

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES "C": DELHI

BEFORE SHRI BHAVNESH SAINI, JUDICIAL MEMBER
AND
SHRI O.P. KANT, ACCOUNTANT MEMBER

ITA.No.8158/Del./2018
Under Section 12AA of the Income Tax Act, 1961.

M/s. ICAI Registered Valuers Organisation, 4 th Floor, Main Building, ICAI Bhawan, Indraprastha Marg, New Delhi – 002. PAN AAECI7759K	vs.,	The Commissioner of Income Tax (Exemptions), New Delhi.
(Appellant)		(Respondent)

For Assessee :	Shri Ved Jain, Sr. Advocate.
For Revenue :	Shri Anil Kumar Misra, CIT-D.R.

Date of Hearing :	21.08.2019
Date of Pronouncement :	03.09.2019

ORDER

PER BHAVNESH SAINI, J.M.

This appeal by assessee has been directed against the Order of Ld. CIT(E), New Delhi, Dated 30th November, 2018 rejecting the application for registration under section 12A of the Income Tax Act 1961.

2. The facts of the case that assessee filed application in Prescribed Form for registration under section 12AA of the Income Tax Act, 1961. The Ld. CIT(E)s issued questionnaire requesting the assessee to submit to certain documents in support of the application. The assessee filed submissions from time to time. The Ld. CIT(E) on perusal of the objects of the assessee-company observed that its aims are as under :

(a) *“To carry out the functions of the Registered Valuers Organization under the Companies Act 2013 read with Companies (Registered Valuers and Valuation) Rule 2017 and functions connected therewith and incidental thereto.*

(b) *To enroll the Registered Valuers and to educate and train them for carrying out effective valuations.*

(c) *To employ fair, reasonable, just and non-discriminatory practices for the enrolment and regulation of its members.*

(d) To develop the profession of registered valuers.

(e) To promote continuous professional development of valuation professionals.”

2.1. The Ld. CIT(E) on perusal of the same noted that assessee-company simply formed to promote the quality of the registered valuers which is not charitable work. Hence, objects of the assessee-company not found to be charitable in nature. It was also noticed that assessee has not been able to establish genuineness of the activity. Therefore, application under section 12AA was rejected.

3. Learned Counsel for the Assessee reiterated the submissions made before the Ld. CIT(E) and submitted that assessee is a company registered under section 25 of the Companies Act, 2013. It was incorporated to enroll the registered valuers and to educate and train them for carrying-out effective valuations as one of its main objectives. The assessee-company filed documentary evidences in support of the application which are copy of

the Memorandum and Articles of Association, Copy of Certificate of Incorporation, Copy of license under section 8(1) of the Companies Act, 2013, Copy of the Rent Agreement, Copy of Annual Accounts ending 31st March, 2018, List of Promoter-Directors and Independent Directors and Copy of the Bank Statements. The assessee also filed another reply along with it filed copy proof of Seminars and Training Sessions conducted by assessee-company for training of the registered valuers. He has submitted that object clause of the assessee-company emphasizes to propagate and disseminate knowledge amongst its Members by holding Seminars, Conferences and Workshops etc. The fruits of such seminars and conferences etc., would be available to the public at large, thus, the organization is not for the benefit of small group of individuals, but, for the general public at large without any profit motive. He has submitted that it is well settled Law that to serve charitable purposes, it is not necessary that the object should be to benefit the whole of the mankind or all persons in the Country or State, even if a section of the public is given

benefit, it cannot be said that it is not a trust for charitable purposes in the interest of the public. He has relied upon the following decisions.

3.1. Judgment of Hon'ble Rajasthan High Court in the case of CIT vs. Jodhpur Chartered Accountants Society [2002] 258 ITR 548 (Raj.), in which it was held as under :

“Applying the test laid down by the apex court in Ahmedabad Rana Caste Association v. CIT [1971] 82 ITR 704, we find that the predominant object of the society is dissemination of knowledge and education of commercial laws, tax laws for the benefit of general public to inculcate a sense of responsibility towards the nation and foster law abiding citizens. The objects clause of the constitution emphasises to propagate and disseminate knowledge about the auditing, accounting, direct and indirect taxes by holding seminars, conferences and workshops, etc. The fruits of such seminars, conferences, etc., would be available to the public at large, thus, it appears that the society is not

for the benefit of a small group of individuals and it is also not only for the benefit of members but to promote awareness and education of the commercial and tax laws for the general public without any profit motive. As observed by the Supreme Court, to serve a charitable purpose it is not necessary that the object should be to benefit the whole of mankind or all persons In a country or State, even If a section of the public is given benefit, it cannot be said that it is not a trust for charitable purpose in the interest of the public. In the situation of explosion in population, the vast changes brought by the scientific technology and other developments, more particularly, the universal concept of globalisation, new trends in the world order to meet the ever growing challenges to organising seminars, conferences and workshops to educate the people of commercial laws, tax laws, auditing, accounting, direct and indirect taxes are of great general public utility, at least to a section of people falling in the category of charitable institution. Thus, the Tribunal has rightly directed the

Commissioner of Income-tax to grant registration to the applicant-society under section 12A of the Income-tax Act, 1961.”

3.2. Judgment of Hon’ble Bombay High Court in the case of Bar Council of Maharashtra vs. CIT [1980] 126 ITR 27 (Bom.), in which it was held as under :

“In our opinion, the functions of the Bar Council as intended in s. 6 of the Advocates Act, 1961, are such that it is clearly a body constituted for general public utility and the entire income of such a body will be exempt from tax for the relevant assessment years with which we are concerned, in view of the provisions of s. 11 of the I.T. Act, 1961. Accordingly, our answer to the question referred to us is in the affirmative and in favour of the assessee. The revenue shall pay the costs of the assessee. ”

3.3. Judgment of Hon’ble Supreme Court in the case of Ahmedabad Rana Caste Association vs. CIT [1971] 82 ITR 704 (SC), in which it was held as under :

“It is well-settled by now and the High Court also has rightly taken that view that an object beneficial to a section of the public is an object of general public utility. To serve a charitable purpose it is not necessary that the object should be to benefit the whole of mankind or all persons in a particular country or State. It is sufficient if the intention to benefit a section of the public as distinguished from a specified individual is present. This court in Commissioner of Income-tax v. Andhra Chamber of Commerce overruled the view of Beaumont C.J. in Commissioner of Income-tax v. Grain Merchants' Association of Bombay on the point. It was, however, observed that the section of the community sought to be benefited must be sufficiently defined and identifiable by some common quality of a public or impersonal nature. Where there was no common quality uniting the potential beneficiaries into a class the trust might not be regarded as valid. ”

3.4. Learned Counsel for the Assessee further submitted that there are various other similar organisations i.e., Indian Institute of Insolvency Professionals of ICAI, Insolvency Professional Agency of Institute of Cost Accountants of India, Practicing Valuers Association of India, ICSI Insolvency Professionals Agency etc., which have been granted registration under section 12A which are having similar objects as that of the assessee which can also be verified from the chart submitted on record. He has, therefore, prayed that assessee may be granted registration under section 12AA of the Income Tax Act.

4. On the other hand, the Ld. D.R. relied upon the Orders of the authorities below, but did not rebut above legal propositions.

5. We have considered the rival submissions and perused the material on record. At the time of granting of registration under section 12AA of the Income-Tax Act, the Ld. CIT(E) is required to satisfy himself about the objects of the Trust or Institution and the genuineness of its activities.

The assessee has produced sufficient evidence on record that assessee-company is involved in charitable activities and have also held Seminars and Training Sessions for training of the registered valuers. The decisions relied upon by Learned Counsel for the Assessee squarely apply to the facts and circumstances of the case. The objects as noted above have not been disputed by the Ld. CIT(E). Further, in similar assessee's having the same objects, registration under section 12AA have been granted in their favour. These facts, therefore, show that assessee has satisfied the conditions of Section 12AA of the Income Tax Act, 1961. Accordingly there were no justification for Ld. CIT(E) to reject the application for registration under section 12A of the Income-Tax Act. In view of the above discussion, we set aside the impugned order and direct the Ld. CIT(E) to grant registration under section 12A of the Income Tax Act to the assessee within one month from the date of the order.

6. In the result appeal of Assessee allowed.

Order pronounced in the open Court.

Sd/-
(O.P. KANT)
ACCOUNTANT MEMBER

Sd/-
(BHAVNESH SAINI)
JUDICIAL MEMBER

Delhi, Dated 03rd September, 2019

VBP/-

Copy to

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2.	The respondent
3.	CIT(A) concerned
4.	CIT concerned
5.	D.R. ITAT "C" Bench
6.	Guard File

//By Order//

Asst. Registrar : ITAT : Delhi Benches :
Delhi.