

IN THE INCOME TAX APPELLATE TRIBUNAL
RANCHI BENCH, RANCHI

(Before Shri S. S. Godara, J.M. & Dr.A.L.Saini, A.M.)

ITA No. 269/Ran/18 : Asstt. Year : 2018-19

St. Barnabas Hospital PAN: AAJTS 7447N (APPELLANT)	Vs	C.I.T (Exemption), Patna (RESPONDENT)
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Appellant/Assessee by : Shri M.K. Choudhury &
Shri Manav Poddar, Advocates, Id.ARs
Respondent/Revenue by : Shri Chandan Mondal, JCIT, Id. DR

Date of Hearing : 11-01-2019	Date of Pronouncement: 05-04-2019
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ORDER

PER BENCH:

The captioned appeal filed by the assessee, pertaining to assessment year 2018-19, is directed against the order passed by the Commissioner of Income-tax (Exemption), Patna, in I.T /Appeal/Memo No. CIT E/Pat/12AA/04(167)/2018-19/358-62, dated 14-05-2018.

2. The grounds of appeal raised by the assessee are as follows:-

1. For that Ld. CIT(Exemptions), Patna was unjustified in rejecting the registration application u/s12AA of the Society on the ground that he was not satisfied about genuineness of the charitable activities, only on one ground that separate books of accounts were not maintained for Pharmacy inside the hospital, which was for in-house consumption of medicines and treatment packages and for the urgent need of medicines to in-house patients. The objects of the Society were not doubted, rather accepted.

1.1 For that Ld. CIT (Exemption) erred in not appreciating that at the time of granting of registration u/s 12AA only its objects has to be seen and if found charitable, the registration has to be allowed. Assessee's main objects of running a hospital was covered under section 2(15) of the Act as charitable purposes, being "medical relief". Simply non-maintenance of separate books-of Pharmacy cannot be a ground for rejection of registration u/s 12AA.

1.2 For that whatsoever, having come to know about separate maintenance of books of accounts, the appellant has already started maintaining separate books for the Pharmacy.

1.3 For that the rejection of registration u/s 12AA without doubting the objects of the Society, is unjustified, arbitrary and without any valid reason.

2. For that other grounds, if any, will be argued/taken up at the time of hearing.

3. The brief facts qua the issue are that the applicant society filed application in form No. 10A of the Income Tax Rules, 1962 for grant of registration u/s. 12AA of the Income Tax Act, 1961 before the CIT(E). The applicant was requested to attend the hearing on 17-01-2018 either in person or through an authorized representative with relevant documents for verification of the genuineness of the activities of the society. The DCIT(E) Circle-Ranchi, was asked to send inquiry report. In the report, the AO has reported that the society is running a medical shop namely 'Pharmacy' inside the hospital premise for which no separate books are mentioned.

In view of such, the CIT (E) has not satisfied about the genuineness of the charitable activities of the society and hence the application filed in form 10G for grant of Registration u/s. 12A of the Income Tax Act, 1961 was rejected by CIT(E).

4. Aggrieved by such stand, as taken by the Id. CIT(Exemption), Patna the assessee carried the matter in appeal before this Tribunal.

5. Ld. Counsel for the assessee submitted before us that the said medical shop namely 'Pharmacy' is run by the assessee society inside the hospital premises for which no separate books are maintained. The medical shop is part & parcel of the trust and it is for the charitable purpose. Therefore, the assessee is entitled for obtaining registration u/s. 12AA of the Act.

6. On the other hand, the Id. DR for the Revenue has reiterated the stand as taken by the Id. CIT (E), which we have already noted in earlier para of our order and the same is not being repeated for the sake of brevity.

7. We have heard both the parties and perused the material on record. We note that the society trust was maintaining Pharmacy medical shop inside the hospital, which was for in-house consumption of medicines and treatment packages and for the urgent need of medicines to in-house patients. We note that the objects of the society were not doubted by the Id. CIT(E). Therefore, we note that in order to obtain registration u/s. 12AA only objects of the assessee trust is to be examined. We further note that the assessee society's main object of running a hospital, which is covered u/s. 2(15) of the Act as charitable purposes being 'medical relief'. Therefore, simply non-maintenance of separate books cannot be a ground for rejection of registration u/s. 12AA of the Act. We note that the assessee society is also providing medical relief and facilities to every person, conducting blood donation, eye operation, tikakaran, family planning, mother child safety, AIDS, malaria, T.B, Kustorog and awareness to general public by way of awareness of medical camps. Therefore, to run the medical shop inside the hospital is fully charitable purpose and not for commercial purpose. We note that if the assessee is not maintaining separate

books of account for the said medical shop does not mean that the assessee is not entitled for obtaining registration u/s. 12AA of the Act. We note that in order to grant registration the objects of the assessee society is to be examined. Therefore, the Id. CIT(E) should not deny the grant of registration u/s. 12AA merely because assessee is running medical shop inside the hospital. Therefore, we direct the Id. CIT (E) to grant the registration u/s. 12AA of the Act, in accordance with law.

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

Order Pronounced in the Open Court on 05-04-2019

Sd/-

(S. S. Godara)
Judicial Member

Sd/-

(Dr. A.L.Saini)
Accountant Member

Dated: 05 -04-2019

*PRADIP (Sr.PS)

Copy of the order forwarded to:

1. The Appellant/Assessee : St.Baranbas Hospital, Church Road, Ranchi-834001 (Jharkhand).
2. The Respondent/Revenue :The Commissioner of Income Tax (Exemption), Patna
3. The CIT-,
4. The CIT(A)-,
5. DR, Ranchi Benches, Ranchi

True Copy, By order,

Senior P.S
ITAT, Ranchi Benches