

**IN INCOME TAX APPELLATE TRIBUNAL
“B” BENCH : BANGALORE**

**BEFORE SHRI. LAXMI PRASAD SAHU, ACCOUNTANT MEMBER
AND SHRI. SOUNDARARAJAN K, JUDICIAL MEMBER**

ITA No.603/Bang/2025
Assessment Year : NA

M/s. Ryan International Foundation, Philip's Compound, Koyanadu Post, Devarakollimade, Madkeri, Kodagu District – 571 201. PAN : AAETR 5064 M	Vs.	CIT(E), Bengaluru.
APPELLANT		RESPONDENT

Assessee by	:	Shri. Vignesh K, CA
Revenue by	:	Shri. Muthu Shankar, CIT(DR)(ITAT), Bangalore.

Date of hearing	:	02.06.2025
Date of Pronouncement	:	03.06.2025

ORDER

Per Laxmi Prasad Sahu, Accountant Member :

This appeal filed by the assessee against the Order passed by the CIT(E) regarding rejection of the provisional registration granted vide Order dated 24.02.2025 in Form No.10AD on the following grounds of appeal:

1. That the order of the learned Commissioner of Income Tax (Exemptions) in so far is prejudicial to the interest of the appellant is bad and erroneous in law and against the facts and circumstances of the case.

Grounds on mandatory clause in the trust Deed:

2. That the learned Commissioner of Income Tax (Exemptions) erred in not considering the fact that the mandatory clauses were inadvertently omitted.

3. *The learned Commissioner of Income Tax (Exemptions) erred in not recognizing that the supplementary/amendment deed was duly made and executed on 10.02.2025, prior to the passing of the order of rejection.*

Grounds on significant activities of the Trust:

4. *That the learned Commissioner of Income Tax (Exemptions) erred in not denying the fact that one of the appellant's main objectives is provide shelter to and empowerment of women who fall under marginalized groups.*

5. *That the learned Commissioner of Income Tax (Exemptions) erred in not appreciating the fact that 'empowerment of women' comes under 'advance of any other objects of general public utility'.*

6. *That the learned Commissioner of Income Tax (Exemptions) erred in not denying the fact that the appellant has incurred major expenses towards shelter to women who fall under marginalized groups.*

Grounds on expenses incurred towards other activities

7. *That the learned Commissioner of Income Tax (Exemptions) erred in not considering the fact that the awareness drives, nutrition and health education, etc., was provided by the employees only who are health workers.*

Each of the above grounds is without prejudice to one another, the appellant craves the leave of the Hon'ble Income Tax Appellate Tribunal, Bangalore to add, delete, amend or otherwise modify all or any of the grounds of appeal either before or at the time of hearing of this appeal.

2. Learned AR filed written submissions which is as under:

1. Ground No. 2 – Mandatory clauses were inadvertently missed to be included in the trust deed
 - 1.1. The appellant had applied for recognition as a charitable trust under Section 12A of the Income-tax Act, 1961 (the Act). During the verification process, the department observed that the original trust deed did not contain certain mandatory clauses, namely:
 - i. Utilization clause
 - ii. Irrevocable clause

iii. Investment clause

iv. Beneficiary clause

- 1.2. The omission of these clauses was inadvertent. Upon being directed by the learned CIT (Exemptions), Bengaluru, the appellant was required to amend the trust deed to include the above clauses on or before 31st December, 2024. The copy of original trust deed is provided vide **page no 18. to 33 of the paper book.**

However, there was an unintended delay in executing and registering the amendment deed. The registered office of the trust is located in Madikeri Taluk, Kodagu District, and the physical presence of all trustees was necessary for executing the amendment deed, which contributed to the delay. The amendment deed was eventually executed on 10th February, 2025, and registered on 11th February, 2025. The copy of the amended trust deed is provided vide **page no 34. to 41. of the paper book.**

- 1.3. However, the amended deed could not be submitted to the learned CIT (Exemptions), Bengaluru within the stipulated timeframe. Consequently, the application for registration under Section 12A was rejected by an order in Form No. 10AD dated 24th February, 2025 as there was a delay in submission of amended deed.

- 1.4. The delay was neither willful nor deliberate but was due to genuine practical difficulties in coordinating the physical presence of trustees at the registered office for the purpose of amendment and registration. Hence it is prayed to kind self to consider the amended deed which was executed on 10.02.2025.

2. Ground no.4 to 5 – Main objective was to provide shelter, safety, health to and empowerment of women who fall under marginalized group:

- 2.1. The main objective of the appellant's initiative is to provide **shelter, safety, health to and empowerment** of women who are from the **marginalized communities**, including those affected by poverty, abuse, discrimination, and social exclusion. Recognizing the multiple challenges faced by these women, the program is designed to offer both immediate support

and long-term empowerment. Through the establishment of safe shelters, the NGO ensures access to basic necessities such as secure accommodation, nutritious food, medical care, and emotional support. These shelters serve as a protective environment where women can begin to heal and regain a sense of security. Beyond providing shelter, the initiative focuses strongly on **empowerment**—equipping women with the tools and resources they need to build independent lives. This includes life skills education, health awareness, mental health counselling, and access to employment opportunities. The ultimate goal is to restore dignity, promote self-reliance, and support the social and economic integration of marginalized women, enabling them to live with confidence, purpose, and hope.

Submissions on Significant activities of the Appellant

- 2.2. Empowering women, particularly those from disadvantaged or marginalized backgrounds, is a vital component of promoting **general public utility** as defined under Section 2(15) of the Act. The empowerment of women contributes directly to social welfare, inclusive growth, and community development making it a key area under the clause "**advancement of any other object of general public utility.**"
- 2.3. Further the appellant during the year incurred a sum of Rs.3,73,13,588/- towards the rent of beneficiaries. During the FY 2024-25 the appellant received donations from various donors. The financials (unaudited) for FY 2024-25 are provided **vide page no .42. to .44. of the paper book.** As per the terms with the donors they have agreed to support the initiative of the appellant towards 'Shelter, safety, health and Empowerment program for Women'.
- 2.4. During the time of hearing the appellant submitted the Provisional Financials from 01.04.2024 to 30.11.2024. The copy of the same is provide **vide page no.95. to 97. of the paper book.** As on 30.11.2024 the appellant made an oral submission that the appellant's major expenses are rent for beneficiaries, salary for staffs and security charges. The details of the same are provided below:

Sl.No.	Expenditure Head	Amount in Rs.	% of Total Donation Receipts
1.	Rent expenses for beneficiaries	1,42,08,344	50.28%

2.	Staff Salary Paid	47,74,928	16.89%
3.	Security Guard Charges	32,03,209	11.33%
Total		2,21,86,481	78.51%

- 2.5. As on today considering the expenditure incurred up-to 31.03.2025 the appellant's major expenses still are still towards the above mentioned 3 category which covers precisely 81.13% of total donation receipts of Rs.7,02,76,146/-. The details of the same for the FY 2023-24 are provided below:

Sl.No.	Expenditure Head	Amount in Rs.	% of Total Donation Receipts
4.	Rent	3,73,13,588	53.10%
5.	Staff Salary Paid	1,15,86,740	16.49%
6.	Security Guard Charges	81,10,626	11.54%
Total		5,70,10,954	81.13%

Since one of main objective of the appellant is to provide shelter, safety and health where the appellant incurred a sum of Rs.5,70,10,954/- which is 81.13% of the total donation receipts.

- 2.6. However, the learned Commissioner of Income Tax (Exemptions) failed to understand the nexus between the charitable activity and the amount spent by the appellant are towards the same objective.

2.7. It is stated here that there are **49 rental properties as on 31.03.2025** which caters to more than **4000 women beneficiaries** who are under the marginalized section of the society. It is stated here that the learned Commissioner of Income Tax (Exemptions) did not recognize the fact that the major expenses were towards shelter, salary and security. Also, the learned CIT(E) stated that the appellant has no significant activity towards the main objectives of the trust.

2.8. Based on the above it can be inferred that there is nexus between the expenses and the charitable activity of the appellant which cannot be denied. The details of expenses incurred and the percentage of the same based on the total expenses is given below:

Sl.No.	Expenditure Head	Amount in Rs.	% of Total Expense
1.	Rent Expense for Beneficiaries	3,73,13,588	53.10%
2.	Office Rent	1,84,800	0.26%
3.	Staff Salary Paid	1,15,86,740	16.49%
4.	Maintenance Charges	13,20,860	1.88%
5.	BWSSB - Water Charges	27,66,030	3.94%
6.	Electricity Expenses	37,52,794	5.34%
7.	Security Guard Charges	81,10,626	11.54%
8.	Medical Services	12,95,592	1.84%
9.	Accounts & Finance Charges	10,000	0.01%
10.	Vehicle Maintance	1,31,324	0.19%
11.	Petrol Allowance	94,563	0.13%
12.	Stationery Charges	2,74,265	0.39%
13.	Travel & Food Expenses	5,01,522	0.71%
14.	Nutrition Food	1,56,690	0.22%
15.	Awareness Activities	2,75,508	0.39%
16.	Bank Charges	98,533	0.14%
17.	Miscellaneous Expense	2,47,304	0.35%
18.	Training Programs	2,54,089	0.36%

19.	Depreciation	87,488	0.12%
20.	Surplus to be C/F to BS	18,13,831	2.58%
Total		7,11,76,146	

Submission on Celebration of Events – Part of Empowerment of Women

2.9. The celebration of festivals and events such as friendship day, Independence Day, Ganesh Chaturthi, Gandhi Jayanthi, Kannada Rajyotsava, etc., is a **culturally sensitive, inclusive, and strategic activity** that supports multiple dimensions of women's empowerment - social, economic, emotional, and political. These celebrations act as catalysts for transformation by fostering self-confidence, social dignity, economic opportunity, and community leadership among women. The activity report for FY 2023-24 is provided vide **page no 58 to 74.. of the paper book.**

2.10. Such activities play a **significant role in the trust's core objective of women empowerment**, enabling women to engage meaningfully with the community, express their identities, and participate actively in public life. By integrating cultural relevance with empowerment goals, these celebrations contribute substantially to the holistic development of the women beneficiaries supported by the trust.

2.11. It is stated here that the empowering women, particularly those from disadvantaged or marginalized backgrounds, is a vital component of promoting **general public utility** as defined under Section 2(15) of the Income Tax Act, 1961. The empowerment of women contributes directly to social welfare, inclusive growth, and community development—making it a key area under the clause "**advancement of any other object of general public utility.**" In the decision of Hon'ble Supreme Court in CIT v. Andhra Chamber of Commerce (1965) (55 ITR 722) (SC) it was held that the "**advancement of any other object of general public utility**" includes activities that promote the welfare of the public at large, even if they are not directly aimed at poverty relief or education. Therefore, **women's empowerment** through education, skill development, healthcare, legal aid, and livelihood support can be clearly justified as a **charitable activity.**

3. Ground No. 7 & 8 (additional Ground) – Ground on documentary evidence on expenses related towards awareness drives, nutrition and health education, yoga and aerobics training, etc.:

3.1. As on 31.03.2025, the appellant has rented a total of **49 Residential Facilities (RFs)** to provide shelter, safety, and health support for **approximately 4,008 migrant workers**. Of these RFs, 5 are designated for male occupants, 43 for female occupants, and 1 facility is shared by both. The details of the beneficiary are provided vide **page no 45 to 46 of paper book**.

3.2. To manage and operate these facilities, the appellant has **engaged 106 employees**, including Care Takers, Health Workers, Nurses, and Supervisors, who are responsible for the day-to-day functioning of the RFs. These employees are also trained to carry out a range of awareness activities and community engagement programs, including health and nutrition education, hygiene drives, yoga sessions, and aerobics training.

3.3. The no. and the designation of the employees as on 31.03.2025 is given below:

Sl.No.	Designation	No.
1.	Care Takers	59
2.	Spare Care Takers	11
3.	Care Health Workers	11
4.	Emergency Staff	3
5.	Co-ordinator	7
6.	Head Co-ordinator	1
7.	Supervisors	4
8.	Nurse	2

9.	Accountant and Accounts Assistant	2
10.	Doctors	1
11.	HR Manager	1
12.	Project Head	1
13.	Finance Manager	1
14.	Zone Team Lead	2
15.	Maintenance In-charge	1
16.	Night Duty Hospital	1
17.	Office Documentation	1
18.	Senior Care Taker	1
Total		106

3.4. It is noted that these activities are **internally managed and executed by the staff**, and as such, no separate documentary evidence or third-party reports are available to corroborate the conduct of these programs. However, the presence of trained personnel and the operational framework of the RFs support the appellant's claim of regularly undertaking such welfare initiatives as part of its core service delivery. The details of the employees and their designation is provided vide **page no. 50. to 51. of the paper book** and the activity report are provided vide page no **58 to 94** Of the paper book.

4. Ground no. 9 (Additional Ground) – Submission on differentiating fact on M/s. Nayana Counselling Centre:

4.1. Further M/s. Nayana Counselling Centre is a society which are originally registered in 27.07.2004. The jurisdiction was only to operate in Kodagu district only. Later in 22.12.2021 the jurisdiction was amended to whole of Karnataka. The amended document which is registered given vide **98. to 101 of the paper book**.

- 4.2. There is no denial of the fact that the key persons and the registered address are same but M/s.Nayana Counselling Centre which is a society caters to only Karnataka but the appellant's jurisdiction is through out India. The management wated to ensure that the new trust is incorporated which caters to India as a whole hence the appellant's trust was established even though the registered address and Key person are same. There is no restriction in the law to not to register in the same address and the intention for creation of the new trust is evident which is the jurisdiction and nature of the entity.

Based on the above submissions it can be concluded that the appellant is a trust with a main objective of charitable activity being - shelter, safety, health and empowerment of women. The expenditure incurred is evident that the funds are utilised for the main objective of the trust only. Further all the activities conducted in the shelters are to support the migrant workers, majorly women who are from marginalised groups in the society. Further the appellant has received a sum of Rs.7,02,76,146/- towards the expenses which is predominantly from CSR funds and if the trust registration is revoked then it creates a huge repercussion on the appellant trust and also on the doners.

Hence it is prayed to your kind self to approve the recognition of the trust as a charitable trust under the section 12AB of the Act.

3. In addition to the above, the learned Counsel submitted that learned CIT(E) has wrongly rejected the application whereas the assessee has incurred expenditure as per its object mentioned in the trust deed.

4. On the other hand, learned DR relied on the Order of the lower authorities and submitted that huge expenditure has been incurred which is not commensurate as per the objectives of the trust deed and the AO and Range Head, after verifying the documents, have not recommended for the registration as per their observation which is incorporated in the CIT(E)'s Order and submitted that

as per observation of the CIT(E), the institution is not eligible for registration under section 12AB of the Act.

5. After hearing both the sides and perusing the entire material available on records, we noted from the documents that Trust was registered on 07.11.2021 and applied for registration on 24.08.2024 in Form 10AB. The case was transferred to jurisdictional AO (JAO) and Range Head. They have submitted their reports. The AO observed that the assessee has incurred some expenditure which are not in accordance with the trust deed and it is high and not insignificant and the nexus between the aharitable activity and the amount spent towards the expenditure and assessee was directed to amend its trust dded and it was directed to file the amended trust deed by 31.12.2024. Later the trust deed was amended on 10.02.2025 and there was delay in filing the same before the concerned authorities and Order was passed on 24.02.2025. We have also gone through the financial statement submitted by the assessee. We noted that the assessee has incurred huge expenditure under electricity head and in the balance sheet as on 31.03.2024, the assessee has shown under the current liabilities under different heads as payable. In the Invcome & expenditure account a sum of Rs. 37,52,794/- is debited as on 31.03.2025 as electricity expenses , We are of the view that the expenditure incurred and debited into income and expenditure account which requires examination in depth with the external vouchers and during the hearing it was clarified that if any entry is made without support of external voucher, it should not be treated as expenditure incurred for the purpose of object of the society and it was also clarified that the lower authorities will examine beneficiaries with their aadhaar numbers physically and the assessee will assist to the departmental officers . With this direction, the case is remitte back to the CIT(E) for examination and assessee is also directed to substantiate its case with the necessary documents and not to seek unnecessary adjournments for early disposal of the case.

6. In the result, appeal of the assessee is allowed for statistical purposes.

Pronounced in the court on the date mentioned on the caption page.

Sd/-

(SOUNDARARAJAN K)
Judicial Member

Sd/-

(LAXMI PRASAD SAHU)
Accountant Member

Bangalore,
Dated : 03.06.2025.
/NS/*

Copy to:

1. Appellant 2. Respondent 3. Pr.CIT4.CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar
ITAT, Bangalore.