

**IN THE INCOME TAX APPELLATE TRIBUNAL
“H (SMC)” BENCH MUMBAI**

**BEFORE HON’BLE SHRI OM PRAKASH KANT, ACCOUNTANT MEMBER
HON’BLE SHRI ANIKESH BANERJEE, JUDICIAL MEMBER**

**ITA No. 1288/Mum/2026
(Assessment Year: 2017-18)**

Leapforward, C-10, Om Shri Yashodhan CHS, Jaiprakash Nagar, Goregaon East, Mumbai 400063	Vs.	The Income Tax Officer, Exemption Ward 1(4), Mumbai, Cumbala Hill MTNL Building, Peddar Road, Mumbai - 400026
PAN: AAATL7223L		
(Applicant)		(Respondent)

Assessee by	Ms. Sonalee Godbole
Revenue by	Shri Pravin Salunkhe, (SR. DR)

Date of Hearing	13.04.2026
Date of Pronouncement	16.04.2026

आदेश / ORDER

PER ANIKESH BANERJEE, JM:

The instant appeal of the assessee filed against the order of Ld. CIT(A) ADDL/JCIT(A)-2, Chennai [for brevity the “Ld. CIT(A)”] order passed under section 250 of the Income Tax Act 1961 [for brevity ‘the Act’] order passed for the Assessment Year 2017-18, date of order 02.01.2026. The impugned order emanated from the order of the Ld. Income Tax Officer, Exemption Ward 1(4), Mumbai order passed under section 143(3) of the Act, date of order 18.12.2019.

2. The brief of the case is that the assessee is a Trust, started its activity in 2006 related to the development of English proficiency for fixed differentiation between the educated haves and have-nots. The assessee filed the return by declaring total income nil after claiming deduction u/sec 11(2) of the Act. The assessee's case was selected under CASS. During the assessment proceedings the Ld. AO found that the assessee's income as per the income expenditure amounting to Rs. 88,29,539/- after deducting the expenses on object of the trust amount of Rs. 55,33,338/- and 15% accumulation under section 11(1)(a) of the Act amount of Rs. 13,24,431/- which comes total amount of Rs. 68,57,769/-. After deduction of expenses from income the difference comes to Rs. 19,71,770/-. The assessee in its Form No. 10 duly submitted in return of income has claimed the accumulation/set apart under section 11(2) of the Act amount to Rs. 25,00,000/-. The Ld. AO observed in Form no. 10 filed with the return of income in row no. 1, the purpose for accumulated or set apart is not specifically stated & it is mentioned as "Social" related amount to Rs. 25 lack for the period of setting apart/accumulation ending on 31.03.2018. The Ld. AO rejected the assessee's claim under section 11(2) due to the none mentioning of "specific purpose" for utilization of the accumulation of fund. So the Ld. AO added back amount of Rs. 19,71,770/- with total income of assessee. Being

aggrieved the assessee filed an appeal before the Ld. CIT(A), Ld. CIT(A) uphold the impugned Assessment order. Being aggrieved Assessee filed an appeal before us.

3. The Ld. AR argued and filed a paper book comprising of **pages 1 to 66** which has been placed on record. Ld. AR stated that the assessee is only activities related to the development of English proficiency. No other activities are duly carried out by the assessee. The Ld. AR filed a written note related to charitable activities to the assessee-trust which is reproduced as below;

“The trust aims in solving the English learning problem that has restricted access to professional education for millions of students studying in regional language schools for many decades. Trust believes that government-run free regional language schools are critical to achieve effective universal education, but these schools cannot deliver English learning, as effectively as private schools.

In India, higher education is almost exclusively available in English. Over 70% of Indian children study in regional-language government schools, creating a massive disconnect between their primary schooling and professional aspirations. This gap limits employment possibilities, trapping millions of families in a cycle of generational poverty simply due to "English Illiteracy". Hence, trust have developed tools to enable these regional schools to deliver English learning as effectively as any other school. English provides an equal opportunity for these kids to better their lives and their family's lives.

Trust has developed a tech-led solution that enables regional-language teachers to teach English effectively via techniques in their own language. This approach allows the organization to scale rapidly and provide the poorest children with the skills needed Reading, Spelling. Comprehension to enter the professional higher education space. This model has already reached 5.4 million students and 5.3+ Lakh teachers across

10 states i.e. Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Andhra Pradesh, Jharkhand, Chhattisgarh, Bihar and Gujarat.

The Trust has signed formal MOUs with state governments to implement the English Literacy Program during school hours. The primary "users" are existing school teachers already on the payroll of the government. Trust focuses exclusively on school students from regional-language schools (Marathi, Hindi, Gujarati, etc.), majority of users are from primary grades (2 -5).

4. Ld. AR contended that the assessee has utilized the said amount in the next financial year but she conceded that the said argument was never be placed before any of the revenue authorities. The Ld. AR invited the attention in the **APB page no. 36** related to resolution passed at the meeting of Member of Board of Trust on 06.05.2013 where the amount of Rs. 25 lacks be earmarked for the purpose and be placed in fixed deposit in the HDFC Bank. But it is perused that no specific purpose is duly recognised in the said resolution. The Ld. AR prayed to restore the matter and prayed for liberty to submit the relevant document including utilization of fund before Ld. AO.

5. The Ld. DR argued and stated that in Form No.10 which was filed by the assessee with return of income in row no. 1 had only mentioned the purpose as 'Social'. So no specific activities are duly mentioned. The Ld. DR stands in favour of the orders of revenue authorities. Ld. DR specifically stated that for purpose of mentioning in Form

NO.10 for accumulating income under section 11(2) of the Act is vague, generic and non specific.

6. We heard the rival submissions and perused the material available on record. The assessee is a charitable trust, whose primary object is to develop the English proficiency and to solve the English learning problem that has restricted access to professional education for millions of students studying in regional language schools for many decades. The assessee filed its return of income along with Form No. 10 before the revenue authorities, stating the purpose of accumulation of funds, which, according to the assessee, were utilized within the prescribed period of five years for achieving its objects. However, the Ld. AO rejected the assessee's claim under section 11(2) of the Act on the ground that no specific purpose of accumulation had been clearly stated in Form No. 10. Upon perusal of the record, including the resolution placed at **APB page 36**, we observe that the purpose for accumulation of funds under section 11(2) has not been specified with the required clarity and precision. Accordingly, we find merit in the contention of the Ld. DR that the assessee has failed to distinctly specify the purpose for which the funds were accumulated. We also note that the assessee has not clearly demonstrated the specific purpose for which the accumulated funds were proposed to be utilized. At the same time, the Ld. AR submitted during the course of hearing before ITAT that the

accumulated funds were, in fact, utilized for specific purposes within the stipulated time. Considering the reliance placed on the judgment of the Hon'ble Gujarat High Court in case of **CIT (E) vs. Bochasanwasi Shri Akshar Purushottam Public Charitable Trust reported in (2018) 409 ITR 591 (Guj)**, wherein the matter was set aside for fresh verification, we deem it appropriate, in the interest of justice, to restore the issue to the file of the Ld. AO for de novo adjudication. Accordingly, the matter is restored to the file of the Ld. AO with the following directions:

- (i) The Ld. AO shall verify the utilization of the accumulated funds amounting to Rs. 25,00,000/- and examine the specific purpose for which such funds were utilized;
- (ii) The assessee shall furnish a detailed explanation specifying the purpose of utilization of the funds along with supporting evidences;
- (iii) The Ld. AO shall afford adequate opportunity of being heard to the assessee and thereafter pass a speaking and reasoned order in accordance with law.

Needless to say, the assessee shall extend full cooperation and furnish all necessary evidences for expeditious disposal of the proceedings.

7. In the net result, appeal filed by the assessee bearing no. **ITA 1288/Mum/2026** stand allowed for statistical purpose.

Order pronounced in the open court on 16.04.2026

Sd/-

(OM PRAKASH KANT)
ACCOUNTANT MEMBER

Sd/-

(ANIKESH BANERJEE)
JUDICIAL MEMBER

Mumbai, Dated 16/04/2026
Ankit, PS

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / The CIT(A)
4. आयकर आयुक्त (अपील) / Concerned CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुम्बई/ DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/BY ORDER,

उप/सहायक पंजीकार (Asst. Registrar)
आयकर अपीलीय अधिकरण, मुम्बई / ITAT, Mumbai