

IN THE INCOME TAX APPELLATE TRIBUNAL
“G” BENCH, MUMBAI
BEFORE SMT. BEENA PILLAI (JUDICIAL MEMBER)
&
SHRI JAGADISH (ACCOUNTANT MEMBER)
I.T.A. No. 195/Mum/2026

Shri Swami Narayan Hari Mandir Trust Sadhana Soc Amarshi Rd. Malad W Mumbai - 400064 [PAN: AABTS6230M]	Vs.	CIT (Exemptions)
(Appellant)		(Respondent)

Assessee by	Shri Ajay R Singh/Shri Akshya Pawar, ARs
Revenue by	Shri Aurn Kanti Datta, CIT DR

Date of Hearing	07.04.2026
Date of Pronouncement	27.04.2026

ORDER

Per Smt. Beena Pillai, JM:

The present appeal filed by the assessee arises out of the order dated 27/12/2025 passed by the Learned Commissioner of Income Tax (Exemptions) [hereinafter the “Ld.CIT(E)”].

2. Brief facts of the case are as under:-

The assessee is a public charitable trust formed on 7/07/1995 and was granted registration under section 12A of the Act, with effect from 01/04/1998. The said registration continued to remain in force. Pursuant to the amended provisions of the Act, the assessee filed an application in Form No.10AB on 29/05/2025 before the Ld.CIT(E) seeking renewal of its registration under section 12AB of the Act.

2.1. Ld.CIT(E) rejected the application on the ground that the trust deed/Memorandum of Association does not contain clause relating to irrevocability or dissolution, and treated the same as a specified violation within the meaning of Explanation (g) to section 12AB(4) of the Act. Consequently, the Ld.CIT(E) refused to grant approval and proceeded to cancel the existing registration of the assessee.

Aggrieved by the said action of the Ld.CIT(E), the assessee is in appeal before this *Tribunal*.

3. The Ld.AR submitted that, the assessee duly filed its application in Form No. 10AB along with all requisite documents as prescribed under Rule 17A(2) of the Income-tax Rules. Referring to the specific requirements enumerated in clauses (a) to (h), the Ld.AR submitted that the assessee substantially complied with all applicable conditions.

3.1. It was submitted that the assessee was created by way of a duly executed trust deed and, therefore, the requirement under clause (a) stood satisfied by furnishing a self-certified copy of the trust deed. Further, the assessee is a registered public charitable trust and had already placed on record the registration certificate issued by the competent authority, thereby complying with clause (c). The Ld.AR submitted that the assessee is not governed by the provisions of the Foreign Contribution (Regulation) Act, 2010, and therefore clause (d) is not applicable to the facts of the present case. With regard to clause (e), it was submitted that the assessee has been granted registration under section 12A w.e.f. 01/04/1998 and the copy of such registration order was duly furnished along with the application. It was further submitted that

there is no order rejecting registration in the past and hence clause (f) has no application.

3.2. The Ld.AR submitted that, the assessee has been in existence for several years and had duly furnished self-certified copies of its audited financial statements for the relevant preceding years in compliance with clause (g). It was further submitted that the assessee do not carry on any business undertaking within the meaning of section 11(4) or section 11(4A) of the Act and, therefore, the requirements under clause (h) are not applicable.

3.3. The Ld.AR contended that the observation of the Ld.CIT(E) regarding the application to be incomplete is thus factually incorrect and contrary to the material placed on record. The Ld.AR further submitted that even assuming without admitting that any document was deficient, the same was a curable defect and the Ld. CIT (Exemption) ought to have granted a reasonable opportunity to rectify the same instead of proceeding to reject the application.

3.4. Without prejudice to the above, the Ld. AR submitted that the sole basis for rejection, i.e., absence of an explicit irrevocability or dissolution clause in the trust deed, cannot be treated as a specified violation within the meaning of Explanation (g) to section 12AB(4). It was submitted that such a ground does not go to the genuineness of the activities of the trust nor does it establish that the assessee is not carrying out charitable activities in accordance with its objects. The Ld. AR thus submitted that the rejection of the application and cancellation of registration is arbitrary, unjustified, and not in accordance with law.

3.5. The Ld.AR placed reliance on the decision of the Hon'ble Bombay High Court in the case of *Chamber of Tax Consultants vs. CIT* reported in [2026] 184 taxmann.com 374, where Hon'ble Court observed as under:-

"18. From a plain reading of these provisions, two things emerge very clearly. First, even section 22(3A)(d) refers to "trust, being revocable, is expressly revoked", meaning thereby that in order that a trust is a revocable trust, a power to revoke is essential. In other words, the Trust Deed should have an express clause enabling the settlor to invoke the same and revoke the trust. In the absence of any revocability clause, a trust cannot be revoked. This is in line with settled law that when a person transfers property to another, either by way of gift or by way of a settlement, and on the acceptance of such transfer by the donee or the settlor, as the case may be, there is a complete transfer of ownership of property and the transferor is denuded of all right, title and interest in the property, unless the transfer is explicitly made conditional on the happening of some event. Absent any such specific clause, the fulfillment whereof either results in transfer of ownership of the property to the transferee, or on the transferor being able to revoke the transfer, the transfer is absolute. The interpretation that unless there is an irrevocability clause, the trust is revocable, is completely contrary to law and has no legs to stand on. Secondly, the provisions of sections 22(3A) and (3B) are clear as to the consequences where a trust is revocable, and is revoked. In such a scenario, the Deputy or Assistant Charity Commissioner will first de-register the trust, then, he may take over the management of the properties of the trust de-registered, and thereafter, dispose them of by sale or otherwise, and deposit the sale proceeds in the Public Trusts Administration Fund established under Section 57 of the MPT Act. Thus, the assets of a trust, which is registered under the MPT Act, would never come back to the settlor. They are sold on revocation and the funds are deposited in the Public Trusts Administration Fund. Once that is the case, then such trusts can never be termed as revocable trusts in terms of section 63(a) of the Act. Section 63(a) of the Act provides that a trust is revocable if the Trust Deed has a provision for re-transfer directly or indirectly of the whole or any part of the income or assets to the transferor, or where such provision in any way, gives the transferor a right to re-assume power directly or indirectly over the whole or any part of the income or assets. The same is impossible in case of a trust registered under the MPT Act. This is for the simple reason that in the case of a revocable trust, if the same is revoked, then the assets or proceeds from sale would never go to the settlor. Thus, the reasoning of Respondent No.1 is completely baseless and unfounded.

19. It is also pertinent to refer to section 55 of the MPT Act which provides for the application of the doctrine of cy-pres. Section 55 of the MPT Act is reproduced hereunder for better understanding:

"55. Cypres.— (1) If upon an application made to him or otherwise, the Assistant or Deputy Charity Commissioner is of opinion that—

(a) the original object for which the public trust was created has failed;

(b) the income or any surplus balance of any public trust has not been utilized or is not likely to be utilised;

(c) in the case of a public trust other than a trust for a religious purpose, it is not in public interest expedient, practicable, desirable, necessary or proper to carry out wholly or partially the original intention of the author of the public trust or the object for which the public trust was created and that the property or the income of the public trust or any portion thereof should be applied to any other charitable or religious object; or

(d) in any of the cases mentioned in sections 10 to 13 or in regard to the appropriation of the dharmada sums held in trust under section 54, the directions of the Charity Commissioner are necessary then, the Assistant or Deputy Charity Commissioner shall pass appropriate orders after making an enquiry and make a report to the Charity Commissioner.

(2) The Charity Commissioner may suo motu or on the report of Assistant or Deputy Charity Commissioner, give directions and in giving such direction, he shall give effect to the original intention of the author of the public trust or object for which the public trust was created.

(3) The Charity Commissioner may direct the property or income of the public trust or any portion thereof to be applied cypres to any other charitable or religious objects. In doing so, it shall be lawful for the Charity Commissioner to alter any scheme already settled or to vary the terms of any decree or order already passed in respect of the public trust or the conditions contained in the instrument of the public trust.

(4) An appeal shall lie against the decision or order passed by the Charity Commissioner under sub-section (2) or, as the case may be, sub-section (3) of this section to this section to the Court, as if such order was a decree passed by the District Court from which an appeal lies, within sixty days from the date of the said order, which shall otherwise be final."

20. A plain reading of the above provisions makes it very clear that on the occurrence of the events specified in section 55(1) of the MPT Act, where the Trust assets/ properties cannot be used for the objects specified in the Trust Deed, then, the Office of the Charity Commissioner, by following the process laid down in section 55 of the MPT Act, can pass an order directing the property or income of the public trust or any portion

thereof to be applied cypres to any other charitable or religious object. This, therefore, also further strengthens the proposition that once an asset is settled for charitable purposes, such an asset can either be used for the purposes for which it is settled or for other similar purposes in terms of section 55 of the MPT Act, but such assets and properties can never revert back to the settlor of the trust.

21. Not only are the provisions of the MPT Act clear, but the interpretation placed by the Ministry of Finance in this regard is also germane. It would be pertinent to bring out the reply of the Ministry of Finance to the CAG and to the Public Accounts Committee of the Lok Sabha as brought out in the 27th Report which was presented to the Lok Sabha and laid before the Rajya Sabha on 16.12.2015 with regard to the provisions of the MPT Act. The relevant extract of the reply of the Ministry of Finance to CAG which is brought out in a Press Release dated 17-12-2013, is as under:

"2.9 The Ministry stated (May 2013) that in Mumbai & Gujarat, Bombay Public Trust Act, 1980 ensure that no amount can go back to any founder etc. because properties are transferred with the permission of the Charity Commissioner only to other Trusts having similar objects. Thus inclusion of a reversion clause in the deed is neither necessary nor legal in States where specific legislation bars such reversion."

22. Further, the relevant reply of the Ministry of Finance to the Public Accounts Committee of the Lok Sabha is as under:

"Further as already explained earlier (May 2013) in Mumbai & Gujarat, Bombay Public Trust Act, 1980 ensures that no amount can go back to any founder etc. because properties are transferred with the permission of the Charity Commissioner only to other Trusts having similar objects. Thus, inclusion of dissolution clause in the deed is neither necessary nor legal in States where specific legislation bars such reversion. In Rajasthan also from where many cases are reported, the position is similar."

23. Once the Ministry of Finance is of the above opinion, then, Respondent No.1, who functions under the administrative authority of such Ministry, cannot take a contrary stand.

24. The above discussion clearly demonstrates that Respondent No.1 has completely misapplied the legal position. He has not understood the provisions of the Act and the MPT Act in their correct perspective. His apprehensions, if any, are completely unfounded. There cannot be any presumption that in the absence of an irrevocability clause, a trust is revocable and there is a possibility that the assets settled by the settlor would revert back to him. On the contrary, as explained earlier, unless there is any revocability clause, the trust is irrevocable and even in case of a revocable trust registered under the MPT Act, the assets would never revert back to the settlor.

25. Section 78 of the Indian Trusts Act, 1882, is also apposite in this regard. Undoubtedly, it is true that by virtue of section 1 of the Indian Trusts Act, 1882 the provisions thereof do not apply to public or private religious or charitable endowments, but nevertheless, the provisions of section 78 codify a well settled principle in law that would equally apply to a public charitable or religious trust absent any provision to the contrary in the MPT Act. Section 78, in so far as it is relevant for the present purpose, provides that a trust created otherwise than by way of a will can be revoked only, inter alia, by the consent of all beneficiaries who are competent to contract or in exercise of a power of revocation expressly reserved to the author of the trust. In so far as a public charitable trust is concerned, the first condition can never be fulfilled because there is no question of obtaining the unanimous approval of all members of the public. The second condition is analogous to what is provided for in section 22(3A) of the MPT Act, viz., that there has to be a specific power of revocation expressly reserved in the author of the trust and a specific exercise of such power. Absent the aforesaid circumstances, a trust is clearly irrevocable. In other words, it is virtually impossible to say that a charitable trust can be revocable because it does not contain an irrevocability clause.

26. At this stage, it would be apposite to deal with the argument of the Respondent that what if the Trust Deed has a specific revocability clause for reverting the property settled to the settlor. The statutory framework referred to hereinabove unambiguously provides that if a public trust, registered under MPT Act, is revocable, and is revoked, then the assets/properties of the trust would never go back to the settlor and that the assets would be disposed of and sale proceeds of the same would be deposited in the Public Trusts Administration Fund. Thus, any clause in the Trust Deed to the contrary would naturally be of no effect. There cannot be any doubt that any clause in a contract cannot be contrary to the express provisions of the MPT Act. Thus, even this apprehension is ill founded.

27. The above position in law, including the statutory framework, the precedents and the interpretation of the Ministry of Finance, makes it legally impossible for the assets of a public charitable trust in Maharashtra to be re-transferred to the settlor. Therefore, the condition for revocability under section 63 of the Act can never be met.

28. Another angle to the above issue would be to consider the rights and liabilities of trustees of a public charitable trust registered under the MPT Act. Section 36A of the MPT Act deals with powers and duties of, and restrictions on, trustees. The same is reproduced hereunder:

"36A. Powers and duties of, and restrictions on, trustees.— (1) A trustee of every public trust shall administer the affairs of the trust and apply the funds and properties thereof for the purpose and objects of the trust in accordance with the terms of the trust, usage of the institution and lawful directions which the Charity Commissioner or court may issue in respect thereof, and exercise

the same care as a man of ordinary prudence does when dealing with such affairs, funds or property, if they were his own.

(2) The trustee shall, subject to the provisions of this Act and the instrument of trust, be entitled to exercise all the powers incidental to the prudent and beneficial management of the trust, and to do all things necessary for the due performance of the duties imposed on him.

(3) No trustee shall borrow moneys (whether by way of mortgage or otherwise) for the purpose of or on behalf of the trust of which he is a trustee, except with the previous sanction of the Charity Commissioner, and subject to such conditions and limitations as may be imposed by him in the interest or protection of the trust.

Provided that, the Charity Commissioner or the Joint Charity Commissioner, as the case may be, shall decide the application for borrowing money from the Bank or Financial Institution forthwith and preferably within a period of fifteen days, if the Bank or the Financial Institution has provisionally sanctioned the loan.

(3A) Notwithstanding anything contained in sub-section (3), in exceptional and extraordinary situations where the absence of previous sanction contemplated under sub-section (3) result in hardship to the trust, beneficiary or bona fide third party, the Charity Commissioner may grant ex-post-facto sanction to borrow moneys from any nationalized bank or the Scheduled Bank, by the trustees.

(4) No trustee shall borrow money for his own use from any property of the public trust of which he is a trustee :

Provided that, in the case of a trustee who makes a gift of debentures or any deposit in his business or industry the trustee shall not be deemed to have borrowed from the trust for his own use."

29. A trustee acting in a fiduciary capacity indubitably has to act only as per the instructions provided for in the Trust Deed by the Settlor with the exceptions that he has to comply with the orders of the authorities under the MPT Act and orders of the Courts. Section 36A(1) is very clear that a trustee of every public trust shall administer the affairs of the trust and apply the funds and properties thereof for the purpose and objects of the trust in accordance with the terms of the trust. The trust property has to be applied by the trustees in terms of the Trust Deed. Thus, when the Trust Deed does not contain any clause as to revocability, the trustee cannot allow the trust property to be retransferred to the settlor. Though not very relevant, similar are the provisions in Chapter III of the Indian Trusts Act, 1882 as to the rights, duties and responsibilities of a trustee. This also supports the case that once there is no revocability clause, the trust is irrevocable as the trustee cannot act in defiance of the provisions of the Trust Deed.

30. At this stage, it will be apt to bring out the distinction between a revocable trust and a revocable transfer. A trust itself may be irrevocable in its nature, but it can receive a donation that is revocable. For instance, if a donor contributes funds with a condition that they will revert to him if a specific charitable object is not fulfilled within a certain time, the income from that specific donation may be clubbed in the hands of the donor in accordance with section 61 and such income cannot be considered as income of the trust. This is the intended scope of the interplay between sections 11 and 60 to 63, and the use of the words "subject to the provision of sections 60 to 63" in the opening part of section 11 in no manner questions the fundamental irrevocable nature of the public trust itself. Further, such income once taxed in the hands of the transferor, cannot be included as income of the transferee trust, and consequently, no exemption can be claimed by the Trust under section 11 of the Act."

3.6. He placed reliance on the decision of Co-ordinate Bench of this Tribunal in the case of *Amita Memorial Trust vs. CIT(E)* in ITA No. 1262 and 1263/Mum/2026 vide order dated 30/03/2026, wherein this Tribunal held as under:-

"7.1. We perused the judgment of the Hon'ble Court in the aforesaid Writ Petition and find that the issue before us is identical to what has been contested in the judgment by the Hon'ble Court. All the aspects as contended by the ld. Counsel before us have been elaborately considered and dealt with by the Hon'ble Court including its own judgment in the case of *Tara Educational and Charitable Trust (supra.)* as well as provisions of the Act and of the MPTA. Hon'ble Court has also dealt with procedural aspect of uploading the form on the e-portal of the Income-tax Department whereby assessee is required to submit its answer on the question of "Whether the Trust Deed contains clause that the trust is irrevocable?" in either "Yes" or "No". Hon'ble Court, after detailed discussion analysed and summarized its judgment in para 45-46 to held that a public charitable trust is deemed irrevocable by operation of law unless the instrument of trust expressly provides a power of revocation. According to the Hon'ble Court, action of ld. CIT(E) is contrary to the plain language of the statute, binding judicial precedent of this very Court and is manifestly arbitrary. In para 46, by allowing the writ petition, it passed the order giving certain directions whereby Revenue is refrained from rejecting the applications for registration/renewal u/s 12AB on the ground of absence of an explicit irrevocability/dissolution clause in the Trust Deed. Hon'ble Court also directed that Revenue shall not treat the answer "Yes" to row no. 6 of the Form 10AB as furnishing false or incorrect information which shall not be a ground to reject the application for registration u/s 12AB. It is also directed for the consequential order

passed denying registration u/s 80G which are to be set aside and the registration be granted u/s 80G which is consequential to granting of registration u/s 12AB. In sub-para (vi), Hon'ble Court made specific mention that all such orders where renewal of registration u/s 12AB has been rejected on the grounds discussed in the said judgment are quashed and set aside.

7.2. Relevant para 45 and 46 of the judgment by the Hon'ble Court (*supra*) are reproduced for ready reference:

“45. In summary, we hold that a public charitable trust is deemed irrevocable by operation of law unless the instrument of trust expressly provides a power of revocation. The absence of an explicit irrevocability clause is not a ground for rejecting an application for registration or renewal under section 12AB of the Act. Even if the Deed provides for any revocability clause, due to operation of sections 22(3A) and 22(3B) of the MPT Act, such trusts, which are registered under the MPT Act, would be irrevocable insofar as the Income-tax Act is concerned but we leave this issue open to be decided in an appropriate case. The action of Respondent No. 1 is therefore, contrary to the plain language of the statute, binding judicial precedents of this Court, and is manifestly arbitrary. Such action, as rightly pointed out by the Petitioners, have shaken the entire ecosystem of functioning of the charitable trusts. It cannot be forgotten that the trusts are contributing to nation building by doing charitable activities and that too voluntarily and, thus, must be treated with a fair and reasonable approach by the revenue.

46. In the result, the Writ Petition is allowed. Due to the peculiar facts, as presented by the Petitioners, we pass the following order:

(i) The Respondents shall refrain from rejecting applications for registration/renewal under section 12AB solely on the ground of the absence of an explicit irrevocability and/or dissolution clause in the Trust Deed/instrument.

(ii) The Respondents shall not treat the answer “Yes” to Row 6 of Form 10AB, in the absence of any explicit clause of irrevocability, as furnishing “false or incorrect information” constituting a “specified violation”. Further, this shall not be a ground to reject an application for registration under section 12AB of the Act.

(iii) The Respondents shall also amend the utility of Form 10A/10AB to allow applicants to correctly state their position regarding the irrevocability clause without being forced to make an incorrect declaration. This should be done as soon as possible.

(iv) Question number 6 in Form 10AB should be modified to read thus, “Is the trust/institution revocable?”.

(v) The impugned orders passed in the case of Petitioner Nos. 3 to 8 rejecting registration under section 12AB of the Income-tax Act, are hereby quashed and set aside.

(vi) All such orders where renewal of registration under Section 12AB has been rejected on the grounds discussed above, are also hereby quashed and set aside.

(vii) Further, it is also directed that all consequential orders passed denying registration under section 80G of the Act, where such rejection is on the ground that once registration under section 12AB is denied, registration under section 80G also cannot be granted, are also hereby quashed and set aside. This would, of course, apply only to a case where registration under section 12AB has been rejected on the grounds discussed above. The above order that we pass is to avoid any multiplicity of litigation so as to not require the trusts to challenge the orders passed by Respondent No. 1 denying registration under section 12AB and 80G of the Act on the grounds as discussed in this order.

(viii) Respondent No.1 shall decide the applications of the Petitioners and all other similarly situated trusts, whose orders are hereby quashed, afresh and in accordance with the law and the ratio laid down in this judgment, within a period of six weeks from today. Any order so passed shall be deemed to come into effect from 1st April, 2026."

8. In the conspectus of the above detailed discussion by taking into account the fact of the case, provisions of the Act, provisions of the MPTA and the binding judicial precedents of the jurisdictional High Court of Bombay referred above as well as other judicial precedents, the issue before us is manifestly covered in favour of the assessee."

3.7. On the other hand, the Ld.DR strongly relied upon the order passed by the Ld.CIT(E) and submitted that the same has been passed after due verification of the application filed in Form No. 10AB and the documents furnished by the assessee.

3.8. The Ld.DR submitted that the assessee categorically stated in row 6 of Form No.10AB that the trust deed contains clause regarding irrevocability. However, on verification of the trust deed/MoA, no such clause relating to irrevocability or dissolution/winding up of the trust was found. It was thus

submitted that the assessee furnished incorrect information in the application, which goes to the root of the matter.

3.9. The Ld.DR submitted that as per the scheme of section 12AB, the Ld.CIT(E) is required to satisfy himself about the genuineness of activities and compliance with the conditions of the Act. The presence of an irrevocability clause and a proper dissolution clause ensuring that the assets of the trust are applied only for charitable purposes and do not revert to the settlor or trustees is a fundamental requirement for grant of registration.

3.10. He submitted that, in the absence of such clause, there is no statutory safeguard to ensure that the assets of the trust would continue to be applied for charitable purposes in the event of dissolution. Therefore, the absence of an irrevocability/dissolution clause constitutes specified violation within the meaning of Explanation (g) to section 12AB(4) of the Act. The Ld. DR further submitted that the assessee was duly afforded an opportunity to furnish the complete set of documents as required under Rule 17A(2). However, despite issuance of notice, the assessee made only partial compliance and failed to rectify the deficiencies in the trust deed or furnish satisfactory explanation.

It was contended that the provisions of the Income-tax Act operate independently and the assessee cannot take shelter under the provisions of the MPT Act to cure a fundamental defect in the trust deed. The conditions prescribed under section 12AB are required to be strictly complied with, and in the absence of compliance, the Ld.CIT(E) is justified in rejecting the application. The Ld.DR thus submitted that, the Ld.CIT(E) rightly concluded that the

application filed by the assessee was defective and that the trust deed does not contain essential clauses safeguarding the charitable nature of the institution. He thus supported the order passed by the Ld.CIT(E).

We have perused the submissions advanced by both sides in light of records placed before us.

4. The impugned order passed by the Ld. CIT(E), in our considered view, suffers from a fundamental lack of application of mind both on facts and in law. The conclusion that the assessee's application in Form No. 10AB was "incomplete" is plainly contrary to the record. The assessee had furnished all documents as prescribed under Rule 17A(2), including the trust deed, registration certificate, earlier registration under section 12A, and audited financial statements. The Ld. CIT(E) has failed to identify any substantive deficiency and has instead proceeded on vague and generalized observations. Even assuming any deficiency existed, the same was admittedly curable, and the denial of registration without granting a meaningful opportunity to rectify the alleged defect constitutes a clear violation of the principles of natural justice and fair play.

4.1. The principal ground on which the application has been rejected, namely, the absence of an explicit irrevocability/dissolution clause, stands directly and conclusively answered by the binding decision of *Hon'ble Bombay High Court in Chamber of Tax Consultants vs. CIT* (supra), which is reproduced herein above. We further lay emphasis on para 46 of the said

decision, wherein *Hon'ble Court* issued explicit and operative directions to the Revenue, inter alia;

(i) to refrain from rejecting applications under section 12AB solely on the ground of absence of an explicit irrevocability or dissolution clause,

(ii) not to treat the answer in Row 6 in Form 10AB as “false or incorrect information” constituting a “specified violation”, and

(iii) to amend the utility of form 10A/10AB as soon as possible to allow applicants to correctly state their position regarding the irrevocability clause without being forced to make an incorrect declaration.

4.2. These directions are not merely declaratory but are mandatory in nature and binding on all authorities functioning under the Act. In the face of such clear and categorical directions, the action of the Ld.CIT(E) in rejecting the assessee's application on the very same ground reflects not only a misapplication of law but also a disregard of binding judicial directions, which cannot be countenanced.

4.3. Equally untenable is the allegation that the assessee furnished “incorrect information” in Form No. 10AB. It is true that the order of the Ld.CIT(E) predates the judgment of the *Hon'ble Bombay High Court* in case of *Chamber of Tax Consultants vs. CIT* (supra), rendered in March 2026. However, the legal position now stands conclusively settled by the Hon'ble High Court, particularly in para 46(ii), wherein it has been expressly directed that such

responses in Form No.10AB shall not be treated as furnishing “false or incorrect information” constituting a “specified violation.” The said declaration of law being binding, it necessarily applies to all pending matters and appellate proceedings. In this view of the matter, the adverse inference drawn by the Ld. CIT(E) on this count cannot be sustained. The impugned order, therefore, stands vitiated not only on merits but also in light of the authoritative ratio by *Hon’ble High Court*, in case of *Chamber of Tax Consultants vs. CIT* (supra), which squarely governs the issue.

4.4. We are thus constrained to observe that the impugned order reflects an approach driven by hyper-technical considerations and unfounded apprehensions, rather than by an objective evaluation of the statutory requirements. There is not even a finding, much less any material, to doubt the genuineness of the assessee’s activities or the charitable nature of its objects, considerations which lie at the very core of section 12AB. While the order of the Ld.CIT(E) predates the decision of *Hon’ble Bombay High Court* in *Chamber of Tax Consultants vs. CIT* (supra), the legal position now stands conclusively settled by the said decision. In light of the binding exposition of law therein, the reasoning adopted in the impugned order, particularly the insistence on an explicit irrevocability/dissolution clause, cannot be sustained. The continuation of such an approach in appellate scrutiny would defeat the very purpose of the statutory framework and result in manifest arbitrariness.

4.5. In view of the foregoing, we hold that, the impugned order passed by the Ld.CIT(E) is vitiated by patent errors of law,

disregard of binding judicial directions, particularly those contained in para 46 of the *Hon'ble High Court's* decision, and a manifestly arbitrary exercise of discretion. The same is, accordingly, set aside. Considering that the material on record sufficiently establishes genuineness of the assessee's activities and compliance with statutory requirements, we direct the Ld.CIT(E) to grant registration under section 12AB forthwith, strictly in accordance with law and uninfluenced by the untenable reasoning adopted in the impugned order.

Accordingly, the grounds raised by the assessee stands allowed.

In the result the appeal filed by the assessee stands allowed.

Order pronounced in the open court on 27/04/2026

Sd/-

**(JAGADISH)
Accountant Member**

Sd/-

**(BEENA PILLAI)
Judicial Member**

Mumbai
Dated: 27/04/2026
SC Sr. P.S.

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

True Copy
By order

(Asstt. Registrar)
ITAT, Mumbai