

Ananda Social and Educational Trust v. Commissioner of Income Tax & Anr. (with connected registration appeals)

Civil Appeal Nos. 5437-5438 of 2012 / Civil Appeal No. 4702 of 2014 / Civil Appeal No. 1727 of 2020 (arising from SLP(C) No. 25761 of 2015)

[2020] 1 SCR 721 | 2020-02-19

Whether an application for historical section 12AA registration can be refused solely because charitable activity has not yet begun, and how that inquiry differs from cancellation or actual activity contrary to the objects.

12AA(1) | 12AA(3)

3-judge bench | S. A. Bobde, CJI | B. R. Gavai, J. | Surya Kant, J.

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

Three appeal groups have different party outcomes

The lead Ananda trust's appeals were dismissed. The detailed proposed-activities holding appears in the connected Director of Income Tax appeal, which was dismissed in favour of the respondent trust. The final connected appeal was dismissed with conditional section 12AA(3) liberty, not an order to cancel registration. Do not label the entire common order simply "Ananda allowed" or "assessee appeal allowed".

01 FACTS OF THE CASE

The common order contains three appeal groups with different procedural outcomes. In the lead Civil Appeal Nos. 5437-5438 of 2012, Ananda Social and Educational Trust challenged Karnataka High Court orders. The Supreme Court dismissed those appeals briefly, finding no reason to interfere. It did not set out the lead trust's detailed facts or grant it registration (official page 1).

The substantive new-trust reasoning appears under Civil Appeal No. 4702 of 2014, a Director of Income Tax appeal against a Delhi High Court decision. That respondent society was formed on 30 May 2008 and applied on 10 July 2008. The Commissioner refused registration solely because it had undertaken no activities. The Tribunal reversed that decision and the High Court affirmed it (pages 2-5).

In Civil Appeal No. 1727 of 2020, the Commissioner had refused registration because the trust had spent none of its income on charitable activities. The Tribunal reversed the refusal by applying the Delhi ruling. The signed common order does not separately print that group's party names; none is supplied here (pages 8-9).

Source: [official signed judgment / paragraphs Lead appeals / PDF pages 1 / judicial text](#); [official signed judgment / paragraphs CA 4702/2014 facts / PDF pages 2, 4, 5 / judicial text](#); [official signed judgment / paragraphs CA 1727/2020 facts / PDF pages 8 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

For Civil Appeal No. 4702 of 2014, the Court held that section 12AA did not make a history of completed activity a prerequisite to applying. The Commissioner still had to examine whether the objects were genuinely charitable and the activities genuine. At the registration stage, that inquiry could extend to proposed activities and whether they aligned with the objects. Absence of completed activity was therefore insufficient, by itself, to refuse registration (pages 3-6).

Registration was distinguished from assessing what a trust had actually done. Cancellation under section 12AA(3) involved a finding about activities actually carried on being non-genuine or inconsistent with the objects. A trust shown to have conducted contrary activities before applying also presented a different case. Thus, the decision did not remove the Commissioner's genuine-objects and activities inquiry or treat a stated charitable object as conclusive (pages 5-6).

The Court upheld the Delhi approach and noted the similar Allahabad ruling in R.S. Bajaj Society. Although it did not approve the contrary approach attributed to Self Employers Service Society, it also distinguished that case's observation of activity contrary to the objects. The latter distinction should not be suppressed by describing every aspect of that authority as overruled (page 7).

For Civil Appeal No. 1727 of 2020, not spending income was distinguished from carrying on activities contrary to the objects. Inactivity could have various explanations and might become actionable in other circumstances, but that was not the case being decided. The Court preserved the Commissioner's power under section 12AA(3) if the facts justified its exercise; it did not order cancellation (pages 8-9).

Source: [official signed judgment / paragraphs Registration threshold and proposed activities / PDF pages 3, 4, 5, 6 / judicial text](#); [official signed judgment / paragraphs Precedent comparison / PDF pages 7 / judicial text](#); [official signed judgment / paragraphs Inactivity and conditional cancellation / PDF pages 8, 9 / judicial text](#)

03 JUDICIAL DECISION

All three appeal groups were dismissed. The lead Ananda appeals failed by the short reasons on page 1. The Director of Income Tax's appeal in CA 4702/2014 failed, leaving the registration-favourable Delhi judgment intact. CA 1727/2020 was also dismissed, with liberty to the Commissioner to consider section 12AA(3) only if the facts justified action. That liberty was not a remand requiring cancellation. The detailed new-trust holding must be attributed to the connected appeal rather than described as a grant of registration to the lead appellant.

Source: [official signed judgment / paragraphs Separate operative dismissals / PDF pages 1, 7, 9 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Group-specific: against the lead Ananda appellant; in favour of the respondent trust in the expressly identified Revenue appeal CA 4702/2014; the appeal seeking interference with the Tribunal's reversal of registration refusal in CA 1727/2020 also failed, subject to conditional cancellation powers

All appeals dismissed; no compulsory cancellation or fresh registration inquiry ordered

Reasoned historical registration ruling in the connected appeals, alongside a brief dismissal of the lead appeals

Registration does not by itself decide annual exemption under sections 11 and 12. No finding on unspecified later inactivity, no universal deemed registration, and no current-regime procedure is established.

Source: [official signed judgment / paragraphs Separate appeal groups / PDF pages 1, 7, 8, 9 / judicial text](#)

05 AKHB REVIEW POINT

Identify the appeal group before stating who won. The widely cited proposed-activities reasoning belongs to the connected Director of Income Tax appeal, while the named lead trust's own appeals were dismissed. For an analogous historical registration application, assemble the objects and a credible account of proposed activity, and distinguish lack of activity from evidence of activity inconsistent with the objects.

Keep registration, assessment of exemption and cancellation separate. The retained cancellation power requires its own statutory conditions and factual basis. Verify later legislation and judicial treatment before using this historical section 12AA ruling for a present registration application.

Source: [official signed judgment / paragraphs Registration versus assessment and cancellation / PDF pages 5, 6, 8, 9 / judicial text](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

12A; 11; 12; 13

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

No individual author identified in the signed common order

DISTINCT CASE GROUPS

1.

Case numbers: 5437-5438/2012

Role: Lead trust appeals from Karnataka High Court

Outcome: Dismissed; no interference

Source**Source url:** [Open cited source](#)**Pdf pages:** 1**Paragraphs:** First appeal-group heading and unnumbered dismissal**Source role:** judicial text**2.****Case numbers:** 4702/2014**Role:** Director of Income Tax appeal from Delhi High Court**Outcome:** Dismissed; proposed-activities registration reasoning**Source****Source url:** [Open cited source](#)**Pdf pages:** 2; 3; 4; 5; 6; 7**Paragraphs:** Second appeal group, unnumbered**Source role:** judicial text**3.****Case numbers:** 1727/2020**Role:** Connected registration refusal dispute; party names not separately printed**Outcome:** Dismissed; Commissioner retains conditional section 12AA(3) power**Source****Source url:** [Open cited source](#)**Pdf pages:** 8; 9**Paragraphs:** Third appeal group, unnumbered**Source role:** judicial text**ACT IDENTIFIED IN THE REVIEWED SOURCE**

Income-tax Act, 1961

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

Identified source rendition: 9 PDF pages; SHA-256

a40aae0770f76fb5895fdc94bd9e7eeda6b9fed6a1ceae751922c39d130b5621. Original bytes preserved.

One common signed order with three separately headed appeal groups: lead appeals on physical page 1; CA 4702/2014 on pages 2-7; CA 1727/2020 on pages 8-9. Judicial paragraphs are unnumbered.

[Open cited source rendition](#)

Reported SCR citation verified on the cover; no neutral citation inferred from catalogue metadata.

No assessment year is identified for the registration disputes; none is inferred.

The original and reported cover/signatures identify three judges; catalogue omissions must not reduce the bench to two.; Use the signed 19 February 2020 date, not the 26 February digital-signature date.; The judicial order has no numbered paragraphs; page and appeal-group pins are intentional. Quoted statutory subsections are not judicial paragraph numbers.; The reported jurisdiction block mentions a Delhi proceeding but the lead group expressly concerns Karnataka. It must not be assigned indiscriminately to all groups.

STATUTORY SCOPE

Historical section 12AA registration and cancellation provisions considered in this order; not a procedural guide to later registration regimes.

No automatic Income-tax Act, 2025 mapping or present-law certification.

LATER TREATMENT

Source checked 2026-10-04. Subsequent judicial treatment and intervening statutory amendments have not been comprehensively verified.

IDENTIFIED SOURCE LINKS

[official signed judgment - PDF pages: 9](#)

SHA-256: a40aae0770f76fb5895fdc94bd9e7eeda6b9fed6a1ceae751922c39d130b5621

[reported judgment - PDF pages: 7](#)

SHA-256: 8bd47d2f8f91f6909f7b6c7583dc153d40c2e434c123853f5557159a4d526a53

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