

**RUNNING HOSPITAL AND NURSING SCHOOL IS INSEPARABLE ACTIVITY, ELIGIBLE FOR  
TAX EXEMPTION: ITAT**

M/S MAJ Hospital vs. DY. Commissioner of Income Tax

Case No. - 499/COCH/2017

Date - 12..11.2018

**Fact of the Case**

1. The assessee, a charitable trust registered u/s 12A of the Income Tax Act claimed exemption under section 11 in respect of the income received from the hospital and nursing school.
2. The Assessing Officer treated the income received from running a hospital and nursing school as business activity and denied the claim.
3. After analyzing the objectives of the Trust ,the Tribunal came to the final conclusion that it is a part of the objects of the assessee trust. Both medical relief and education are charitable objects entitled for exemption u/s 11(1) of Income Tax Act.

**Decision of the Case**

1. It was further held by the Apex Court that there is a very clear distinction between the object of a trust to carry on a business activity and the carrying on an activity of profit for achieving its objects.
2. The assessee's activities of running the hospital and the nursing school are intricately connected and dependent on each other and it is one inseparable activity and both are entitled to exemption u/s 11(1) of the I.T Act.
3. So in the opinion of the Tribunal , the income of the school of nursing is not to be assessed as business income but as arising out of charitable activities of the trust eligible for assessment u/s 11(1) of the I.T. Act.