

Cancelled Trust's registration on account of receiving bogus donations

In *Commissioner of Income Tax (Exemptions), Kolkata v. Batanagar Education and Research Trust [Civil Appeal No. 4451 of 2021]*, the Commissioner of Income Tax (Exemptions), Kolkata (“**the Appellants**”) and the Tribunal had directed for cancellation of the registration of Batanagar Education and Research Trust (“**the Respondents**”) under Section 12AA of the Income Tax Act, 1961 (“**IT Act**”) after a survey was conducted on School of Human Genetics and Population Health, Kolkata wherein it was observed that the Respondents were receiving bogus donations from the respective entity.

The Respondent's council pleaded that the Respondents had no obligation on their part to verify the source of funds and there lied no evidence so as to prove that these donations were used for any illegal or immoral activity.

The Hon'ble Supreme Court ruled against the Respondent's submission and held that the Respondents were receiving bogus donations since the same were issued through cheques which were ploughed back and a substantial amount of these donations were sent back to the donors.

It further noted that the Appellants were right in cancelling the registration under Section 12AA and 80G of the IT Act as it led to clear case of misuse of the trust status.

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