IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 19.01.2026

CORAM :

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.45576 of 2025
and
W.M.P.No.50762 of 2025

Estate of Chellammal,
Rep. By its Secretary,
Pachaiyappa's Trust Board,
No.113, E.V.R. High Road,
Pachaiyappa's College Campus,
Chennai – 600 034. ... Petitioner

Vs.

1.The Commissioner of Income Tax,
(Exemptions), Income Tax Department,
Aayakar Bhawan-Annexe Building,
No.121, Mahatma Gandhi Road,
Nungambakkam,
Chennai – 600 034.

2.The Income Tax Officer,
Exemptions Ward 3 Chennai,
Aayakar Bhawan-Annexe Building,
No.121, Mahatma Gandhi Road,
Nungambakkam,
Chennai – 600 034. ... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus, calling for the records of the impugned Order dated 31.01.2025 in DIN & Oder No.ITBA/COM/F/17/2024-25/1072750258(1) passed by the first Respondent for the Assessment Year 2022-2023 and quash the same and consequently direct the first Respondent to condone the delay in filing Form 10B for the Assessment Year 2022-2023 for PAN:AAATE0082A of the Petitioner Trust.

For Petitioner : Mr.E.Ohm Prakash,
Senior Counsel

For Respondents : Mr.V.J.Arul Raj,
Senior Standing Counsel

ORDER

The petitioner is before this Court challenging the impugned order dated 31.01.2025 bearing DIN & Order No.ITBA/COM/F/17/2024-25/1072750258(1), passed by the first respondent, namely the Commissioner of Income Tax (Exemptions), Chennai, whereby the application filed for condonation of delay in filing Form No.10B on 05.10.2023 came to be rejected.

2. The petitioner was required to file Form No.10B on or before 07.11.2022. However, the petitioner filed the said Form on 09.11.2022 along with the return of income under Section 139(1) of the Income Tax Act, 1961.

3. It is noticed that the petitioner filed Form No.10B with a delay of 31 days. Under these circumstances, the petitioner filed an application for condonation of delay only on 05.10.2023. The sole reason for rejection of the said application, as reflected in the impugned order, reads as follows:

4. Decision:

I have carefully examined the facts of the case and the submissions of the assessee. The CBDT vide Circular No.2/2020, dated 03-01-2020 in para 5 &6 has directed as under;

"it has also been decided by the CBDT that where there is delay of upto 365 days in filing Form No.10B for the AY 2018-19 or for any subsequent AYs, the Commissioners of Income Tax are hereby authorized to admit such belated applications of condonation of delay u/s 119(2) of the I T Act and decide on merits.

The Commissioner of Income Tax shall, while entertaining such belated applications in filing Form No.10B, satisfy themselves that the assessee **was prevented by reasonable cause from filing such application within the stipulated time....**"

From the above it is seen that the Commissioner of Income Tax is competent to condone the delay, only if he is satisfied that the assessee was prevented by reasonable cause from filing such application within the stipulated time.

4.1 It is verified from the e-filing portal that the assessee has filed Audit report in form 10B belatedly for following years:

Sl.No.	Asst. Year	Form 10B
1	2015-16	13.07.2018
2	2016-17	13.07.2018

3	2017-18	12.07.2018
4	2020-21	31.03.2023
5	2021-22	10.09.2022
6	2022-23	07.09.2022

From the above it is seen that the assessee is a habitual delayed filer and the above facts shows the casual approach of the applicant towards statutory compliances.

4.2 The submissions given by the assessee are carefully perused. The reason stated by the assessee that the delay in filing is due to delay in appointment of Auditor by the Honourable Court, shortage of staffs and unavailability of timely replacement are not at all acceptable. The assessee has not provided any supporting evidence for the said claim. On verification of the financials of the assessee trust it is seen that the trust is having gross receipts of nearly Rs.3 crores and claiming large amount as exemption. As an established Educational Institution replacement of staff cannot be a major hardship for the trust and should have been well managed by the trustees by appointing qualified Accountant / staff well in time. Hence the assessee is expected to be more diligent when such large amount of exemption is involved.

4.3 Though there was no pandemic situation prevailed in the country during the period, the due date for filing Form 10B for A.Y. 2022-23 was duly extended for a week by the CBDT from 30.09.2022 upto 07.10.2022 so as to provide sufficient time to the taxpayers for filing the same. Though the Auditors were appointed in September 2021, It was observed that the applicant has failed to file the audit report in Form 10B even during the extended period without any reasonable cause.

The reason submitted by the assessee in the petition for the delay are very generic in nature and not convincing. The assesse Trust is expected to be more aware of the statutory compliances when a large amount of exemption had to be claimed. The assessee should have mandatorily filed audit report along with return of income u/s

139(4A) to claim exemption u/s 11 and 12. If the petition is condoned on the basis of reasons stated in application without establishing its reasonable cause with cogent documentary evidences, then everybody can take similar plea and it will lead to complete dilution of statutory dates of compliances. It is submitted that the legislature has provided certain time limits for meeting out the statutory obligations which must be complied by every assessee to meet out its legal obligations.

5. In view of the facts and circumstances cited above, it is very clear that the assessee has not put forth any reasonable cause beyond its control which prevented the assessee from filing Form 10B within the due date specified in the Act. Hence, the applicant's petition filed on 05.10.2023 seeking **condonation of delay under section 119(2)(b) in filing Form 10B for the AY 2022-23 is hereby rejected.**

Copy Submitted To:

The Pr. Chief Commissioner Of Income Tax(Exemptions)

New Delhi

INCOME TAX DEPARTMENT

Copy to:

1.Addl.CIT(Exemption), Chennai

2.ITO(Exemption)-Ward-3, Chennai

4. The learned Senior Standing Counsel appearing for the respondents submitted that the impugned order does not warrant interference, as the application for condonation of delay was filed only on 05.10.2023, that too after issuance of notice under Section 143(3) of the Income Tax Act, 1961. It was further contended that the petitioner is a habitual defaulter and, therefore, not entitled to any discretionary relief.

5. In reply, the learned counsel for the petitioner submitted that the petitioner Trust had faced several administrative difficulties and was constrained to approach this Court for appointment of an auditor. It was submitted that the delay in filing Form No.10B occurred solely due to the absence of an appointed auditor and that the auditor came to be appointed only pursuant to orders passed by this Court.

6. Having considered the submissions made by the learned counsel for the petitioner and the learned Senior Standing Counsel for the respondents, this Court is of the view that the impugned order is unsustainable. This Court has consistently held that substantive benefits ought not to be denied on account of procedural irregularities. In this regard, reference may be made to the judgment of this Court in **W.P.No.6814 of 2025** (***Silverstar Educational Trust vs. Commissioner of Income Tax (Exemptions)***), wherein this Court, in paragraphs 14 to 18, held as follows:

> *"14. Court is of the view, the Petitioner did not gain anything by not filing Form 10B in time. Ultimately, the Income Tax Department is expected to collect just tax that are due from an Assessee, if an Assessee is entitled for any deductions.*
>
> *15. The delay in filing the declarations or the documents that are required statutorily should not come in the*

way in case an Assessee is otherwise entitled to such exemptions / deductions.

16. Even if such declarations / documents are not filed, the Hon'ble Supreme Court has ultimately held that while confirming the demand, all the attendant benefits that are available to an Assessee has to be extended. In this connection, a reference is made to the decision of the Hon'ble Supreme Court in ***Formica India Division, Bombay, Burma Trading Corporation Limited*** *Vs.* ***Collector of Central Excise and others****, 1995 Supp (3) SCC 552/1995 (77) ELT 511.*

17. That apart, the Hon'ble Supreme Court has repeatedly held that procedures are rules makers, handmaids of justice and not mistress of law. In this connection, a reference is made to the decision of the Hon'ble Supreme Court in ***Commissioner of Sales Tax*** *Vs.* ***Auriya Chambers of Commerce****, (1986) 3 SCC 50.*

18. In ***Unichem Laboratories*** *Vs.* ***Commissioner of Central Excise****, (2002) 7 SCC 145, the Hon'ble Supreme Court held that it is not on the part of the duty of the Department to collect or to retain the tax amount, which is not due to it, and is legitimately due to an assessee. Specifically, a reference is made to Paragraph No.12, wherein the Hon'ble Supreme Court held as under:-*

> *"12. For the aforementioned reasons, we are of the view that denial of benefit of the notification to the appellant was unfair.* ***There can be no doubt that the authorities functioning under the Act must, as are in duty bound, to protect the interest of the Revenue by levying and collecting the duty in accordance with law — no less and also no more. It is no part of their duty to deprive an assessee of the benefit available to him in law with a view to augment the quantum of duty for the benefit of the Revenue. They must act reasonably and fairly.****""*

7. The ratio laid down in the above decision squarely applies to the facts of the present case. Accordingly, the writ petition is allowed and the impugned order dated 31.01.2025 is set aside. Consequential relief shall follow.

8. However, following paragraph 21 of the judgment in W.P.No.6814 of 2025, the petitioner is directed to deposit a sum of Rs.25,000/- (Rupees Twenty Five Thousand only) by way of Deman Draft, directly to the Chairman/Honorary Secretary, Blue Cross of India (BCI), Blue Cross Avenue, No.72, Velacherry Road, Guindy, Chennai – 600 032, within a period of 30 days from today. No costs. Consequently, connected miscellaneous petition is closed.

9. Post the matter for reporting compliance after four weeks.

19.01.2026

Neutral Citation: Yes / No
cda

To:

1.The Commissioner of Income Tax,
(Exemptions), Income Tax Department,
Aayakar Bhawan-Annexe Building,
No.121, Mahatma Gandhi Road,
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2.The Income Tax Officer,
Exemptions Ward 3 Chennai,
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C.SARAVANAN, J.

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