


Recent Controversies in Assessment of Charitable Trusts or Institutions

Charitable Objects u/s 2(15) v/s 10(23 C)

- Nature of Objects
- Broad sense

Exempted Income v/s Income derived from Property held under Trust

- CIT vs Panchuiti Akhara Nirmal (1991) 192 ITR 186 (All)
 - Muthukumar Swamy Tambaram vs Agri ITO (1978) 113 ITR (Madras)
 - CIT vs Nabhinandan Digamber Jain (2002) 257 ITR 91 (MP)
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PROCEDURE FOR REGISTRATION- 12AA


- Satisfying genuines of activity by DCIT or CIT :
 - a) Startup Institutions
 - b) Existing Institutions

- DIT (Exemptions) v Meenakshi Amma Endowment Trust (2013) 354 ITR 219 (Kar)

Failure to pass order for Reg. u/s 12AA

- Can it be considered as deemed registration?

Cancellation of Registration

- Prospective v/s Retrospective
 - Incase of applicability of proviso to section 2(15)
 - Others
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Violation of any other Enactment

- Is it a ground to reject granting of registration?

Application of Income in India v/s Outside India

- Exemption u/s 11
- Exemption u/s 10(23C)

Income computation-whether gross or net ?

- Significance of connotation 'income' with respect to
 - Income from charitable activities
 - Income from incidental business
- CIT vs Programme for Community Organisation (2001) 248 ITR, affirming decision of Kerala High Court.
- Krishi Utpadan Mandi Samiti & Anr. v. DCIT (2011) 131 ITD 335 (Luck 'A' - Trib) : (2011) 136 TTJ (Luck 'A'-Trib)635

Set off and carry forward of losses of earlier years

- Deficit can be carried forward & set off subsequent years as application of Income

Held Yes:

- CIT vs The Institute of Banking Personnel Selection (IBPS) (2003) 264 ITR 110 (Bom)
- Govinda Naicker Estate vs Asst. Director of Income Tax (2001) 248 ITR 368 (Mad)

c. Dy. CIT Vs Indian Electrical & Electronics Mfrs association(2009) 31 SOT 346(Mum-Trib).

d. CIT vs Shri Plot Swetambar Murti Pujak Jain Mandal (1995) 211 ITR 293 (GUJ)

e. CIT vs Maharana Mewar Charitable Foundation (1987) 164 ITR

Held no: Pushpavathi Singhanian Research Institute Vs Dy Director of IT(Exe)(2009) 29 SOT 316(Del-Trib)




Anonymous donation v/s Cash Credit

- How far section 68 applies to anonymous donations?


Voluntary Donation v/s Capitation Fees

- Capitation fees - a ground for denying exemptions?

Debt repayment v/s Receipt

- Debt repayment is an application, if so
 - Loan Received is an income?
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Salary or Remuneration to Trustees

- Limbs of remuneration
 - Is it allowable as 'Application'?
 - When can exemption be denied?
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Surplus is a bar to claim exemption ?

- Section 2(15) - Section 11
- Section 10(23C)

Rectification of Deed of Trust

- Prospective v/s Retrospective
- Order of the court has a binding force on department?


Breach of Trust v/s Forfeiture of Exemption


- Breach of Trust - Meaning and Concept
- Circumstances that causes for breach of Trust

Treatment of Establishment Expenses

- Would establishment expenses be treated as application of income ?
- Nirmans Supplemental Religious Endowment Trust (1981) 127 ITR 378 (AP)
- CIT vs Janaki Ammal Ayya Nadar Trust (1985) 153 ITR 159 (Mad)

Classification of Income u/s 14 v/s Income derived from property held under trust

- Whether classification of income applies to computation of Income of Trust or Institution?
 - Commissioner of Income Tax, Tamil Nadu v. Estate of V. L. Ethiraj (By Official Trustee) (1982) 136 ITR 0012 (MAD)
 - Commissioner of Income Tax , Tamil Nadu -I v. Rao Bahadur Calavala Cunnan Chetty Charities (1982) 135 ITR 0485 (MAD)
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- Income derived from property held under trust
-Whether entails deduction u /s 24(1)
 - Shrimad Vallabh Vishwa Dharma Sanstha vs
Addl.CIT(2006)102 TTJ 653(Ahd_Trib)
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Forfeiture of Exemption v/s Taxing on specified Income

- Background
- Recent Judgment of the court

Taxation normal rate v/s Maximum Marginal rate

➤ Circumstances of applicability :

a) Maximum Marginal Rate

b) Normal Rate.

Property Held in the Name of Trust v/s trustees

- Partial and absolute transfer

Person of Indian Origin v/s Foreign national on board

- Foreign National on board is a ground to Deny Registration or Exemption?

‘Advance’ paid for furtherance of the object of the trust

- Is it considered as an application?

- Thank You

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