HC-KAR

NC: 2026:KHC:16500
WP No. 6396 of 2026

**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**

**DATED THIS THE 24TH DAY OF MARCH, 2026**

**BEFORE**

**THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV**

**WRIT PETITION NO. 6396 OF 2026 (T-IT)**

**BETWEEN:**

KSDL EMPLOYEES PROVIDENT FUND TRUST
NO.27, KSDL BUILDING,
PB NO.5531,
MALLESHWARAM WEST,
BANGALORE-560 055.
REPRESENTED BY IT SECRETARY,
MR. PRAKASH

...PETITIONER

(BY SRI. SHIVARUDRAPPA SHETKAR, ADVOCATE)

**AND:**

1. THE PRINCIPAL COMMISSIONER
OF INCOME TAX,
BMTC BUILDING, 80 FEET ROAD,
6TH BLOCK, NEAR KHB GAMES VILLAGE,
KORMANGALA, BANGALORE-560 095.

2. THE ADDITIONAL COMMISSIONER OF INCOME TAX,
RANGE-2 (2),
BANGALORE-560001.

3. THE ASSESSING OFFICER,
ITO WARD 2 (2) (3),
BANGALORE-560001.

...RESPONDENTS

(BY SRI. E.I. SANMATHI, ADVOCATE)

Digitally signed by VIJAYA P
Location: HIGH COURT OF KARNATAKA

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE ORDER PASSED BY THE R2 DTD 27.10.2025 VIDE DIN AND ORDER NO.ITBA/COM/F/17/2025-26/1082028078(1) (ANNEXURE-A) AND ETC.,

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

**ORAL ORDER**

The present matter is de-linked from the connected petition and ordered separately.

2. The petitioner has assailed the order passed by respondent No.2 dated 27.10.2025 at Annexure-A. In terms of the said order, the request of the petitioner/assessee for condonation of delay in filing return of income for the assessment year 2017-18 has been rejected.

3. The case of the petitioner is that the petitioner's income was exempt in terms of Section 10(25) of the Income Tax Act, 1961 (for short 'the Act') and mistakenly

exemption under Section 10(23C)(iv) of the Act was claimed.

4. Learned counsel for the petitioner submits that the lapse in claiming exemption under the wrong provision ought to be condoned, taking note of the substantive right of exemption under Section 10(25), as the petitioner-Trust is a recognized PF Trust. It is further submitted that the authority ought to have taken a lenient view in the matter, considering the huge financial implication, if exemption is not permitted to be claimed.

5. It is pointed out that for other years i.e., the assessment year 2021-22, wherein there was delay in filing income tax return under identical factual matrix, the department has exercised power and condoned delay while permitting the petitioner to file return of income.

6. The said order dated 27.10.2025 is placed on the record by way of memo. Similarly, for the assessment year 2023-24 as well, by order dated 27.10.2025 the

delay in filing income tax return was condoned. The claim for exemption under Section 10(25) of the Act on merits is a matter to be decided by the authority. However, it is noticed that for the same petitioner for the assessment years 2021-22 and 2023-24, the delay in filing return has been condoned under an identical factual matrix where exemption was claimed under the wrong provision.

7. No doubt there has been substantial delay, however, taking note of substantive right of exemption and the financial implication, it would meet ends of justice by permitting the petitioner-Trust to file the return of income by condoning the delay.

8. Accordingly, in light of the discussion made above and accepting the reasons stated, the application under Section 119(2)(b) is allowed and delay is condoned, while setting aside the order at Annexure-A. The petitioner-Trust is permitted to file returns for the assessment year 2017-18. The authority to process the

returns as per law and all contentions on merits are kept open.

Accordingly, petition is ***disposed of***.

**Sd/-**
**(S SUNIL DUTT YADAV)**
**JUDGE**

MCR