IN THE HIGH COURT FOR THE STATE OF TELANGANA

AT HYDERABAD
(Special Original Jurisdiction)

WEDNESDAY, THE TWENTY EIGHTH DAY OF OCTOBER
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE THE ACTING CHIEF JUSTICE P.SAM KOSHY
AND
THE HONOURABLE SRI JUSTICE SUDDALA CHALAPATHI RAO

WRIT PETITION NO: 34359 OF 2026

Between:

Srinivas Tirumala, S/o. Venkata Ramanuja Chari Tirumala, aged about 63 years, Occ. Retired Officer, SBI, R/o. H.No. 11-13-706, Green Hills, Road No. 4, Saroornagar, Hyderabad -500 035.

...PETITIONER

AND

1. Union of India, represented by its Secretary, Ministry of Finance, Department of Revenue, North Block, New Delhi - 110 001
2. Central Board of Direct Taxes, represented by its Chairman, North Block, New Delhi - 110 001.
3. The Principal Commissioner of Income Tax, Hyderabad-4, Room No. 211, 2nd Floor, A-Block, Income Tax Towers, A.C. Guards, Masab Tank, Hyderabad - 500 004.
4. The Income Tax Officer, Ward-13(3) Income Tax Towers, A.C. Guards, Masab Tank, Hyderabad - 500 004

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue a Writ, Order or Direction, more particularly one in the nature of a Writ of Mandamus, declaring the Order dated 20.01.2026 bearing DIN and Order No.ITBA/COM/F/17/2025-26/1084967065(1) passed by the 3rd Respondent under Section 119(2)(b) of the Income-tax Act, 1961 rejecting the Petitioner's application

for condonation of delay in filing a revised return of income for the Assessment Year 2023-24 as illegal, arbitrary, contrary to Section 119(2)(b) of the Income-tax Act, 1961 and violative of Articles 14 and 265 of the Constitution of India, and consequently set aside the same and direct the 3rd Respondent to condone the delay and permit the Petitioner to file a revised return of income for the Assessment Year 2023-24 claiming exemption under Section 10(10AA) (ii) of the Income-tax Act, 1961 in terms of Notification No. 31/2023 dated 24.05.2023.

Counsel for the Petitioner: SRI. M NAGA DEEPAK

Counsel for the Respondent No.1: SRI N. BHUJANGA RAO,
DEPUTY SOLICITOR GENERAL OF INDIA
Counsel for the Respondents No.2 To 4: SRI K. SUDHAKAR REDDY,
SC FOR INCOME TAX DEPARTMENT

The Court made the following: ORDER

IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

HON'BLE THE ACTING CHIEF JUSTICE P.SAM KOSHY
AND
HON'BLE SRI JUSTICE SUDDALA CHALAPATHI RAO

WRIT PETITION NO.34359 OF 2026
(CNR NO. HBHC010708152026)

DATE: 28.10.2026

Between:

Srinivas Tirumala

.... Petitioner

and

Union of India, rep.by its Secretary,
Ministry of Finance, Department of Revenue,
New Delhi and three others.

.... Respondents

ORDER: *(per Hon'ble Sri Justice Suddala Chalapathi Rao)*

Heard Mr. M.Naga Deepak, learned counsel for the petitioner and Mr. K.Sudhakar Reddy, learned Senior Standing Counsel for Income Tax Department appearing for respondent Nos.2 to 3.

2. The present writ petition has been filed seeking to grant the following relief:

> "... to issue a Writ, Order or Direction, more particularly one in the nature of a Writ of Mandamus, declaring the order dated 20.01.2026 bearing DIN & Order No.ITBA/COM/F/17/2025-26/1084967065(1) passed by the 3rd respondent

under Section 119(2)(b) of the Income Tax Act, 1961, rejecting the petitioner's application for condonation of delay in filing a revised return of income for the Assessment Year 2023-24, as illegal, arbitrary, contrary to Section 119(2)(b) of the Income Tax Act,1 961, and violative of Articles 14 and 265 of the Constitution of India, and consequently to set aside the same and direct the 3rd respondent to condone the delay and permit the petitioner to file a revised return of income tax for the said assessment year 2023-24 claiming exemption under Section 10(10AA)(ii) of the Income Tax Act, 1961 in terms of Notification No.13/2023 dated 24.05.2023 and pass ..."

3. The brief facts of the case are that, petitioner was an employee of State Bank of India (SBI) and retired from service on superannuation on 31.03.2023 upon attaining the age of 60 years. Upon such retirement, the petitioner became entitled to various terminal benefits including the cash equivalent of the leave salary in respect of the Earned Leave standing to his credit. Accordingly, the SBI credited the said benefits along with Leave Encashment amount to a tune of Rs.10,69,889.12 Ps. to the account of the petitioner on 04.04.2023. Thereafter, it is stated that the SBI issued a certificate of tax deducted at source in Form No.16 for the Financial Year 2022-23, relevant to the Assessment Year 2023-24, on 16.05.2023 and in the said certificate, the employer restricted the

exemption under Section 10 (10AA) of the Income Tax Act, 1961 (for short, 'Act, 1961') respect of leave encashment to Rs.3,00,000/- being the exemption limit then applicable to Non-Government employees, and treated the balance amount as taxable salary and consequently deducted tax at source of Rs.9,73,679/- for the said financial year. The leave encashment benefit which was Rs.3,00,000/- as on the date was enhanced *vide* Notification No.31/2023, dated 24.05.2023 (S.O. 2276(E)) of the Central Government to Rs.25,00,000/- under Section 10(10AA) (ii) of the Act, 1961. It is stated that the tax deducted at source by the employer of the petitioner is reflected in the petitioner's Annual Tax Statement in Form No.26AS for the Assessment Year 2023-24, and the petitioner filed his income tax return for the Assessment Year 2023-24 in Form ITR-I on 12.07.2023, within the due date prescribed under Section 139(1) of the Act, 1961 *vide* acknowledgment No.435331190120723, claiming exemption of Rs.3,00,000/- towards leave encashment, by virtue of the said notification No.31/2023, the exemption limit of Rs.3,00,000/- was enhanced to Rs.25,00,000/- and it being beneficial in nature and applicable to employees retiring before or after 01.04.2023.

4. It is further stated that, by the time the petitioner became aware of the applicability of the said notification and the enhanced exemption limit, the prescribed time for filing a revised return of income under Section 139(5) of the Act, 1961, for the Assessment Year 2023-24, has already expired. Therefore, petitioner was constrained to move an application dated 28.11.2025 before the 3rd respondent under the provision of Section 119(2)(b) of the Act, 1961, seeking condonation of delay and permission to file a revised return of income for the Assessment Year 2023-24, claiming the enhanced exemption towards leave encashment in terms of Notification No.31/2023 and the petitioner made the application well within the period of five years prescribed in respect of the Assessment Year 2023-24, and that the 3rd respondent issued a notice dated 22.12.2025, and thereafter, the 3rd respondent by impugned Order, dated 20.01.2026 rejected the application of the petitioner stating that appropriate records were called from the Jurisdictional Assessing Officer and the Joint Commissioner of Income Tax, Range-13, Hyderabad. Further, as the Joint Commissioner informed that Notification No.31/2023 is applicable prospectively only to persons who retired on or after 01.04.2023

and by placing reliance upon the judgment of the High Court for the State of Kerala in WP(C) No.3145 of 2022 and connected cases, the 3rd respondent rejected the request of the petitioner for condonation of delay in filing the revised income tax return. Aggrieved thereby, the present writ petition is filed assailing the impugned order.

5. Learned counsel for the petitioner would contend that the power under Section 119(2)(b) of the Act, 1961 is conferred on the competent authority for the avoidance of genuine hardship and the enquiry contemplated there under is whether the case is one of genuine hardship and whether the claim is *prima facie* genuine, and does not contemplate a final adjudication on the merits of a debatable question of law. It is further contended that Notification No.31/2023 is a beneficial notification, and as there is no suppression or material concealment on the part of the petitioner, the subsequent circular issued by the competent authority *vide* Notification No.31/2023, enhancing the exemption limit to Rs.25,00,000/-, even applies to the employees, who retired even prior to 01.04.2023, and that several similarly situated persons, who retired from the services of the SBI along with the petitioner

at various places across the country, have also been extended the benefit under said Notification No.31/2023, along with various Income Tax Appellate Tribunal Benches held that the Notification No.31/2023 being beneficial in nature extended the benefit to the employees, who retired prior to 01.04.2023.

6. *Per contra,* learned Senior Standing Counsel appearing for the respondent Nos.2 to 4, vehemently contended that in fact, the competent authority i.e., 3rd respondent, has already considered the issue and placing reliance upon the judgment of the Hon'ble High Court of Kerala (supra) has rightly rejected the petitioner's contention. It is further contended that since the notification was issued subsequent to the petitioner's retirement, the said notification would be prospective that would not be applicable to the present case.

7. On a perusal of the record, evidently, as on the date of the petitioner's retirement from the services of SBI, Form No.26AS specifically reflected the exemption in respect of leave encashment to only Rs.3,00,000/-, and by virtue of Notification No.31/2023, dated 24.05.2023, the said exemption limit was enhanced to

Rs.25,00,000/- and was issued for the benefit of the employees and it is a beneficial legislation. Further, the petitioner has duly disclosed the terminal benefits received at the time of retirement and claimed exemption only to the extent of Rs.3,00,000/- as was permissible at the relevant point of time, and admittedly, there was no suppression or concealment of any material. The fact that several Benches of Income Tax Appellate Tribunal being quasi-judicial Tribunal, have already taken a similar view and extended the benefit of the said notification to similarly situated employees of the very same Bank, is not disputed by the learned Senior Standing Counsel for the Department.

8. We most respectfully disagree with the view taken in the decision relied upon by the 3rd respondent in W.P.(C).No.3145 of 2022 and batch, rendered by the High Court of Kerala, and all the terminal benefits would relate to the date of appointment of the employees in service and when once a beneficial notification is issued, it should normally be extended to all the similarly situated persons.

9. In that view of the matter, for the reasons assailed in the writ petition, the petitioner has made valid reasons to condone the

delay for filing of the revised return of income before the competent authority i.e., 3rd respondent. Therefore, in view of the above aforesaid facts and circumstances, the impugned proceedings dated 20.01.2026 are hereby set aside and the delay in filing the said application is hereby condoned and the matter is remanded back to the 3rd respondent to consider the case of the petitioner in respect of the revised return of income for the relevant Assessment Years, by extending the benefit of Notification No.31/2023, dated 24.05.2023, and pass orders strictly in accordance with law.

10. With the aforesaid directions, the Writ Petition stands allowed accordingly. There shall be no order as to costs.

Miscellaneous petitions, if any, pending in this Writ Petition shall stand closed.

SD/-P.C.SULEKHA DEVI
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Secretary, Ministry of Finance, Department of Revenue, Union of India, North Block, New Delhi - 110 001.
2. The Chairman, Central Board of Direct Taxes, North Block, New Delhi - 110 001. The Principal Commissioner of Income Tax, Hyderabad-4, Room No. 211, 2nd Floor, A-Block, Income Tax Towers, A.C. Guards, Masab Tank, Hyderabad - 500 004
3. The Principal Commissioner of Income Tax, Hyderabad-4, Room No. 211, 2nd Floor, A-Block, Income Tax Towers, A.C. Guards, Masab Tank, Hyderabad - 500 004.

4. The Income Tax Officer, Ward-13(3) Income Tax Towers, A.C. Guards, Masab Tank, Hyderabad - 500 004
5. One CC to SRI. M NAGA DEEPAK, Advocate [OPUC]
6. One CC to SRI. N BHUJANGA RAO, Deputy Solicitor General of India [OPUC]
7. One CC to SRI K. SUDHAKAR REDDY, SC FOR INCOME TAX DEPARTMENT [OPUC]
8. Two CD Copies

DAN
PB

HIGH COURT

DATED: 28/10/2026

ORDER

WP.No.34359 of 2026



ALLOWING THE WRIT PETITION WITHOUT COSTS

(10)
12/11/26
K.K