

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई। <b>IN THE INCOME TAX APPELLATE TRIBUNAL 'A' BENCH: CHENNAI</b> श्री मनु कुमार गिरि, न्यायिक सदस्य एवं श्री अमिताभ शुक्ला, लेखा सदस्य के समक्ष <b>BEFORE SHRI MANU KUMAR GIRI, JUDICIAL MEMBER AND</b> <b>SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER</b>		
आयकर अपील सं./ <b>ITA No.1411/Chny/2025</b> निर्धारण वर्ष/ <b>Assessment Year: 2024-25</b>		
M/s. Reotech Process Equipment Private Limited, 66-G First Floor, 6th Street. Thiruvalluvar Nagar, Chennai 600 016.	v.	The Income Tax Officer, Corporate Ward 5(3), Chennai.
[PAN: AAFCE 0760 K]		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant by	:	Shri Vikram Vijayaraghavan, Advocate
प्रत्यर्थी की ओर से /Respondent by	:	Shri P. Krishna Kumar, JCIT
सुनवाई की तारीख/Date of Hearing	:	14.08.2025
घोषणा की तारीख /Date of Pronouncement	:	01.09.2025

### आदेश / ORDER

#### **PER MANU KUMAR GIRI, JM:**

The captioned appeal filed by the assessee is directed against order of the Addl./JCIT(A)-5, Mumbai dated 23.01.2025 passed under section 250 of the Income Tax Act, 1961 ("the Act" in short). The assessee raised following grounds:

*1. The Order of the Commissioner of Income Tax (Appeals) is contrary to law, facts and circumstances of the case.*

*2.1 The Commissioner of Income Tax (Appeals) erred in upholding the order passed by the Learned Assessing officer.*

*2.2 The Appellant filed its Return of Income u/s 139(1) within the due date on 26.10.2024 for the Assessment Year 2024-25 admitting a taxable income of Rs 63,02,120/- and paid the corresponding taxes thereon.*



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2.3 The Learned CIT(A) ought to have appreciated that the Appellant had opted for the concessional rate of tax u/s 115BAA and filed Form 10 IC electronically on 29.03.2021 vide Ack No. 314812621290321.

2.4 The Learned CIT(A) ought to have appreciated that Form 10 IC was accepted by the department and the returns for AY 2020-21 to AY 2022-23 were processed duly by the department accepting the concessional rate of tax claimed by the Appellant. For AY 2023-24 a rectification request u/s 154 dt. 19.02.2025 vide Ack No. 877027720190225 is pending with a request to accept the concessional rate of tax u/s 115BAA claimed by the Appellant.

2.5 The Learned CIT(A) ought to have appreciated that the Form 10 IC was filed on 29.03.2021 anterior to the extended due date to file Form 10 IC for AY 2020-21 i.e. 30.06.2022 as per CBDT Circular No.6 of 2022 dated 17.03.2022. (Copy of the Circular No.6 dated 17.03.2022 - Enclosed as Annexure 1).

2.6 The Learned CIT(A) ought to have appreciated that the Appellant a diligent tax payer had inadvertently filed a belated return for AY 2020-21 due to unforeseen circumstances coupled with the COVID pandemic situation which prevailed during the period under consideration.

2.7 The Learned CIT(A) ought to have appreciated that the Appellant had indeed exercised his option to avail the benefit u/s 115BAA in the ITR Form 6 filed for AY 2020-21 and a lapse in filing the return before the due date will not invalidate the assessee's substantive right to claim the benefit of Section 115BAA.

The Appellant also relies on the following decisions wherein it is stated that considering the principle of beneficial interpretation, the procedural requirements should not override substantive benefits. Moreover, denying the benefits based solely on the procedural lapse would be against the principles of equity and justice, especially when there is no dispute regarding the assessee's eligibility for the lower tax rate. Supreme Court rulings always emphasized that the making of a claim of deduction is mandatory, but timing/format is directory.

a) *Mangalore Chemicals & Fertilisers Ltd. vs Deputy Commissioner of Commercial Taxes & ORS., Supreme Court of India dt. 02.08.1991*

b) *Kumar Medicare Pvt. Ltd, Mumbai vs CIT Dept., Mumbai Bench ITAT dt. 21.08.2024*

c) *Jsw Minerals Trading Pvt Ltd, Mumbai vs Ito Ward 5(2)(1), Mumbai Bench ITAT dt. 27.01.2025*

3. The Learned CIT(A) also erred by levying a higher Interest u/s 2348 and 234C which is in consequence to non granting of tax rate u/s 115BAA.



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4. *The Appellant craves leave to adduce additional grounds at the time of hearing.*

2. Brief facts of the case are that the assessee filed its return of income under section 139(1) of the Act on 26.10.2024 for AY 2024-25 declaring total income of ₹.63,20,120/-. In the return, the assessee had continued the option exercised under section 115BAA of the Act. The said return was processed vide dated 22.01.2025 under section 143(1) of the Act wherein the option exercised Section 115BAA of the Act was denied. Being aggrieved, the assessee preferred an appeal before the Id. CIT(A) and made following submissions:

1. *The Appellant had filed the present appeal before the Learned Commission of Income Tax appeal, NFAC vide ack #878226910200225 dated 20-02-2025 against the order dated 22-01-2025 of the CPC issued u/s.143(1) of the Act. This appeal has been filed within the permitted time under the statute and there has been no delay.*
2. *The CPC has erred in ignoring the fact that the appellant had exercised the option in availing concessional rate of tax u/s. 115BAA of the Act for the AY 2020-21 by choosing the option in the relevant ITR 6 and filed the form 10-IC vide ack # 314812621290321 dated 26-03-2021 which was accepted and the returns were processed by the department for the AY 2020-21 and the return of income for the subsequent assessment years were processed duly accepting the concessional rate of tax as claimed by the appellant.*
3. *The Appellant has not withdrawn the option exercised to avail concessional rate of tax u/s.115BAA of the Act and pursuant to second provision to sec 115BAA(5) of the Act and the appellant is entitled to avail concessional of tax for the AY 2024-25,*
4. *The CPC has erred in processing the return of income under sec 143(1) of the Act by applying MAT Tax u/s.115JB, The CPC failed to appreciate that the appellant is eligible for benefit of provisions of sec 115BAA of the Act.*



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5. *The CPC has erred in determining the tax at normal rate particularly when the appellant had filed Form 10-IC for AY 2020-21 vide ack #314812621290321 dated 26-03-2021 and by virtue of section 115BAA of the Act option exercised for AY 2020-21 is applicable for subsequent years. The CPC has failed to appreciate that the appellant has satisfied all the conditions of sec 115BAA of the Act read with rule no.21AE of the Act and hence is eligible for the beneficial rate of taxation.*
6. *The CPC ought to have determined tax as per the rate specified in sec 1158AA of the Act as against the normal rate of tax or MAT tax.*
7. *The CPC does not have jurisdiction to deny the benefit of section 115BAA of the Act under section 143(1) of the Act.*
8. *The CPC has erred in applying MAT tax u/s.115JEB in the case of the appellant.*
9. *The appellant craves the leave of your Honours to adduce additional grounds in support its contentions before and during the course of hearing of this appeal.*

3. After considering the submissions of the assessee, the Id. CIT(A)

dismissed the ground raised by the assessee by observing as under:

5.3 *Ground No. 2 to 7: In these grounds, the appellant has assailed the order of the AO denying the option exercised u/s 115BAA. The appellant has submitted that it had exercised the option of the concessional rate of tax u/s 115BAA for AY 2020-21 by filing form 10IC on 26.03.2021. The appellant has further submitted that return of income for the subsequent assessment years were duly processed accepting the concessional rate of tax. As the appellant had not withdrawn the option exercised u/s 115BAA, the AO CPC was not correct in denying the benefit of concessional tax rate u/s 115BAA.*

5.3.2 *The submission made is considered. It is seen from CPC 2 Portal that the appellant had filed form 10IC for AY 2020-21 on 29.03.2021. As per Section 139(1), the extended due date of filing of return, for AY 2020-21, was on 15.02.2021. As per section 115BAA (5) the appellant was required to exercise the option by filing Form 10IC before 15.02.2021. Thus the appellant had not made a valid exercise of the option u/s 115BAA for AY 2020-21. It is seen from the order u/s 143(1) dated 30.12.2021, the AO CPC had computed the tax at normal rates and not at concessional rate u/s 115BAA. The appellant's claim that it was allowed the lower tax rates*



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*u/s 115BAA in AY 2020-21 is of no relevance as if a mistake was inadvertently allowed in a particular assessment year the same cannot be continued in the subsequent years. The appellant has also submitted during video conferencing that as per Form 10IC was extended to CBDT circular no. 6 of 2022 the due date of filing of 30.06.2022. The said circular is not applicable to the appellant as it had not filed its return of income for AY 2020-21 u/s 139(1).*

*5.2.3 It may be mentioned that as the Form 10-IC was non-est/invalid for A.Y. 2020-21, the same is also invalid for subsequent years Therefore, the appellant company was required to file fresh valid Form-10IC for subsequent assessment years for making a claim of taxation u/s 115BAA of the Act. However, no such form was filed by the appellant for any subsequent assessment years. It is claimed by the appellant that the concessional rate of tax u/s 115BAA was allowed in the subsequent assessment years. However, this claim of the appellant is not factually correct as in the order u/s 143(1) dated 29.11.2023, the claim made u/s 115BAA was not allowed in AY 2023-24.*

*5.2.4 At this point of time, it is pertinent to refer to the decision of the Hon'ble Apex Court in the case Principal Commissioner of Income Tax-III, Bangalore and another Vs. M/s Wipro Limited (Judgment dated 11.07:2022 in the Civil Appeal No. 1449 OF 2022) wherein it has reiterated the age-old principle that a taxing statute should be read as it is and held that the beneficial provisions should be "strictly" and "literally" complied with and, therefore, a strict interpretation should be adopted. It is a trite law that if a thing is said to be done in a particular manner, then it shall be done in that manner and its performance in any other mode or fashion shall be of no consequence. As the appellant had violated the provisions of section 115BAA(5), therefore, there is no merit in the claim of the appellant for allowance of claim made u/s 115BAA of the Act. As the appellant was not eligible for the option claimed u/s 115BAA of lower tax rate, hence, the calculation of tax by the CPC was in accordance with the provisions of statute. These grounds of appeal are, therefore, dismissed.*

4. On being aggrieved, the assessee is in appeal before the Tribunal.
  
5. The Id. Counsel for the assessee has filed a chart showing all the assessment years and dates in which 115BAA option via Form 10IC has been exercised. By referring the said chart, the Id. Counsel has submitted that even in the first AY (AY 2020-21) when the Form was filed belatedly it was accepted by the department and allowed for AY 2020-21 and further,



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115BAA (form 10IC) was allowed for subsequent years for AY 2021-22 and AY 2022-23 also. The Id. Counsel for the assessee vehemently argued that for multiple earlier assessment years the department has accepted Form 10IC claim and once the claim has been accepted in the initial assessment year viz 2020-21, it cannot be suddenly withdrawn in the impugned assessment year 2024-25 especially when it has been claimed on time with the return. Without prejudice to the above, the Id. Counsel for the assessee has further submitted that the 2nd proviso to S.115BAA(5) of the Act clearly provides that once the option has been exercised for any previous years it cannot be subsequently withdrawn. Thus, even assuming Assessment year 2020-21 benefit for concessional tax is debated as to be restricted by the Revenue, the Revenue cannot withhold or deny the benefit u/s.115BAA for others / subsequent years from a plain reading of the proviso. The Id. Counsel for the assessee relied on the decision of the ITAT, Hyderabad Bench in the case of Sandor Medicaids P Ltd in ITA No. 691/Hyd/2014 dated 16.01.2025 and drew our attention to para 13 to 17 of the order and submitted that the very same issue has been decided in favour of the Assessee and thus, the Id. Counsel for the assessee prayed that the option exercised to avail concessional tax rate under sec. 115BAA (via Form 10 IC) exercised in the ITR for AY 2024-25 which was filed before the due date should be allowed.

6. On the other hand, the Id. DR supported the order passed by the Id. CIT(A).

7. We heard both the parties perused the material available on record. This appeal has been filed by the Assessee against the order passed by the lower authorities in relation to the denial of the concessional tax regime



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under Section 115BAA of the Income-tax Act, 1961, for the Assessment Year 2024-25. During the course of hearing, the Assessee submitted a chart detailing all the relevant assessment years and the dates on which the option under Section 115BAA was exercised through Form 10-IC. We find that Form 10-IC for the first year of claim, i.e., Assessment Year 2020-21, was filed belatedly, the same was accepted by the Department. Consequently, the benefit under Section 115BAA was allowed for AYs 2020-21, 2021-22, and 2022-23. Further we are of the view that once the claim of concessional tax under Section 115BAA was accepted in the initial year (AY 2020-21), the revenue cannot now disallow the claim for AY 2024-25, especially when the form has been filed in time along with the return of income. It was argued that the conduct of the revenue in earlier years creates a legitimate expectation, and the claim for the impugned assessment year ought to be allowed. We also observe from the second proviso to Section 115BAA(5), which clearly states that once the option to avail of the concessional tax rate has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year. Hence, even if the benefit for AY 2020-21 is considered debatable by the Revenue, the benefit under Section 115BAA cannot be denied for subsequent assessment years. The decision of the Tribunal, Hyderabad Bench in the case of **Sandor Medicaids Pvt. Ltd.** in **ITA No. 691/Hyd/2014 dated 16.01.2025**, particularly drawing attention to paras 13 to 17 of the said order, wherein a similar issue was decided in favour of the assessee which has held as under:

*13. From the conjoint reading of Sub-Section (5) of Section 115BAA, Rule 21AE of the Income Tax Rules, 1962 and Form 10-IC, it is abundantly clear that the assessee, who is willing to opt Section 115BBA of the Act for tax on the income is required to exercise the option, in the manner provided by Rule 21AE and Form 10-IC on or before the due date specified by Section 139(1) of the Act for the previous year relevant to the assessment year and*



*after 1st day of April, 2020. It also provides that such option exercised once by the assessee, shall apply to subsequent assessment years. In the present case, the assessee had exercised his option for the assessment year relevant to the assessment year commencing on 01.04.2020 on 29.03.2022. Form 10-IC, which is available at page 10 of the Paper Book filed by the assessee clearly postulates that the application for exercising the option under sub-section (5) of Section 115BAA of the Act is valid for the previous year i.e., for A.Y. 2020-21 and for subsequent years as well. It is clear from the bare provisions of the Act and Form 10-IC that once the assessee exercises the option for the previous year, he/she cannot specifically withdraw for the same or any other previous year.*

*13.1 The second proviso to section 115BAA(5) makes it clear that once the option for the concessional tax regime under section 115BAA is exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year. The Central Board of Direct Taxes (CBDT) had also issued frequently asked questions stating that if the taxpayer had opted for the concessional rate of tax once, that option would apply to subsequent AYs and could not be withdrawn. Even in the instructions issued by the CBDT for filing Form ITR 6, it was specifically mentioned that Form 10-IC was required to be filed only in the first year in which the taxpayer wished the concessional rate of tax to apply. Thus, not only the statutory provisions, but the periodic clarifications issued by the CBDT clearly state that a taxpayer seeking to benefit from the concessional rate of tax under section 115BAA need only exercise its option on Form 10-IC once in the initial AY; there was no requirement to exercise the option again in subsequent years.*

*14. In the present case, as admitted by both the parties, the last date of filing of return of income for A.Y. 2021-22 was 15.03.2022 and the assessee has filed the return of income along with Form 10-IC on 29.03.2022, which is relevant for the assessment year 2021-22. The issue which fell for consideration before us is whether the assessee having filed a belated form 10-IC i.e., on 29.03.2022 for the previous year 2021-22, can continue to avail the benefit of Section 115BAA of the Act in the assessment year 2022-23 or not. In our considered opinion, sub-section (5) of Section 115BAA of the Act clearly mentions that the option, once exercised, will be applicable for the subsequent assessment years.*

*14.1. If we examine the facts and law, as argued before us, it is clear that the provisions of Section 115BAA of the Act are beneficial legislation, aiming to extend certain benefits to domestic companies with a reduced rate of taxation. This essential provision was designed to boost the industries and reduce unnecessary litigation, and it should not be denied on account of some technical reasons.*

*15. In the present case, admittedly, the assessee has exercised his option for the previous year 2020-21 and thereafter, based on the same declaration,*



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*the assessee has filed the return of income for A.Y. 2022-23. However, the CPC, Bangalore, has rejected the claim of the assessee to opt for the regime under Section 115BAA of the Act on the pretext that the same was filed belatedly for the earlier year. In our view, the law is fairly settled when the language used in the statute is clear and simple, then literal meaning is required to be given to the words used in the Statute while interpreting the Statute.*

16. *In the present case, sub-section (5) of Section 115BAA of the Act has not restricted the application for one year alone, even if it has filed belatedly, however, it has been extended and applicable for the subsequent assessment years. However, if the application has been filed belatedly for the earlier year, as canvassed by the Revenue, on 29.03.2022 i.e., after the due date of filing of return of income on 15.03.2022, then the Revenue can withhold or deny the benefit of Section 115BAA for A.Y. 2021-22. But for the purpose of giving benefit for A.Y. 2022-23, the Revenue cannot raise this issue of filing of Form 10-IC belatedly for A.Y. 2022-23. Furthermore, we are of the considered opinion that this beneficial provision is required to be read in light in favour of the assessee, as held by the Hon'ble Supreme Court in the case of Commissioner of Customs Vs. Dilip Kumar reported in Civil Appeal No. 3327 of 2007, has held as under:*

*“40. After considering the various authorities, some of which are adverted to above, we are compelled to observe how true it is to say that there exists unsatisfactory state of law in relation to interpretation of exemption clauses. Various Benches which decided the question of interpretation of taxing statute on one hand and exemption notification on the other, have broadly assumed (we are justified to say this) that the position is well settled in the interpretation of a taxing statute: **It is the law that any ambiguity in a taxing statute should ensure to the benefit of the subject/assessee, but any ambiguity in the exemption clause of exemption notification must be conferred in favour of revenue** – and such exemption should be allowed to be availed only to those subjects/assessee who demonstrate that a case for exemption squarely falls within the parameters enumerated in the notification and that the claimants satisfy all the conditions precedent for availing exemption. Presumably for this reason the Bench which decided Surendra Cotton Oil Mills Case (supra) observed that there exists unsatisfactory state of law and the Bench which referred the matter initially, seriously doubted the conclusion in Sun Export Case (supra) that the ambiguity in an exemption notification should be interpreted in favour of the assessee.*

16.1 *In the present case, though there is no ambiguity in the taxing statute, however, even if there was any, that is to be for the benefit of the assessee.*



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17. Needless to say the Form 10-IC on 29.03.2022 for A.Y. 2021-22, will also be treated as filed for A.Y. 2022-23 and subsequent years. Therefore, in our considered opinion, the assessee is eligible for the benefit provided u/s 115BAA for the A.Y. 2022-23. In light of the above, we are of the considered opinion that the grounds raised by the Revenue are dismissed.

8. Considering the above facts and submissions, and respectfully following the decision of the coordinate bench in the case cited above, we find merit in the contentions of the assessee. The assessee had exercised the option under Section 115BAA in a timely manner in the ITR filed for AY 2024-25. Given the acceptance of the same option by the revenue in earlier years and the statutory bar on its withdrawal as per the second proviso to Section 115BAA(5), we are of the considered view that the benefit under Section 115BAA cannot be denied to the assessee for the impugned year.

9. Accordingly, we direct the Assessing Officer to allow the concessional tax rate under Section 115BAA to the assessee for Assessment Year 2024-25.

10. In the result, the appeal of the assessee is allowed.

Order pronounced on the 01<sup>st</sup> day of September, 2025, in Chennai.

**Sd/-**  
**(श्री अमिताभ शुक्ला )**  
**(AMITABH SHUKLA)**  
लेखा सदस्य/**ACCOUNTANT MEMBER**

**Sd/-**  
**(मनु कुमार गिरि)**  
**(MANU KUMAR GIRI)**  
न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,  
दिनांक/Dated: 01<sup>st</sup> September, 2025.  
**VM, Sr.PS**



ITA No.1411/Chny/2025  
*M/s. Reotech Process Equipment*

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1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF