

- 1. First proviso to section 2(15) have no role for registration of a trust or institution under section 12A or 12AA for granting or declining registration or in respect of cancellation of registration.** If the status of registration is to be declined to an assessee only on the ground that some of the objects may be hit by the first proviso to section 2(15) but the assessee's receipts from such activities do not exceed specified threshold in a particular assessment year, the assessee will be subjected to undue hardship in the sense that while the assessee will be disentitled to exemption under section 11 due to denial of registration under section 12A or 12AA which is *sine qua non* for admissibility of exemption under section 11. On the other hand, if the status of registration is granted to the assessee even when some of the objects may be hit by the first proviso to section 2(15) and the assessee's receipts from such activities do exceed specified threshold, no prejudice will be caused to the legitimate interests of the revenue because, notwithstanding the status of registration and by the virtue of section 13(B), the assessee will not be eligible for exemption under section 11 in respect of such income. It is only elementary that a statutory provision is to be interpreted *ut res magis valeat quam pereat, i.e.*, to make it workable rather than redundant. **Kapurthala Improvement Trust v. Commissioner of Income-tax (2015) 171 TTJ 261 (Amritsar Tribunal).**
- 2. Provisions of section 194C would not apply where payments made by assessee to Punjab Water Supply and Sewerage Board were on account of legal obligation rather than contractual agreements.** It is only when payments are made 'in pursuance of a contract' that the provisions of section 194C come into play. The contract may be oral or written, express or implied but there must be a contract nevertheless. In the instant case, however, the payment is on account of legal obligation under section 24(1) of the Punjab Water Supply and Sewerage Board Act 1976. Therefore, the provisions of section 194C did not come into play and the impugned demands under section 201(1) and 201(1A), read with section 194C are wholly devoid of any legally sustainable merits. **Executive Officer v. Income-tax Officer [2015] 69 SOT 380 (Amritsar Tribunal).**