The Commissioner of Income Tax (Exemption), Jaipur v. Shri Baba Balak Nath Seva Sansthan

D.B. Income Tax Appeal No. 60/2025

2025:RJ-JP:35765-DB | D.B. Income Tax Appeal No. 60/2025 | 2025-09-08

Charitable trust registration under section 12A/12AB read with section 2(15): rejection based on trust-deed objects mentioning cottage industries/handicrafts and an event pamphlet organized by a third party rightly set aside by ITAT where 5 years' accounts showed no commercial activity or profit motive.

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

High Court of Judicature for Rajasthan | 2-judge bench (Division Bench) | K. R. Shriram, C.J. | Maneesh Sharma, J.

Assessment years:

Factual findings support dismissal of Revenue's appeal

ITAT found both that the objects were not business/commercial and that no such activity was carried out. The High Court found no substantial question of law; it did not prescribe a universal two-part test requiring actual commercial receipts in every registration case.

01 FACTS OF THE CASE

Revenue appealed under section 260A against ITAT's 15 October 2024 order allowing the trust's two appeals. Registration under section 12AB had been refused because objects 3 and 6 were viewed as commercial and because activities were alleged to fall outside the deed. Revenue's proposed questions referred to cottage-industry activities, section 2(15) and AUDA.

Source: PDF pp. 1-2, paras 1-3

02 DISCUSSION BY THE HON'BLE COURT

ITAT found the objects non-commercial, no such activity undertaken, and no indication of it in five years' income and expenditure accounts. The Court said a commercial-object finding should also identify dominant profit-making intention, absent here. A pamphlet identified Ms. Ritu Agarwal as organiser, supporting ITAT's finding that the trust had not conducted activity contrary to its objectives.

Source: PDF pp. 2-3, paras 4-5

03 JUDICIAL DECISION

On these findings, no substantial question of law arose. Revenue's appeal and any pending application were dismissed.

Source: PDF p. 3, paras 6-7

04 OUTCOME / IN WHOSE FAVOUR

ITAT's favourable registration result remained undisturbed. The order does not adjudicate exemption of particular receipts in an assessment or certify all future activities of the trust.

Source: PDF pp. 1-3, paras 1 and 4-7

05 EXPERT COMMENTS

Read both findings on the objects and the activities — The reasoning does not rest solely on inactivity: ITAT found the deed's objects were not commercial, as well as finding no such activity in the five-year accounts. Reducing the case to an automatic rule that unused business objects always qualify would omit the first finding and overstate the decision.

Attribute the event before attributing a breach — The pamphlet named Ms. Ritu Agarwal as organiser. That factual detail defeated the contention that the trust itself acted outside its objects. In evaluating such evidence, the identity of the organiser matters; the mere existence of a pamphlet does not establish the trust's conduct. This order resolves that factual attribution without approving an out-of-object activity.

Distinguish Revenue's proposed question from the Court's answer — AUDA and section 2(15) appear in Revenue's proposed question. The Court resolves this appeal through the recorded factual findings and absence of a substantial question of law, without separately analysing AUDA or laying down an actual-receipts prerequisite for every registration refusal. The registration outcome is also distinct from tax treatment of particular income in another proceeding.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

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All 3 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

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STATUTORY SCOPE

Sections 260A and 12AB appear in the Court's account. Sections 12A and 2(15), and Ahmedabad Urban Development Authority, appear in Revenue's proposed questions. No assessment year or separate AUDA doctrinal analysis is stated.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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