

Fact that no activities had been started towards objects of trust not valid ground for denial of Sec. 80G approval

Summary – The Jaipur ITAT in a recent case of Badri Narain Kanta Devi Katta Charitable Trust, (the Assessee) held that the fact that no activities had been started towards objects of trust would not be a valid ground for denial of Sec. 80G approval

Facts

- The assessee was a charitable trust applied for grant of registration under section 12AA as well as for grant of approval under section 80G(5).
- The Commissioner (Exemptions) granted registration under section 12AA(1)(b). However, the approval under section 80G(5)(vi) was denied on the ground that no significant activity had been started by the assessee trust as per the objects.

Held

- The ITAT observed that while the Commissioner (Exemptions) has not doubted the charitable nature of the objects of the assessee trust but since no significant activity has been started by the assessee, it was held that the condition under section 80G(5) is not fulfilled. Once the objects of the assessee trust are found to be charitable, then non-start of the activity by the assessee trust cannot be a reason for denial of approval when on the basis of same set of facts, on which the registration under section 12AA was granted by the Commissioner (Exemptions).
- Since there is no adverse fact found against the assessee and the assessee has claimed to have already started the activity, the matter is required to be considered afresh by the Commissioner (Exemptions) after verification of the activities carried out by the assessee. Hence, the matter is to be set aside to the record of the Commissioner (Exemptions) for passing a fresh order.