

**Charitable Society providing hostel facilities to staff and students is integral part of 'Educational Activities', exemption allowed**

In *Durga Charitable Society v. JCIT [I.T.A. No. 4440/DEL/2015 decided on July 22, 2021]* *Durga Charitable Society* ("the Appellant") is a Society duly registered under Society Registration Act, 1860 and is engaged in running various educational institutions, medical colleges and charitable hospitals.

**Assessing Officer-** The return of income for Assessment Year 2010-11 declared NIL income. Assessed surplus of Hostel as business income under Section 114(A) of the Income Tax Act, 1961 ("**IT Act**") and disallowed hostel expenses amounting to Rs. 3,92,25,432/- and made addition under the head income from business and profession. Being aggrieved, the Appellant appealed.

**Commissioner (Appeals)** - Dismissed the appeal.

**Hon'ble ITAT, New Delhi** - Held that in 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 Appellant and they cannot be considered different than activities of the society of 'education'. The Commissioner (Appeals) 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 IT Act. Thus, allowed the appeal.

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