order forwarded to:-

1. अपीलार्थी / The Appellant – Chamber of Commerce Trust, D.No.5-01-44, Gowthami Ghat, Rajahmundry.
2. प्रत्यार्थी / The Respondent – The CIT, Rajahmundry
3. आयकर आयुक्त (अपील) / The CIT(A), Rajahmundry
4. विभागीय प्रतिनिधि, आय कर अपीलीय अधिकरण, विशाखापटणम / DR, ITAT, Visakhapatnam
5. गार्ड फ़ाईल / Guard file

आदेशानुसार / BY ORDER

// True Copy //

वरिष्ठ निजी सचिव (Sr.Private Secretary)  
आय कर अपीलीय अधिकरण, विशाखापटणम /  
ITAT, VISAKHAPATNAM