

In case holding exhibitions and conferences was ancillary to attainment of main objects sec. 2(15) is not violated

Summary – The Kolkata ITAT in a recent case of Credai Bengal., (the Assessee) held that in case holding exhibitions and conferences was ancillary to attainment of main objects sec. 2(15) is not violated

Facts

- The assessee received certain amount from sponsors for the purpose of holding fairs, meeting, conference and seminars. According to the assessee, the organising of fairs was charitable activity and, therefore, it was entitled to deduction under section 11.
- The Assessing Officer held that the activity of the assessee was in the nature of 'rendering service in relation to any trade, commerce or business' and such activities were not 'charitable' in nature and the assessee was not eligible to claim benefit of section 11.
- On appeal, the Commissioner (Appeals) upheld order of the Assessing Officer.
- On second appeal:

Held

- The ITAT held that the lower authorities have rejected appellant's claim for benefit of section 11 since the appellant's activity of holding trade fairs, exhibitions and conferences was in the nature of trade or business. However the lower authorities have not brought on record any material to establish that the activity of the appellant of holding trade fairs, exhibitions or conferences were in itself for making profit or in the nature of trade, commerce or business.
- The assessee organised fairs, exhibitions and several other interconnected activities in pursuit of meeting its main objectives that it had to create a sense of understanding between the real estate organisations and customers.
- The ITAT held that the realized surplus from organizing fairs and exhibitions was transferred to infrastructure fund of the and it was corpus in nature. The surplus was not bearing income character in the hands of the appellant and the lower authorities were unjustified in assessing the same as business income of the appellant.