

SUPREME COURT OF INDIA

DIT

Vs.

Jag Shanti Charitable Trust

C.A.No.6817 of 2005

(Y. K. Sabharwal and C. K. Thakker JJ.)

14.11.2005

ORDER

1. Leave granted.

2. The respondent-assessee was denied exemption under sections 11 and 12 of the Income-tax Act, 1961, and the entire receipt of rupees thirty lakhs in its hands was treated as income. The Assessing Officer was of the view that the amount of rupees thirty lakhs received from Dubai was in violation of the *Foreign Contribution (Regulation) Act, 1976*. The Commissioner (Appeals), setting aside the order of the Assessing Officer, came to the conclusion that the assessee is entitled to exemption. The Income-tax Appellate Tribunal has affirmed the order of the Commissioner (Appeals).

3. The appeal filed by the appellant under section 260A of the *Income-tax Act, 1961*, has been dismissed by the High Court observing that no substantial question of law arises in the appeal.

4. The trust was registered after the receipt of the amount by the assessee from Dubai, though it is claimed that the application for registration had been filed earlier. The question also is about the source of contribution as opposed to its identity. We have indicated these questions only for the purpose of showing that the appeal (I. T. A. No. 242 of 2004) required deeper consideration by the High Court and it could not have been dismissed on the ground that no substantial question of law arises therein. Since we are remitting the appeal for decision afresh by the High Court, we express no opinion on the questions involved. The High Court would decide the appeal without being influenced by any observation made in this order.

5. Accordingly, the civil appeal is allowed, impugned order is set aside and I. T. A. No. 242 of 2004 is remitted to the High Court for its fresh determination in accordance with law.