

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH, CHENNAI

श्री एबी टी वर्की, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष
BEFORE SHRI ABY T VARKEY, JUDICIAL MEMBER AND
SHRI S. R. RAGHUNATHA, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.:495/Chny/2025

निर्धारण वर्ष / **Assessment Year: 2019-20**

Sanatana Dharma Vidyalaya Association, 17, Managappan Street, Sowcarpet, Chennai – 600 079.	vs.	ITO, Exemption Ward -2, Chennai.
[PAN:AAATS-1574-K] (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. P. M. Kathir, Advocate

प्रत्यर्थी की ओर से/Respondent by : Ms. Anitha, Addl. C.I.T.

सुनवाई की तारीख/Date of Hearing : 14.08.2025

घोषणा की तारीख/Date of Pronouncement : 09.10.2025

आदेश / O R D E R

PER S. R. RAGHUNATHA, AM:

The present appeal is filed by the assessee against the order dated 16.01.2025 passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, (hereinafter referred to as "CIT(A)", dismissing the appeal filed by the assessee against the rectification order dated 11.09.2020 passed u/s.154 of the Income Tax Act, 1961 (hereinafter referred to as the "Act") for the Assessment year (AY) 2019-20.

2. The brief facts of the case are that the assessee is a charitable trust with the object of carrying out educational activities. For the Assessment Year 2018-19 and the impugned assessment year, 2019-20, while filing the return of income, the appropriate column for claim of exemption u/s.10(23C)(vi) was not filled up. Consequently, the Central Processing Centre (CPC, Bengaluru) passed an order of intimation u/s.143(1) denying the claim of exemption u/s.11 of the Act. The case of the assessee is that, for these two assessment years, the case was entrusted to the previous Chartered Accountant, who did not carry out the necessary 'rectification of the error' in the return of income. Since the errors remained and the demands for these two years were outstanding, the assessee had engaged another Chartered Accountant, who preferred an appeal for the Assessment Year 2018-19, which came to be allowed vide order dated 26.11.2024 and the operative part of the order reads as follows:

"The Assessing Officer has not disputed that the trust is engaged in educational activities, which aligns with the objectives permitted under section 10(23C). As long as the income is used exclusively for educational purposes, the exemption should apply. In view of the discussion above, I hold that the AO's action to tax the appellant's income appears procedurally and substantively incorrect due to failure to apply the valid exemption under section 10(23C), non-consideration of a technical filing error, procedural flaws in issuing the order under outdated sections, and lack of substantive evidence to dispute the educational nature of the appellant's activities. Accordingly, the appeal is allowed."

3. With respect to the impugned Assessment Year 2019-20, the assessee's Chartered Accountant filed a series of rectification petitions u/s.154 of the Act. The various rectification petitions and the orders are captured in the paper book filed by the assessee's counsel. The last of the rectification petition u/s.154 of the Act dated 27.02.2023 was rejected vide order dated 25.09.2024. Aggrieved by the order of rejection, the assessee filed an appeal against the

first order u/s.154 of the Act dated 11.09.2020, rejecting the rectification application filed on 01.08.2020. The appeal was filed on 28.10.2024, with a delay of 1,478 days. The Commissioner of Income Tax (Appeals) rejected the appeal in limine on the grounds of limitation, refusing to condone the delay in filing the appeal. Aggrieved by the order of dismissal, the assessee is in appeal before us.

4. The Ld.AR for the assessee submitted before us that Id.CIT(A) ought not to have dismissed the appeal in limine by refusing to condone the delay. It was argued that the Id.CIT(A) did not appreciate the fact that the assessee was pursuing alternative remedies and the delay in filing the appeal ought to have been allowed in the light of the alternative remedies pursued by the assessee. Even though the merits of the matter are squarely covered in favour of the assessee and the same also stands vindicated by the Id.CIT(A)'s order for the Assessment Year 2018-19, there is no reason for the Id.CIT(A) to dismiss the appeal for the impugned assessment year 2019-20, purely on the grounds of limitation, that too, by ignoring the rudimentary principles of law, that pursuing an alternative remedy entitles a party to get the delay in filing an appeal condoned. The Id.AR for the assessee thus prayed that the appeal be allowed and the exemption u/s.10(23C) of the Act be allowed.

5. Per contra, the Id.DR argued that the assessee ought to have filed an appeal against the order u/s.154 of the Act dated 11.09.2020, within the period of limitation, if it was aggrieved by it and merely filing a series of rectification petitions cannot be a ground for justification of condoning the delay in filing the

appeal. It was submitted that the Id.CIT(A) was right in dismissing the appeal in limine, by refusing to condone the delay in filing the appeal.

6. We have heard the arguments of both sides, and we have gone through the grounds of appeal, paperbook and the affidavit filed by the assessee along with the orders of the authorities. We find that the assessee has been actively pursuing the matter since 2020 by filing the online rectification applications. Further, as a last resort, had also approached the jurisdictional Assessing Officer with its rectification application dated 27.02.2023, which ultimately came to be rejected, triggering the assessee to file an appeal belatedly against the first order u/s.154 of the Act dated 11.09.2020.

7. Therefore, we are satisfied that the assessee had "sufficient cause" in not presenting the appeal before the Id.CIT(A) within the period of limitation and the rationale for our decision stems from following the fundamental principles of law that pursuing an alternative remedy is a good ground to satisfy the condition of "sufficient cause" for condoning the delay in filing an appeal. Since the assessee has filed the appeal belatedly before the Id.CIT(A), we levy the cost of Rs.10,000/- to be paid to State Legal Aid Authority, Hon'ble High Court of Madras and produce proof of payment of cost to the Registry within 30 days from the date of receipt of this order. In view of the above, we are inclined to set aside the order of the Id.CIT(A). Since, the Jurisdictional Assessing Officer had rejected the rectification application of the assessee without assigning any reason, in the interest of natural justice, the matter must go back to the jurisdictional Assessing Officer to verify the assessee's claim exemption u/s.10(23C) of the Act. We accordingly give the assessee one more opportunity

to present its case before the jurisdictional Assessing Officer and file all relevant records in support of its claim and direct the jurisdictional Assessing Officer to consider the claim of the assessee and pass the order on merits in accordance with law.

8. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 09th October, 2025 at Chennai.

Sd/-
(एबी टी वर्की)
(ABY T VARKEY)
न्यायिक सदस्य/Judicial Member

Sd/-
(एस. आर. रघुनाथा)
(S. R. RAGHUNATHA)
लेखासदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated, the 09th October, 2025

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आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF