

Commissioner of Income Tax (Exemptions), Kolkata v. Batanagar Education and Research Trust

Civil Appeal No. 4451 of 2021

[2021] 8 S.C.R. 31 | 2021-08-02

Whether the High Court was justified in setting aside cancellation of charitable registration and related section 80G approval despite the trustee's own admissions and the findings of the Commissioner and Tribunal.

12AA(3) | 80G | 260A

Two-judge bench | Uday Umesh Lalit, J. | Ajay Rastogi, J.

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

01 FACTS OF THE CASE

The Trust obtained section 12AA registration on 6 August 2010 and section 80G approval. A survey concerning another organisation led to inquiries into its donations and a show-cause notice on 4 December 2015. In the statements reproduced by the Court, the managing trustee acknowledged that a major part of certain corpus donations was accommodation entries and that substantial funds were returned through intermediaries while recorded as building expenditure. The Commissioner's order dated 25 February 2016 cancelled section 12AA registration with effect from 1 April 2012 and consequently cancelled section 80G approval. ITAT upheld the cancellations on 13 September 2017. The Calcutta High Court reversed, holding the Revenue had not established sufficient grounds or complicity in donors' misconduct. The Revenue appealed to the Supreme Court.

Source: [official signed judgment / paragraphs 1-9 / PDF pages 1, 2, 3, 4, 5, 6, 7, 8 / judgment](#); [reported rendition / paragraphs 1-9 / PDF pages 2, 3, 4, 5, 6, 7, 8 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court relied on the managing trustee's answers as showing misuse of the Trust's registered status. It found that donations received through cheques were substantially returned or ploughed back to donors and were bogus. On that record, an entity misusing section 12AA status was not entitled to retain it, and cancellation of registration and section 80G approval was justified (paragraph 11).

The case was not decided merely on untested statements of third-party donors. The quoted Tribunal reasoning distinguished the earlier third-party material from the Trust's own subsequent admission and its failure to meet the evidence in cancellation proceedings. The Supreme Court criticised the High Court for not addressing those answers or identifying why the Commissioner's and Tribunal's conclusions were invalid in the section 260A appeal (paragraphs 6 and 12). The High Court's separate question about the evidentiary value of section 133A statements had been left unanswered there. The Supreme Court did not deliver a general ruling that every survey statement alone is conclusive proof for every tax addition or criminal charge.

Source: [official signed judgment / paragraphs 6;11-12 / PDF pages 5, 6, 8, 9 / judgment](#); [reported rendition / paragraphs 6;11-12 / PDF pages 5, 6, 7, 8 / judgment](#)

03 JUDICIAL DECISION

The Revenue's appeal was allowed. The Calcutta High Court judgment was set aside, and the Commissioner's and Tribunal's orders were restored, thereby sustaining the registration and approval cancellations described in the source. There was no remand and no order as to costs.

Source: [official signed judgment / paragraphs 13 / PDF pages 9 / judgment](#); [reported rendition / paragraphs 13 / PDF pages 8 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Appeal allowed; High Court reversed; cancellation orders restored; no costs

Registration/approval cancellation justified on the record considered

No criminal conviction, universal evidentiary rule, donor-specific deduction ruling or new computation of the Trust's taxable income is made. The note reports the 2021 adjudication, not the Trust's present registration or operational status.

Source: [official signed judgment / paragraphs 5;11-13 / PDF pages 4, 5, 8, 9 / judgment](#); [reported rendition / paragraphs 5;11-13 / PDF pages 4, 5, 8 / judgment](#)

05 AKHB REVIEW POINT

Trace donation receipts, repayments, intermediary transfers and the accounting entries, rather than relying only on a corpus label or a claim of educational use. This decision turns on the Trust's own admissions and the resulting findings of non-genuine activity; it should not be reduced to guilt by association with a donor. Keep registration cancellation separate from annual tax additions, donor deductions and criminal consequences. Verify the actual orders, statutory registration regime and later treatment before extending the result to another trust.

Source: [official signed judgment / paragraphs 4-6;11-13 / PDF pages 2, 3, 4, 5, 6, 8, 9 / judgment; reported rendition / paragraphs 4-6;11-13 / PDF pages 2, 3, 4, 5, 6, 7, 8 / judgment](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

133A; 11(1)(d)

RELATED DECISIONS AND LIMITS

1.

Id: sc-2019-02-01-jagannath-gupta-family-trust

Relationship: Editorial comparison with a merits-open reconsideration decision; this case instead sustains cancellation on the record including trustee admissions. No express judicial treatment of that case is asserted.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Uday Umesh Lalit, 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: 9 PDF pages; SHA-256

046d432e48b623a7ad3ba533f0cd9089f69854276ef970edd054500f08dd0d1b. Original bytes preserved.

[Open cited source rendition](#)

The source quotes the Commissioner using wider labels including hawala and money laundering. The note states the Supreme Court's actual registration findings and does not convert them into a criminal conviction.

The Tribunal expressly distinguishes third-party admissions from the Trust's own subsequent admission. The decision is not treated as cancellation based only on a donor's alleged misconduct.

The quoted Commissioner paragraph 6.3(f) prints 60th limb of section 12AA(3), an apparent source error; no such numbered limb is invented.

The financial years and amounts in quoted answers concern specified donation accounts, not a Supreme Court final income computation or an enumerated AY appeal.

Private contact details contained in the reproduced questionnaire are not repeated in this editorial note; original court source remains unchanged.

The High Court left its second substantial question on section 133A evidence unanswered. No broad independent Supreme Court evidentiary holding is supplied.

Registration-cancellation appeal rather than an annual assessment. Financial years in the quoted statements and the cancellation effective date are not converted into adjudicated assessment years.

STATUTORY SCOPE

Historical section 12AA registration-cancellation framework and consequential 80G approval discussed in the source

No automatic transfer to later registration regimes or the Income-tax Act 2025; no present registration-status certification.

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: 9](#)

SHA-256: 046d432e48b623a7ad3ba533f0cd9089f69854276ef970edd054500f08dd0d1b

[reported rendition - PDF pages: 8](#)

SHA-256: 50287fe64c9b9e847797a9681b7ac61fc45688a7b870bba8ca60b773042987cb

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