

## **Charitable Society eligible for Income Tax Exemption for providing Hostel facilities to Staff and Students, being integral part of 'Educational Activities': ITAT**

### **FACT OF THE CASE**

- The assessee is a Society running Educational Institutes, Medical Colleges and Charitable Hospitals which is affiliated with All India Council for Technical Education. It is also undisputed that assessee is carrying educational activity and running various Colleges especially Medical Colleges and Charitable Hospitals
- While filing the income tax returns for the relevant year, the assessee disclosed the income from charitable activities declared by the assessee as NIL and the assessee earned gross receipt of Rs. 61,62,60,476/- on account of educational activity whereas the assessee is also running hostels for the students as per the UGC Guidelines which is an ancillary activity.
- The Assessing Officer made assessment of surplus of Hostel as business income u/s 114(A) of the Act and disallowed hostel expenses amounting to Rs. 3,92,25,432/- and made addition under the head income from business and profession.

### **DECISION OF THE CASE**

- Allowing relief to the assessee, Accountant Member Mr. Prashanth Maharishi and Judicial Member Ms. Suchitra Kamble held that in the absence of any evidence to show that the hostel facilities were provided to anybody other than students and staff of the trust, the hostel facilities provided by the educational institution shall be construed to be the intrinsic part of the 'educational activities' of the assessee and they cannot be considered different than activities of the society of 'education'.
- Thus, the addition amounting to Rs. 3,92,25,432/- made by the Assessing Officer and sustained by the CIT(A) is not correct.
- The bench said that CIT(A) and the Assessing Officer failed to consider that the hostel facility is incidental to achieve the object of providing education as per object of the trust and hence comes under the charitable purpose which is exempt under Section 11 of the Income Tax Act, 1961,"