

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "F": NEW DELHI  
BEFORE SHRI SUDHANSHU SRIVASTAVA, JUDICIAL MEMBER  
AND  
SHRI PRASHANT MAHARISHI, ACCOUNTANT MEMBER**

ITA No. 5265/Del/2016  
A Y : 2013-14

The Deputy Commissioner  
Of Income Tax  
( Exemption),  
Circle – 2(1), New Delhi

**(Appellant)**

Vs Quality Council of India  
2<sup>nd</sup> Floor, Institution of  
Engineering Building ,  
Bahadur Shah Zafar Marg  
New Delhi  
AAATQ0055D

**(Respondent)**

Appellant by :

Shrimati Parmita Tripathy  
CIT DR

Respondent by:

Shri H B Chawla Senior Advisor

Date of Hearing

08/01/2018

Date of pronouncement

06/03/2018

**ORDER**

Per Prashant Maharishi, Accountant Member

1. This appeal is filed by The Deputy Commissioner Of Income Tax (Exemption) Circle – 2 (1), New Delhi [ The Ld AO ] against the order of The Commissioner Of Income Tax (Appeals) – 40 (Exemption), New [ The Ld CIT (A) ] Delhi dated 8/7/2016 for Assessment Year 2013 – 14 wherein the Ld. Assessing Officer denied the benefit of exemption under section 11 and 12 of The Income Tax Act [ the Act ] to the assessee by applying the proviso to section 2 (15) was granted to the assessee.

2. The solitary ground raised by the revenue in its appeal is as under:-

*On the facts and circumstances of the case and in law, the Ld. CIT (A) has erred in law in holding that activities of the assessee are charitable in nature and that assessee is eligible for exemption under section 11 of the act by ignoring the fact that activities of the assessee is to promote, coordinate and national quality initiative for building confidence and services in charging inspection and accreditation fees from various organizations. The assessee's activities falls under last limb of section 2 (15) and hit by the proviso to section 2 (15).*

3. Facts shows that assessee society is registered under The Societies Registration Act, 1860 and under section 12 A of the Income Tax Act.

The assessee is established by the Ministry of Industry. The certifying bodies, educational institutions, and hospitals apply to the respective boards to the assessee trust seeking accreditation. During the year, assessee has received quality application assessment fees of Rs. 15.96 crores, membership fees of Rs. 12 lakhs and other receipts. Therefore the Ld. AO was of the opinion that as assessee is charging fees and has received money from organizing seminars etc, hence, as object of the assessee is of general public utility and therefore it is hit by proviso to section 2 (15) of The Income Tax Act. The assessee submitted a detailed reply stating a detailed answer, which is extracted by the Ld. assessing officer at para No. 7 of his order. However, the Ld. AO was not satisfied and therefore he held that the assessee has charged fees and therefore it is carrying on activities, which have the element of commerciality, and has character of business. In view of this he passed an assessment order under section 143 (3) of the Act on 8/2/16 denying the benefit of exemption under section 11 and 12 of Act to the assessee and determining the net taxable income of Rs. 26941642/-.

4. The assessee aggrieved with the above order of the AO preferred an appeal before the Ld. CIT (A). Per order dated 8/7/2016 the Ld. CIT (A) allowed the appeal of the assessee holding that the issue is squarely

covered in favour of the assessee by the order of the coordinate bench for assessment year 2009 – 10. He further held that issue is squarely covered in favour of the assessee by the decision of the Hon'ble Delhi High Court in case of Indian Trade Promotion Organization versus DGIT dated 22/1/2015.

5. Revenue aggrieved with the order of the Ld. CIT (A) has preferred an appeal before us.
6. The Ld. departmental representative relied upon the order of the Ld. Assessing Officer and submitted that assessee is carrying on business and therefore the proviso to section 2 (15) of the act is applicable.
7. The Ld. authorized representative Shri H B Chawla, , senior advisor, submitted that issue is squarely covered in favour of the assessee by the order of the coordinate bench for assessment year 2009 – 10 which has been upheld by the Hon'ble high court in ITA No. 867/2016 dated 14/12/2016.
8. We have carefully considered the rival contention and perused the orders of the lower authorities. The identical issue has been decided by the coordinate bench in case of the assessee for assessment year 2009 – 10 which has been upheld by Hon'ble Delhi High Court in ITA No. 867/2016 dated 14/12/2016 in favour of the assessee where the order of

the coordinate bench has been upheld. In view of the above, we confirm the finding of the Ld. CIT (A) holding that assessee is eligible for that exemption u/s 11 and 12 of The Income Tax Act. In view of this ground No. 1 of the appeal of the revenue is dismissed.

9. In the result, appeal of the revenue is dismissed.

Order pronounced in open court on 06.03.2018.

Sd/-

(SUDHANSHU SRIVASTAVA)  
JUDICIAL MEMBER

Sd/-

(PRASHANT MAHARISHI)  
ACCOUNTANT MEMBER

Dated: 06 /03/2018

*\*Neha\**

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

ASSISTANT REGISTRAR  
ITAT, New Delhi

