



IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

ITA-5-2020 (O&M)

Commissioner of Income Tax (Exemptions)

...Appellant

versus

M/s Society for the Study of Liver Diseases

...Respondent

1.	The date when the judgment is reserved	11.02.2026
2.	The date when the judgment is pronounced	18.02.2026
3.	The date when the judgment is uploaded on the website	19.02.2026
4.	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Full
5.	The delay, if any, of the pronouncement of full judgment, and reasons thereof	Not applicable

CORAM: HON'BLE MR. JUSTICE DEEPAK SIBAL
HON'BLE MS. JUSTICE LAPITA BANERJI

Present: Ms. Pridhi Jaswinder Sandhu, Senior Panel Counel,
for the appellant.

Mr. Sunil Kumar Mukhi, Advocate
for the respondent.

DEEPAK SIBAL, J.

1. The present appeal, filed at the revenue’s instance, under Section 260A of the Income Tax Act, 1961 (for short - the Act), is directed against order dated 08.04.2019, passed by the Income Tax Appellate Tribunal, Division Bench “B” Chandigarh (for short – the Tribunal).



RELEVANT FACTS

2. The respondent is a society registered under the Societies Registration Act, 1957 which started to operate in the year 2014. The aims and objects of the respondent society as per its Memorandum of Association, are as follows:-

- “i. To help in the treatment of patients with liver disease.*
- ii. To promote, educate and spread knowledge of Liver disease.*
- iii. To conduct surveys on liver problems.*
- iv. To hold conferences, symposia, seminars, workshops, etc. to disseminate knowledge on the subject of liver disease.*
- v. To help in the treatment of poor patients suffering from liver diseases.*
- vi. To accept donations, grants, loans from interested persons, welfare organizations, banks, other charitable societies, trusts, etc. and from State and Central Governments and other national and international institutions/bodies subject to the rules and regulations of the Government and other authorities, to invest the funds of the society with such individuals, societies, firms or companies for providing income to society, on such terms and conditions as may deem proper and necessary for the fulfillment of the aims and objects of the society and to further its interests as enunciated above.*
- vii. To publish scientific papers, journals, monographs and text books aimed at upgrading knowledge and skill.*
- viii. To seek affiliation with national and international associations and societies or seminal bodies to achieve the objectives of the society.*
- ix. To purchase the land and/or the building and/or vehicle in the name of the society for the upliftment and fulfillment of the aims and objects of the society.”*

3. On 12.02.2016, the respondent-society filed an application before the Commissioner of Income Tax (Exemptions), Chandigarh (for short – the CIT(E) seeking therein registration under Section 12A of the Act. On 11.08.2016, the respondent-society's Chartered Accountant filed before the CIT (E), evidence to support its claim which included the respondent-society's income and expenditure statement etc. The



respondent-society's Chartered Accountant was then heard by the CIT(E). After considering the submissions made on behalf of the respondent-society and the supporting evidence filed before her, the CIT(E) found that the total receipts of the respondent-society for the financial year 2014-2015 were Rs.35,05,000/- out of which Rs.22,79,078/- were spent for holding of conferences resulting in a net surplus of Rs.10,06,284/-. The receipts of the respondent-society were further found to be primarily through donations made by pharmaceutical companies with a meager amount received on account of registration fee paid by the attendees of the conferences organized by the respondent-society.

4. For the financial year 2015-2016 the CIT(E) found that the donations received by the respondent-society were to the tune of Rs.17,26,000/- out of which the expenses incurred on holding of conferences were to the extent of Rs.3,20,808/- resulting in generation of net surplus of Rs.13,22,042/-.

5. After sifting the evidence produced on behalf of the respondent-society the CIT(E) found no trace of any contribution made by the members of the respondent-society which would prove that the respondent-society was indulging in any charitable work. The CIT(E) further found that no expenditure was incurred by the respondent-society on any activity which could be construed as charitable. No evidence with regard to members of the respondent-society helping poor/needy patients or conducting of surveys on liver problems was also detected. Thus, as per the CIT(E), the pre-dominant focus of the



respondent-society was not covered under the definition of “charitable” purpose as defined under Section 2(15) of the Act and accordingly, through order dated 26.08.2016, she rejected the respondent-society’s application seeking therein registration under Section 12A of the Act.

6. Aggrieved by the order of the CIT(E), the respondent-society approached the Tribunal and submitted before it that the respondent-society was engaged in not only holding of conferences, seminars, workshops etc. of medical experts where knowledge on liver diseases was shared for treatment of liver diseases but was also undertaking community service in collaboration with Extension for Community Healthcare Outcomes Institute of New Mexico Health Science Centre (for short – ECHO Institute) which was a project undertaken by Post Graduate Institute of Medical Education & Research, Chandigarh (for short – PGIMER). Under such programme medical officers posted in the prisons of Punjab were being educated so that they could treat prisoners diagnosed with hepatitis C and other liver diseases. It was further submitted that the respondent-society had also done screening of prisoners in Punjab and was regularly holding video conferences with medical officers posted in the prisons in Punjab. It was still further submitted that test kits for diagnosing liver diseases had also been distributed by the respondent-society, free of cost, in all prisons in Punjab. After considering such submissions the Tribunal set aside the order of the CIT(E) and directed grant of registration to the respondent-society under Section 12A of the Act. Aggrieved by the order of the



Tribunal the revenue has knocked the doors of this Court through the instant appeal.

THE SUBMISSIONS

7. Learned counsel for the appellant-revenue submitted that the Tribunal had set aside the well-reasoned order of the CIT(E) by relying on the submissions made on the respondent-society's behalf with regard to implementation of the ECHO project by the respondent-society without there being any pleadings to support such submissions before the Tribunal and therefore, the submissions, which were not backed by pleadings, could have not been relied upon by the Tribunal.

8. Learned counsel appearing for the respondent, fairly admitted that no supporting document with regard to implementation of the ECHO project by the respondent-society had been placed before the Tribunal but since the submissions made in this behalf were neither questioned or disputed by the revenue either before the Tribunal or even before this Court, the Tribunal had rightly relied on such submissions and granted relief to the respondent-society. He further submitted that for the financial years, subsequent to the financial years in question, the respondent-society had been granted registration by the revenue authorities under Section 12A of the Act and since the activities of the respondent-society, then and now, are the same, the present appeal be dismissed.

DISCUSSION AND CONCLUSION

9. The respondent-society, registered under the Societies Registration Act, 1957, is operating since the year 2014. On 12.02.2016,



the respondent-society filed an application before the CIT(E) seeking therein registration under Section 12A of the Act on the ground that all its activities were charitable. After considering the submissions made and evidence produced on behalf of the respondent-society, the CIT(E) noted that for the financial year 2014-2015 the total receipts of the respondent-society were to the tune of Rs.35,05,000/- and a major bulk of such receipts was through donations received by it from pharmaceutical companies with only a meager amount having been received as registration fee from attendees of conferences organized by the respondent-society. For the same financial year the expenditure of the society was found to be Rs.22,79,018/- most of which was for organizing conferences in leading hotels of Chandigarh. Similarly, for the financial year 2015-2016 donations received by the respondent-society, again from pharmaceutical companies, were found to be of Rs.17,26,000/- out of which Rs.3,20,808/- were spent on organizing conferences with the remaining amount being net surplus with the respondent-society. The CIT(E) did not find any evidence produced by the respondent-society with regard to resources generated by it from any other source or having indulged in any activity like treatment of poor patients, serving the needy, publishing of scientific papers etc. On the basis of the evidence produced before her, the CIT(E) found that the respondent-society's pre-dominant focus was restricted to holding of conferences in leading hotels of Chandigarh. The CIT(E) further opined that the main object of the respondent-society appeared to be to act as a bridge between pharmaceutical companies and doctors through holding



of conferences. Accordingly, the respondent-society's application for registration under Section 12A of the Act was rejected by the CIT(E).

10. Through the impugned order, the Tribunal set aside the afore referred order of the CIT(E) by primarily relying on the submissions made before it on behalf of the respondent-society which were to the effect that not only was the respondent-society holding conferences which led to enhancement of knowledge of medical professionals which in turn benefitted the society at large but the respondent-society was also implementing the ECHO project in collaboration with the University of New Mexico Health Science Centre and under the guidance of the PGIMER, Chandigarh; under the said ECHO project the respondent-society was helping the prisoners in Punjab who were suffering from liver diseases and that the respondent-society was also distributing, free of cost, test kits to diagnose if any of the prisoners in Punjab was suffering from liver diseases.

11. It was fairly admitted before us that no evidence in support of implementation of the ECHO project by the respondent-society in the prisons of the State of Punjab was placed before the Tribunal by the respondent-society. No application for additional evidence was also filed. Therefore, it is clear that through the impugned order, the Tribunal set aside the order of the CIT(E) only on the basis of oral submissions made before it which were not backed by any pleadings or evidence which is legally impermissible. The appellant-revenue had also not been put to any formal notice of such pleas raised on the respondent-society's behalf which also clearly violates the principles of natural justice.



12. The fact that the respondent-society has been granted registration under Section 12A of the Act for the financial years which are subsequent to the financial years in question cannot be made the reason to grant it registration under the same section for the financial years in question because for registration under Section 12A of the Act its activities for the relevant financial years would be relevant.

13. In the light of the above, in normal circumstances, we would have simply set aside the impugned order of the Tribunal with consequences to follow but in the peculiar facts of this case where submissions were raised on behalf of the respondent-society before the Tribunal with regard to it indulging in charitable activities but no evidence in support of such submission was produced and because for subsequent financial years the revenue authorities have granted to the respondent-society registration under Section 12A of the Act, we deem it just and appropriate to not only set aside the impugned order passed by the Tribunal but also the order of the CIT(E) dated 26.08.2016 and remit the matter to the CIT(E) for a fresh decision as to whether the respondent-society is entitled to be granted registration under Section 12A of the Act for the financial years in question. Such decision be taken by the CIT(E) not only after considering the evidence already on record but also any additional evidence which may now be legally brought on record by the contesting parties. The needful be done by the CIT(E) within three months from the date of receipt of a copy of this order, in accordance with law.



ITA-5-2020 (O&M)

[9]

14. The appeal is disposed of in the above terms.

(DEEPAK SIBAL)
JUDGE

18.02.2026
gk

(LAPITA BANERJI)
JUDGE

Whether speaking/reasoned : Yes / No
Whether reportable : Yes / No