

Commissioner of Income Tax (Exemptions), Kolkata v. Jagannath Gupta Family Trust

Civil Appeal No. 1381 of 2019 (arising out of SLP(C) No. 17428 of 2018)

No separate citation stated in the source | 2019-02-01

Whether the High Court could end registration-cancellation proceedings on its single-donation reasoning when ITAT had remanded them to afford an opportunity to test the donor representative's evidence.

12AA(3)

Two-judge bench | R. Banumathi, J. | R. Subhash Reddy, J.

Assessment years: See the source-scope notes; no year inferred.

01 FACTS OF THE CASE

The Trust, which held section 12AA registration and section 80G approval and was stated to run an engineering college, faced a cancellation notice following a survey of a donor organisation. The Revenue alleged that Rs 37 lakh recorded in two donation tranches in February and March 2013 was an accommodation entry obtained against cash with commission retained. The Trust disputed the allegations and objected that it had not been allowed to cross-examine the donor's representative. The Commissioner cancelled registration on 15 March 2016, relying on broader allegations as well. ITAT set the cancellation aside and remanded for fresh consideration with that opportunity. On the Trust's further appeal, the Calcutta High Court quashed the cancellation proceedings on reasoning that a single allegedly bogus donation would not establish non-genuine activity, while multiple transactions might. The Revenue appealed.

Source: [official signed judgment / paragraphs 3-9 / PDF pages 1, 2, 3, 4, 5, 6, 7 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court held that the High Court's single-donation rationale was contrary to the plain language of section 12AA(3). Given the serious allegations and the Trust's procedural objection, the question required consideration after affording the opportunity sought. The High Court had erred in interfering with ITAT's remand and bringing the matter to an end on that rationale (paragraphs 13-14).

The Court did not resolve whether the donation was actually bogus, whether the Trust had engaged in money laundering, or whether cancellation was ultimately justified. Paragraph 15 expressly reserves all merits for the Commissioner's independent consideration, uninfluenced by observations of ITAT, the High Court or the Supreme Court. The decision therefore rejects an automatic single-transaction safe harbour without creating an automatic cancellation rule for every questioned donation.

Source: [official signed judgment / paragraphs 13-15 / PDF pages 9, 10, 11 / judgment](#)

03 JUDICIAL DECISION

The Revenue's appeal was allowed. The impugned High Court order was set aside, leaving the Commissioner to reconsider all issues on their merits in the restored procedural course and with the required opportunity. The Supreme Court expressly made no merits finding and awarded no costs.

Source: [official signed judgment / paragraphs 14-16 / PDF pages 10, 11 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on reversal of the High Court order; cancellation merits left for reconsideration

Appeal allowed; High Court order quashed; Commissioner to consider all issues independently; no costs

Procedural remand/reconsideration preserved; allegations not finally adjudicated

The source does not finally restore a merits cancellation, establish a bogus donation or criminal wrongdoing, or determine annual tax additions. Later proceedings are not verified.

Source: [official signed judgment / paragraphs 15-16 / PDF pages 11 / judgment](#)

05 AKHB REVIEW POINT

Do not treat the number of questioned donations as a complete substitute for applying the statutory genuineness and objects tests. Equally, a remand based on contested donor evidence is not proof of the alleged arrangement. Identify the material relied on, the opportunity to challenge it and the findings still required. Distinguish this merits-open decision from cases decided on the trust's own admissions, such as the separately reviewed Batanagar judgment. Check the reconsideration outcome and governing registration regime before reliance.

Source: [official signed judgment / paragraphs 8-9;13-15 / PDF pages 5, 6, 7, 9, 10, 11 / judgment](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

80G(5)(vi); 133A; 2(15)

RELATED DECISIONS AND LIMITS

1.

Id: sc-2021-08-02-batanagar-education-research-trust

Relationship: Editorial comparison: Batanagar sustains cancellation on the record including trustee admissions; this decision preserves reconsideration and leaves the allegations open.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R. Subhash Reddy, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(official signed judgment\)](#)

Identified source rendition: 11 PDF pages; SHA-256
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[Open cited source rendition](#)

The Commissioner's quoted allegations about cash routing and money laundering are not final Supreme Court findings; paragraph 15 expressly leaves merits open.

The quoted Commissioner order says agent commission was not disallowed under AICTE rules yet infers a violation. That inconsistent quotation is not adopted as an independent finding about AICTE requirements.

Paragraph 11's report of the Revenue argument omits not in one description of the High Court reasoning; paragraphs 9,13 and14 establish the actual single-donation rationale addressed.

Paragraph 13 describes the High Court proceeding once as a writ petition; paragraphs 2 and9 identify ITA7/2017. No separate writ proceeding is invented.

The Commissioner's quoted retrospective cancellation date 1 April 2008 is part of the order under reconsideration, not an independently upheld retroactivity ruling.

Survey dates, donor allegations and statutory references are confined to this case; facts from Batanagar are not imported.

No reported or neutral citation printed in reviewed original; none assigned.

This is a registration-cancellation proceeding. AYs 2009-10 through 2015-16 appear in allegations quoted from the Commissioner's order, not as seven annual assessments adjudicated by the Supreme Court.

STATUTORY SCOPE

Historical section 12AA(3) cancellation framework discussed in this remand decision

No current registration-status finding, subsequent merits result or automatic mapping to later registration regimes/Income-tax Act 2025.

LATER TREATMENT

Source checked 2026-10-04. Subsequent appeals, review proceedings, stays, reversals and later judicial treatment have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[official signed judgment - PDF pages: 11](#)

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