

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'A': NEW DELHI**

**BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER
AND
SHRI AVDHESH KUMAR MISHRA, ACCOUNTANT MEMBER**

ITA No.2446/De1/2025

Federation of European Business in India, Aiwan-E-Ghalib Complex, Mata Sundari lane, Minto Road, New Delhi-110002 PAN: AAFCF5934N	Vs.	Commissioner of Income Tax (Exemption), E-2, Civic Centre, Minto Road, New Delhi-110002
(Appellant)		(Respondent)

Appellant by	Sh. Amol Sinha, Advocate Sh. Ankit Kumar, Advocate
Respondent by	Sh. Jitender Singh, CIT-DR

Date of Hearing	15/10/2025
Date of Pronouncement	03/12/2025

ORDER

PER AVDHESH KUMAR MISHRA, AM

This appeal filed by the assessee is directed against the order dated 06.03.2025 of the Commissioner of Income Tax (Exemption), New Delhi ['CIT(E)'].

2. Vide 7 grounds of appeal, the assessee has challenged rejection of registration under section 12A of the Income Tax Act, 1961 ('Act').

3. The relevant facts giving rise to this appeal are that the appellant assessee, a non-profit company registered under section 8 of the Companies

Act, 2013, filed its Form No. 10AB of the Income Tax Rules for regular registration under section 12A(1)(ac)(vi) of the Act on 05.08.2024. The appellant assessee has made request for its registration under section 12A(1)(ac)(vi) of the Act as it has been engaged in “*Advancement of any other objects of general public utility*”, which are charitable activities. However, the Ld. CIT(E), observing as under, not only rejected the request for regular registration under section 12A(1)(ac)(vi) of the Act but also cancelled the provisional registration granted vide order dated 07.03.2024 for AYs 2024-25 to 2026-27:

“5. **On perusal of part submission, it is seen that the applicant (FEBI) is working for the benefit of European Union business community in India. FEBI seeks the opinion of and advocates for the EU business community in India. Thus, the objective for the existence of applicant is to work for the members of EU Business Community in India who are essentially members of the applicant institution.** The relevant objects of company are reproduced as under –

- “1. *To promote commerce in India and to protect and facilitate the interest of the European Union business community in India. By setting up, maintaining and promoting a high level dialogue of policy advocacy between the European Union business community and the Indian public authorities regarding trade policy, ease of doing business, intellectual property right protection and European union investment protection in India.*
2. *To take representative initiatives on subjects and areas of strategic relevance for the European Union business community in India including highlighting sectors in India in which European businesses could play a constructive role benefiting themselves as well as their Indian counterparts.*
3. *To secure the interests and wellbeing of the European Union Business community in India with regard to conclusive economic policies, ease*

of doing business in India, intellectual property rights and investment protection in India

4. *To public annually or more frequently as dictated by requirements of the business community a compendium of issues faced by European businesses in the conduct of business in India and a list of opportunities signaled by European businesses that, would serve to deepen the commercial ties between India and European Union at large. etc."*

On perusal of the objects of the applicant company, it is evident that it was incorporated for policy advocacy to promote, protect and facilitate the interests of its members in India. Thus, the applicant has not been able to demonstrate how the working for the benefit of its members is a charitable purpose as envisioned under Section 2(15) of the Income Tax Act, 1961.

6. *The applicant has claimed to have incurred expenses for charitable activities. It was accordingly requested to submit the details of beneficiaries from the public at large who are not members of FEBI to substantiate the charitable nature of its expenses and activities. The applicant has failed to submit the same. Thus, the applicant has failed to substantiate its claim of charitable activities as mandated u/s 2(15) of the Income Tax Act. 1961 along with conclusive documentary evidence. It also has failed to establish that the expenses incurred by it were for charitable purposes.*
7. *The applicant was also requested to provide details of the company's charitable activities. The applicant stated that three committees were formed to address specific business needs within the sector. However, they failed to describe any actual charitable activities. Further, as per Income & Expenditure account for the F.Y. 2023-24, Provisional account F.Y. 2024-25, it is noted that the assessee has not carried out any charitable activities during the said period as no charitable expenses have been listed. Further, it is noticed that majority of expenses debited to Income & Expenditure account are in the nature of administrative expenses i.e. legal and professional charges, salary, audit fees etc. As such, the applicant has claimed to have incurred expenses for charitable activities but the expenses are only of administrative nature only.*

8. *The applicant has also relied on a plethora of judicial pronouncement in support of its claim for registration. The cases relied upon by the applicant are as under:*
 1. *Commissioner of Income Tax vs. Andhra Chamber of Commerce (1965) 55 ITR 722 (SC)*
 2. *Commissioner of Income Tax vs. Federation of India Chambers of Commerce & Industries (1981) 6 Taxmann 7 (SC)*
 3. *India Trade Promotion Organization vs. Director General of Income Tax (Exemptions) (2015) 53Taxmann.com 404 (Delhi)*
 4. *Confederation of Pharma Dealers Association vs. Commissioner of Income Tax (Exemption) [2022] 137 Taxmann.com 117 (Raipur-Trib.)*
 5. *Dahisar Sports Foundation vs. Income Tax Officer (Exemption)-(1). Mumbai [2017] 87 Taxmann.com 313 (Mumbai-Trib.)*
 6. *Bombay Chamber of Commerce vs. Income Tax Officer (Exemption)-(1). Mumbai*

All the above case laws lay that promoting, stimulating, protecting and developing trade and commerce in general were charitable activities, it is evident that the emphasis of the above judgments has been on the general nature of the activities which are for the benefit of any member of the public and not restricted to the specific members of the organization carrying out such activities. Evidently, the case laws cited do not help the cause of the applicant in the instant case as the applicant's activities are for the benefit of its members of the EU Business Community only.

9. *In view of the facts and circumstances discussed above, the applicant has failed to file the necessary details in support of the genuineness of the activities and other issues as discussed above. Hence, the conditions laid down in the section 12AB are not fulfilled. Therefore, the application filed on 05.08.2024 in Form 10AB for grant of registration u/s 12A(1)(ac)(vi) item B of the Income Tax Act, 1961 is hereby rejected.*
10. *Since, the application filed in Form 10AB seeking registration under section 12A is rejected, the provisional registration granted vide order dated 07.03.2024 having Unique Registration Number AAFCF5934NE20231 for the period from A.Y. 2024-25 to A.Y. 2026-27 is also cancelled.”*

[Emphasis supplied]

4. Aggrieved with the impugned order, the assessee filed this appeal.

5. At the outset, Shri Amol Sinha, Ld. Counsel representing the appellant assessee drew our attention to the object of the company wherein it was categorically mentioned that the object of the company was to promote a high-level dialogue of policy advocacy between the European Union Business community and the Indian public authorities regarding trade policy, ease of doing business, intellectual property right protection and European union investment protection in India. Further, he drew our attention to the input paper on Taxes & Tarriff submitted by the appellant assessee [page no. 116 to 118 of the Paper Book ('PB')]. Further, he highlighted the Carbon Border Adjustment Mechanism (CBAM) and recommendations as under: -

“1. Increased Costs and Compliance Burden Due to CBAM:

The implementation of the EU's CBAM will lead to a 20-35% import tax on Indian firms exporting to the EU as per the estimates of stakeholders, requiring firms to share detailed production information and potentially establish dual production lines for greener exports and standard products.

2. Need for India's Own CBAM to Balance Trade Competitiveness:

As the EU's CBAM evolves, Indian industries face competitive pressures. India may consider Implementing its own CBAM on imports to safeguard domestic industries and align with global standards.

Recommendation: To address the increased costs and compliance burdens imposed by the EU's CBAM, Indian firms should receive support in adopting greener production practices. Additionally, India may consider introducing its own CBAM on imports to protect domestic industries and maintain competitiveness in global markets. This dual approach will enable Indian firms to align with international standards while balancing trade competitiveness.”

6. The Ld. Counsel further submitted that the Carbon Border Adjustment Mechanism and the appellant assessee's recommendations, if implemented by the Public Authorities and industries at large would help the general public at large not only in India but across the globe. Hence, the said activity being general utilities fell under the definition of charitable activity. He placed reliance on following case laws: -

1. Indian Chamber of Commerce [2024] 162 taxmann.com 43 (Kol.-Trib.)
2. Andhra Chamber of Commerce [1965] 55 ITR 722 (SC)
3. Federation of India Chambers of Commerce & Industries [1981] 6 Taxmann 7 (SC)
4. India Trade Promotion Organization [2015] 53 Taxmann.com 404 (Delhi)
5. Confederation of Pharma Dealers Association [2022] 137 Taxmann.com 117 (Raipur-Trib.)
6. Dahisar Sports Foundation [2017] 87 Taxmann.com 313 (Mum-Trib.)

7. Further, the Ld. Counsel placed emphasis on the decision of Tribunal in the case of Indian Chamber of Commerce (supra) and in particular para 9, 13 and 16 of the said order, which read as under: -

“9. The Ld. A.R also submitted by referring to the decision of the Hon'ble Apex court in the one of Ahmedabad Urban Development Authority (supra) that in page 83 Para D under Trade Promotion Bodies, the Hon'ble Court has held that the bodies involved in trade promotion such as AEPC, or set up with the of purely advocating for, coordinating and assisting trading organizations can be said to be involved is advancement of objects of general public utility. However, if such organizations provide additional services such as courses meant to skill personnel, providing private rental spaces in fairs of trade shows, consulting services, etc., then income or receipts from such activities, would be business or commercial in nature. In

that event, the claim for tax exemption would have to be again subjected to the rigors of the proviso to Section 2(15) of the Act. The Ld. A.R vehemently submitted that this is not a scenario in the case of assessee as main object of the assessee has been to promote and protect the trade, commerce and industries and the assessee has not provided additional services such as courses meant to skill personnel, providing private rental spaces fairs or trade shows, consulting services, etc. and therefore since no such business activity is carried on by the assessee, the proviso to Section 2(15) of the Act is not applicable to the assessee.

.....

13. **After hearing the rival contentions and perusing the material on record, we note that the ICC is non-profit making company registered u/s 25 of the Companies Act, 1956 the main object of the assessee is to promote and protect the trade, commerce and industries and in particular the trade, commerce and industries in or with which Indians are engaged or associated with. We further find that the ICC with main object of promoting and protecting trade, commerce and industries carries on certain activities in the form of holding meetings, seminars and conferences to create awareness among its members and nonmembers meaning thereby that it meetings/conferences/ seminars are not confined to its members only. The ICC derives income by way of sponsorships of such seminars, conferences and meetings from various industrial houses/trading and commercial entities and this has been so in the instant year also.** The assessee received sum of Rs.9,48,14,435/- from holdings of such meetings/seminars and conferences. Besides during the impugned year, the assessee has received incomes by way of interest on FDRs, rental income and miscellaneous income from the properties held by the assessee. We note the AO treated such activities of organizing conferences, meetings and seminars as business activities reasoning that the ICC was charging consideration in the form of sponsorships by invoking proviso to Section 2(15) of the Act read with Section 13(8) and thus denied exemption u/s 11 of the Act to that part of income of the assessee which is received in respect of the so called business activities by segregating and bifurcating the total/gross receipts into two segments namely business segment and charitable segment. The AO apportioned and allocated the administrative expenses incurred by the ICC proportionately in the ratio of quantum of business income/receipts and charitable income/receipts. We

also note that during the year the AO calculated the profit from business of Rs.21,99,772/- in A.Y. 2013-14 and taxed accordingly whereas the AO computed loss of Rs.77,87,698/- in A.Y.2014-15. Thus, the exemption claimed by the ICC u/s 11 of the Act was allowed to the assessee only in respect of interests, rental and miscellaneous income. In the appellate proceedings, the Ld. CIT(A) enhanced the income after issuing show cause notice u/s 251(2) of the Act to the ICC by treating the entire income/receipts of the ICC as business receipt and taxed the same at the rate applicable to the companies. The Id CIT(A) by doing so rejected the methodology adopted by the AO of bifurcating the total receipts into business and charitable one. **Now the issue before us whether the assessee is hit by the proviso to Section 2(15) of the Act as amended w.e.f. A.Y. 2009-10 or the assessee is still eligible and entitled to exemption u/s 11 of the Act. In order to better understand the provisions section 2(15) of Act as applicable at relevant point of time, the same is reproduced as under:**

(15) "charitable purpose" includes relief of the poor, education, (yoga, medical relief, [preservation of environment (including watersheds, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest, **and the advancement of any other object of general public utility.**

[Provided that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity:

Provided further that the first proviso shall not apply if the aggregate value of the receipts from the activities referred to therein is twenty-five lakh rupees or less in the previous year,"

14. We have minutely perused the decision of Hon'ble Apex Court in the case of ACIT vs. Ahmedabad Urban Development Authority (supra) and observed that the Hon'ble Apex Court has nowhere held that the activities carried on by the charitable entity which are supportive to the attainment of main object are to be treated as non-charitable activities. The Hon'ble Court

has even held that activities of charging of any amounts towards consideration for any activity (advancing general public utility) which is on cost basis or nominally above cost, cannot be considered to be trade, commerce or business or any services in relation thereto in Para 253 page 82. The Hon'ble Court has held as under:

"A.3. Generally, the charging of any amount towards consideration for such an activity (advancing general public utility), which is on cost-basis or nominally above cost, cannot be considered to be trade, commerce or business or any services in relation thereto, it is only when the charges are markedly or significantly above the cost incurred by the assessee in question, that they would fall within the mischief or cess, or fee, or any other consideration towards trade, commerce or business. In this regard, the Court has clarified through illustrations what kind of services or goods provided on cost or nominal basis would normally be excluded from the mischief of trade, commerce or business, in the body of the judgment."

15. In the present case also, the AO has computed business income at Rs.21,99,772/- by allowing the administrative expenses proportionately on the basis of and in the ratio of business receipts and charitable receipts. We note that during the instant assessment year, the receipt from business activities of the assessee from the activities of holdings and organizing meetings, seminars and conferences were Rs.9,48,14,435/- and the profit as computed by the AO constituted only 2% of such receipts. Therefore, we are inclined to hold that the consideration charged by the ICC is just a cost basis and nominally above the cost. However if we allocate the administrative expenses on a rational and scientific basis between the activities of holding meetings, seminars and conferences on the one hand and other charitable receipts such as interest, rental and misc. income on the other, then there would be huge loss from these activities of organizing and holding meetings, seminars and meetings meaning thereby that the assessee has not been even charging from these sponsors, participants, members or non-members which are barely enough to cover the cost of the ICC and therefore it can be reasonable presumed that ICC has provided these activities even below the cost. We note that in the subsequent assessment year 2014-15, the AO has computed the loss of Rs.77,87,698/-. In view of this factual matrix, we are inclined to hold that the ICC is not carrying on any activity of holding meetings, seminars and conferences for business purpose but only in support its main object and it charges from its participants, members and non-members the amount of fee which does not

even covers the cost of holding such events. So much so that the administrative and other incidental expenses of holding and organizing such seminars, conferences and meetings are met out of other charitable income received from interest on FDRs, rental and miscellaneous income. Therefore, we find force in the contentions of the Ld. AR that the decision of Hon'ble Apex Court has wrongly been interpreted and applied against the assessee. In our opinion, the decision is squarely applicable to the facts of the case and in view of that the ICC is entitled to exemption u/s 11 of the Act as the activities of the advancement of main object is not hit by the proviso to Section 2(15) of the Act even post amendments.

16. We also note that the assessee's case is squarely covered in its own case by the decision of Hon'ble Bench in ITA No. 1284/kol/2012 for A.Y. 2009-10 wherein the issue was decided by the coordinate bench in favour of the assessee and the revenue has not preferred any appeal against the decision of Co-ordinate Bench before the Hon'ble High Court and the issue has attained finality. The operative part of the decision in ITA No. 1284/Kol/ 2012 is extracted as under:

"32.

3. The newly inserted proviso to section 2(15) will apply only to entities whose purpose is 'advancement of any other object of general public utility' i.e, the fourth limb of the definition of 'charitable purpose' contained in section 2(15). Hence, such entities will not be eligible for exemption under section 11 or under section 10(23C) of the Act if they carry on commercial activities. Whether such an entity is carrying on an activity in the nature of trade, commerce or business is a question of fact which will be decided based on the nature, scope, extent and frequency of the activity.

3.1 There are industry and trade associations who claim exemption from tax u/s 11 on the ground that their objects are for charitable purpose as these are covered under 'any other object of general public utility'. Under the principle of mutuality, if trading takes place between persons who are associated together and contribute to a common fund for the financing of some venture or object and in this respect have no dealings or relations with any outside body, then any surplus returned to the persons forming such association is not chargeable to tax. In such cases, there must be complete identity between the contributors and the participants. Therefore, where industry or trade associations claim both to be charitable institutions as

well as mutual organizations and their activities are restricted to contributions from and participation of only their members, these would not fall under the purview of the proviso to section 2(15) owing to the principle of mutuality. However, if such organizations have dealings with non-members, their claim to be charitable organizations would now be governed by the additional conditions stipulated in the proviso to section 2(15).

3.2 In the final analysis, however, whether the assessee has for its object ‘the advancement of any other object of general public utility’ is a question of fact. If such assessee is engaged in any activity in the nature of trade, commerce or business or renders any service in relation to trade, commerce or business, it would not be entitled to claim that its object is charitable purpose. In such a case, the object of ‘general public utility’ will be only a mask or a device to hide the true purpose which is trade, commerce or business or the rendering of any service in relation to trade, commerce or business. Each case would, therefore, be decided on its own facts and no generalization is possible. Assessee, who claim that their object is ‘charitable purpose’ within the meaning of Section 2(15), would be well advised to eschew any activity which is in the nature of trade, commerce or business or the rendering of any service in relation to any trade, commerce or business.

33. From the Memo Explaining the provisions of Finance Bill 2008 & CBDT Circular dated 19-12-2008, what will be position of an entity engaged in the ‘advancement of any other object of general public utility’, whether the same will be hit by commercial activities in view of the newly inserted proviso to section 2(15) of the Act or not? The proviso was introduced with the sole aim of bringing into ambit of taxation such entities which were engaged in commercial activities. Here, we need to appreciate the concept of an “entity engaged in commercial activities”. In very simple words, any entity whose main or dominant object is commercial can only be said to be a commercial entity. An entity whose main purpose is undoubtedly charitable in nature without an iota of commerciality in it cannot be said to be engaged in commercial activity. Also we need to note that another point that emerges from the above is that whether an entity is carrying on an activity in the nature of trade, commerce or business always remains a question of fact which will have to be determined on the basis of the facts of the individual case. No

generalization for such determination is possible. In view of the above, it is seen that the proviso can be applied to fact based on the facts and the past history of the assessee, which is discussed in detail above. From the above facts, we are clear that the assessee has never been dominantly engaged in any commercial activities and is a Charitable Institution registered as such u/s 12A of the Act, set up for the promotion and protection of Indian business and industry. The main purpose of this Institution is promotion and protection of trade and commerce in the country and not to conduct any commercial activities. Further, it has also never been the contention of the revenue that the assessee is engaged in commercial activities but it is hit by the proviso to section 2(15) of the act and thus will be deemed to be engaged in commercial activities. What will be the position to an institution engaged in advancement of any other object of general public utility, which lays down that such an institute will be deemed to be not "charitable" if it is involved in carrying on "any activity in the nature of trade, commerce or business or any activity of rendering any service in relation to any trade, commerce or business." According to us, part of the proviso being "any activity of rendering any service in relation to any trade, commerce or business" intends to expand the scope of the proviso to include services, which are rendered in relation to any trade, commerce or business. The proviso further stipulates that the activity in relation to the trade commerce or business must be for a cess or fee or any other consideration. From the proviso, it is seen that the most material and relevant words in the proviso are "trade, business or commerce". The activities which are undertaken by the institute should be in the nature of trade, commerce or business or any activity of rendering any service in relation to any trade, commerce or business. We will analyse the term "business" from the definition of the term 'business' as defined in section 2(13) of the act and whether assessee's activities falls within the terminology of "business". The term "Business" read as under: -

...

[Emphasis supplied]

8. The Ld. AR further contended that the case of the appellant assessee was squarely covered by the above-mentioned decision of Tribunal in the case of Indian Chamber of Commerce; 162 taxmann.com 43.

9. On the other hand, the Ld. CIT-DR, placing reliance on orders of the Ld. CIT(E), prayed for dismissal of the appeal.

10. We have heard both parties and have perused the material available on the record. We find force in the contentions/submissions/arguments of the Ld. Counsel. Section 2(15) deals with definition of charitable purpose. Last limb in the definition is "*advancement of any other object of general public utility*". "Charitable purpose" is defined to include relief of the poor, education, yoga, medical relief, preservation of environment and advancement of any other object of general public utility. In following judicial pronouncements, the Hon'ble Supreme Court and various Hon'ble High Courts have done interpretation of words "any other object of general public utility"; Gujarat Maritime Board [2003] 295 ITR 561 (SC), Bharat Diamond Bourse [2003] 259 ITR 280 (SC), Agricultural Produce and Market Committee [2007] 291 ITR 419 (Bom.), Federation of Indian Chambers of Commerce & Industry [1981] 130 ITR 186 (SC). So long as the dominant object is of general public utility and there is no profit motive, it cannot be said that the trust/institution is not established for charitable purposes, even if there is some profit in the activity carried on by the trust/institution. From these decisions it emerge that the

expression “any other object of general public utility” is of the widest connotation.

11. The proviso to section 2(15) of the Act inserted by the Finance Act, 2008 (and later on modified by subsequent Finance Acts) applies only to entities whose purpose is “advancement of any other object of general public utility”, i.e., the sixth limb of the definition of ‘charitable purpose’ contained in section 2(15) of the Act. Whether the appellant assessee has its object ‘the advancement of any other object of general public utility’ is a question of fact. Hence, the object of ‘general public utility’ has to be decided on facts and not by generalization. The Hon’ble Supreme Court in the case of Ahmedabad Urban Development Authority [2022] 143 taxmann.com 278 has given the ruling that an assessee, advancing general public utility, cannot engage itself in any trade, commerce or business, or provide service in relation thereto, for any consideration (i.e., cess or fee, or any other consideration). However, while achieving the object of general public utility, the concerned trust, society or other such organization, can carry on trade, commerce or business (or provide services in relation thereto) for consideration, provided that:

- i. the activity of trade, commerce or business is undertaken in the course of carrying out the advancement of any object of general public utility; and

ii. the receipt from such business or commercial activity (or service in relation thereto) does not exceed the quantified limit (i.e., 20 per cent of total receipts of the previous year).

12. As per the object of the appellant assessee, it has to promote commerce in India with the European Union business community and to protect & facilitate the interest of European Union business community in India by advocacy of policy between the European Union business community and the Indian public authorities regarding trade policy, ease of doing business, intellectual property right protection and European union investment protection in India. It is evident from the object of the appellant assessee that it has to build up an overall environment securing the interests and wellbeing for/of European Union business community so that they have ease of doing business in India. The Ld. CIT(E) opined that such object to promote the business of members of appellant assessee and not public at large is not charitable activities defined under section 2(15) of the Act. It is not a case of the Ld. CIT(E) that the appellant assessee is found engaged in any trade and commerce. Members of the appellant assessee are various European business entities, European trade associations, etc.

13. The issue here is only that can an entity watching the business interest of its members be said engaged in charitable activities defined under section 2(15) of the Act. In the above-mentioned facts and circumstances of the case and above referred case laws; in particular Andhra Chamber of Commerce

(Supra), Ahmedabad Urban Development Authority (Supra), Federation of India Chambers of Commerce & Industries (Supra), India Trade Promotion Organization (Supra), Confederation of Pharma Dealers Association (Supra) and Indian Chamber of Commerce (Supra), we, respectfully following these decisions, are of the considered view that the appellant assessee is engaged in activities that qualify as objects of general public utility which fall within the ambit of section 2(15) of the Act. We thus, find that the Ld. CIT(E) is not justified in the eyes of law by rejecting the registration under section 12A of the Act on reason that the appellant assessee is not doing any charitable activity within the ambit of section 2(15) of the Act. Accordingly, we hold that the impugned order of the Ld. CIT(E) is not sustainable and is liable to be set aside. ordered accordingly. The Ld. CIT(E) is therefore, directed to grant registration to the assessee under section 12A of the Act forthwith, in accordance with the law as applied by the appellant assessee in Form No. 10AB of the Income Tax Rules for regular registration under section 12A(1)(ac)(vi) of the Act on 05.08.2024. Consequentially, grounds no. 2 to 6 are disposed of as above.

14. We have taken note of the fact that the Ld. CIT(E) has not assigned any reason for cancelling the provisional registration granted vide order dated 07.03.2024 for AYs 2024-25 to 2026-27 and that too without affording any opportunity of being heard to the appellant assessee. Such order; *prima-facie*, is held not justified in the eyes of the law being contrary to the principle of

natural justice. Hence, we set aside the cancellation of provisional registration. Consequentially, ground no. 1 is allowed as above.

15. In the result, the appeal of the assessee is allowed as above.

Order pronounced in open Court on 03 December, 2025

Sd/-

**(C. N. PRASAD)
JUDICIAL MEMBER**

Sd/-

**(AVDHESH KUMAR MISHRA)
ACCOUNTANT MEMBER**

Dated:03/12/2025

Binita, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT/PCIT
4. CIT-DR: ITAT

ASSISTANT REGISTRAR
ITAT, NEW DELHI