

Commissioner of Income Tax (Exemptions) v. M/s Society for the Study of Liver Diseases

ITA-5-2020 (O&M)

ITA-5-2020 (O&M) (P&H HC, decided 18.02.2026) | 2026-02-18

ITAT order directing grant of section 12A registration solely on unpleaded and unsubstantiated oral submissions regarding a prison hepatitis-C project (ECHO project) set aside, and matter remitted to CIT(E) to decide section 12A registration afresh after allowing parties to lead evidence.

Income-tax Act, 1961: sections 2(15), 12A, 12AA and 260A

High Court of Punjab and Haryana | 2-judge bench (Division Bench) | Deepak Sibal, J. | Lapita Banerji, J.

Assessment years: 2014-15 (FY), 2015-16 (FY)

Some tabular/quote glyphs in the official PDF use custom font encoding; operative text is clear

While the table on page 1 and the block-quoted MoA clauses on page 2 contain custom-encoded glyphs in the official e-Courts PDF, the narrative paragraphs (paras 1-14) state all dates, figures, and holdings in full.

01 FACTS OF THE CASE

The respondent-society, registered in 2014, applied on 12.02.2016 for registration under section 12A. By order dated 26.08.2016, the CIT(E), Chandigarh rejected the application after finding that in FY 2014-15 (receipts Rs. 35,05,000; conference expenses Rs. 22,79,078; surplus Rs. 10,06,284) and FY 2015-16 (donations Rs. 17,26,000; conference expenses Rs. 3,20,808; surplus Rs. 13,22,042), the receipts came overwhelmingly from pharmaceutical companies and were spent on organizing conferences in leading hotels in Chandigarh without any evidence of charitable treatment of poor patients. On appeal, the ITAT Chandigarh Bench 'B' by order dated 08.04.2019 directed grant of section 12A registration by relying on oral submissions that the society was collaborating with PGIMER Chandigarh and the University of New Mexico (ECHO Institute) to educate prison medical officers, screen prisoners, and distribute free hepatitis-C test kits in Punjab prisons.

Source: [Pages 2-7 of 9 \(Paragraphs 2-10\) \(20260218 PHHC011157432019.pdf\)](#)

02 DISCUSSION BY THE HON'BLE COURT

Before the High Court, counsel for the society fairly conceded that no documentary evidence or application for additional evidence had been filed before the ITAT to substantiate the oral submissions regarding the ECHO prison project. The Division Bench held that the ITAT committed a manifest error of law and violated natural justice by reversing the CIT(E)'s order solely on oral submissions unsupported by pleadings or evidence and without formal notice to the Revenue. However, taking note that the Revenue had subsequently granted section 12A registration to the society for later financial years, the Court held that instead of simply restoring the rejection order, both the ITAT order and the CIT(E) order should be set aside so the society could formally place its evidence on record before the CIT(E).

Source: [Pages 7-8 of 9 \(Paragraphs 11-13\) \(20260218 PHHC011157432019.pdf\)](#)

03 JUDICIAL DECISION

The Punjab and Haryana High Court set aside both the ITAT order dated 08.04.2019 and the CIT(E) order dated 26.08.2016, and remitted the matter to the CIT(E) to decide the society's section 12A application afresh within three months after considering existing and additional evidence.

Source: [Pages 8-9 of 9 \(Paragraphs 13-14\) \(20260218 PHHC011157432019.pdf\)](#)

04 OUTCOME / IN WHOSE FAVOUR

Matter remanded; both ITAT order dated 08.04.2019 and CIT(E) order dated 26.08.2016 set aside for fresh decision by CIT(E) within 3 months.

Source: [Pages 8-9 of 9 \(Paragraphs 13-14\) \(20260218 PHHC011157432019.pdf\)](#)

05 AKHB REVIEW POINT

AKHB analysis: Two practical takeaways emerge for section 12A/12AB litigation: (1) the ITAT cannot reverse a CIT(E) rejection on the basis of oral assertions of charitable medical outreach that are not backed by an application for additional evidence under Rule 29 of the ITAT Rules; and (2) grant of section 12A registration in a later financial year does not automatically entitle the trust/society to registration for earlier years without proving charitable activities in those earlier years.

Source: [Full judgment PDF \(9 pp.\)](#)

SOURCE & VERIFICATION

[Original judgment PDF \(20260218_PHHC011157432019.pdf\)](#)

Reviewed from the complete 9-page official High Court judgment PDF (20260218_PHHC011157432019.pdf, SHA-256: 7dfc4d4756a06399c4c6fab20fa937ab296fc37eebe02b693587a77b574f634f).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Primary source verified page-by-page (9 physical pages, 139,813 bytes, SHA-256: 7dfc4d4756a06399c4c6fab20fa937ab296fc37eebe02b693587a77b574f634f). Cloud Google Drive File ID: 1MAwqitwbbAr-vIdl1EpsHnWQEMj8W4gx (https://drive.google.com/file/d/1MAwqitwbbAr-vIdl1EpsHnWQEMj8W4gx/view).

STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-18. No subsequent Supreme Court reversal or stay is recorded in the source judgment text.

AI DISCLOSURE

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