

## No sec. 10(23C) exemption to a profitable venture which was making huge profits year after year

**Summary – The Chennai ITAT in a recent case of Indian Institute of Engg Technology., (the Assessee) held that where assessee-institution made huge profits year after year, findings recorded by lower authorities that assessee was running a profitable venture, during impugned years and was not eligible to section 10(23C) exemption, was justified**

**When assessee's activities or purposes are considered as existing for purposes of profit, its claim under section 11 that it is existing for 'charitable purposes' within scope of section 2(15) also fails**

### Facts

- The assessee-institution had sought exemptions under section 10(23C)(vi) before the Chief Commissioner. Said exemption had been denied for the reason that the assessee was having a substantial percentage of surplus ranging from around 30 per cent to 42 per cent which *prima facie* pointed to the fact that the assessee was running a profitable venture.
- Thereafter, the Assessing Officer denied benefit of exemptions u/s 11 relying on the same order.
- The Commissioner (Appeals) confirmed denial of exemptions.
- On appeal:

### Held

- In the absence of any material to the contrary from the assessee, when the assessee makes huge profits year after year, the findings recorded by the lower authorities that the assessee was running a profitable venture, during the impugned years, was justified.