

IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI "H(SMC)" BENCH : MUMBAI

BEFORE SHRI VIKRAM SINGH YADAV, ACCOUNTANT MEMBER
AND
SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER

ITA No.	A.Y.	Appellant	Respondent
8628/Mum/2025	2021-22	Bhagwandas Surajkaran Somani HUF, 26, Radhakrishna Soham Gardens, Manpada, Thane West, Maharashtra-400601 [PAN: AANHS8839N]	Income Tax Officer, Circle-1, Qureshi Mansion, Gokhale Road, Thane West, Maharashtra.
8629/Mum/2025	2022-23		
8627/Mum/2025	2023-24		

For Assessee :	Ms. Dinkle Haria
For Revenue :	Shri Pravin Salunkhe, Sr.DR

Date of Hearing :	11-02-2026
Date of Pronouncement :	16-02-2026

ORDER

PER VIKRAM SINGH YADAV, A.M :

These are three appeals filed by the assessee against the respective order(s) of the Learned Addl./JCIT(A)-Raipur [‘Ld.CIT(A)’], dated 04-10-2025, pertaining to Assessment Years (AYs) 2021-22, 2022-23 & 2023-24. Given that common issues are involved in all these appeals, these matters were heard together and are being disposed-off by this consolidated order.

2. With the consent of both the parties, the appeal in ITA No. 8628/Mum/2025 (AY. 2021-22) was taken as a lead case for the sake of convenience and discussion, wherein the assessee has taken the following grounds of appeal:

“1. In the facts and circumstances of the case, the Ld.CIT(A) erred in upholding the action of the CPC in denying the appellant the benefit of taxation under Section 115BAC merely on the ground that Form 10-IE was filed on 04.01.2022, without appreciating that the delay was solely due to

technical glitches on the newly launched e-filing portal and was wholly beyond the appellant's control.

2. The Ld.CIT(A) failed to appreciate that the appellant had attempted to file Form 10-IE prior to the extended due date of 31.12.2021 but the portal repeatedly displayed system errors as Invalid Input, as evidenced by the grievance lodged on 30.12.2021 and the contemporaneous email sent to the Department on 31.12.2021.

3. The Ld.CIT(A) erred in holding that he lacked jurisdiction to consider such hardship or condone delay, ignoring binding judicial precedents holding that procedural requirements cannot defeat substantive rights, particularly where noncompliance was caused by system generated technical failures of the Department's own portal.

4. The Ld.CIT(A) erred in failing to consider that the CBDT itself acknowledged widespread technical glitches in the new e-filing portal during AY 2021-22, which had prompted nationwide extensions of statutory deadlines, and therefore the appellants inability to file Form 10-IE before 31.12.2021 constituted a reasonable cause.

5. The Ld.CIT(A) erred in sustaining a demand of Rs. 86,860/- despite the appellants compliance with all procedural requirements immediately upon restoration of portal functionality on 04.01.2022, and despite the fact that Form 10-IE was duly accepted by the system, thereby validating the appellants intention to opt for Section 115BAC.

6. The Ld.CIT(A) erred in disregarding documentary evidence placed on record, including the screenshot of the portal error, grievance acknowledgment, email trail, and response from the Department dated 05.01.2022 acknowledging escalation of the issue, thereby violating principles of natural justice.

7. The Ld.CIT(A) erred in adopting a hyper technical interpretation of Section 115BAC(5), 115BAC(6) and Rule 21AG, without appreciating that procedural lapses caused by systemic technical defects cannot override substantive eligibility under the first year of the optional tax regime.

8. The appellant craves leave to add, alter, amend, or withdraw any ground of appeal at the time of hearing.”

3. During the course of hearing, the Ld.AR submitted that limited issue involved in the present matter relates to denial of claim to avail new income tax regime introduced in terms of section 115BAC of the Income Tax Act, 1961 ('the Act') w.e.f. AY. 2021-22. It was submitted that assessee is a Hindu Undivided Family (HUF), earning income from business and from interest income, dividend and other miscellaneous incomes and is

eligible for new income tax regime in terms of section 115BAC of the Act and for the purposes it is required to submit Form-10IE on the e-filing portal of the Income Tax Department, which was introduced for the first time by the Income Tax Department. It was submitted that the assessee was facing technical glitches/errors in uploading and submitting the said form and as a result, the assessee could not submit the said form as well as its return of income. It was submitted that the assessee has raised a grievance on the e-filing portal, seeking assistance and filing Form-10IE as it was facing technical glitches on 30th of December, 2021 and, therefore, a communication was received on 31-12-2021 in terms of purported resolution by the Department and in response, the assessee on the same date provided all the requisite details. However, the technical glitch continued to exist even after the assessee responded as per the feedback given in the resolution. Thereafter, a communication was received on 05-01-2022, stating that the matter has been escalated and assessee was asked to wait for necessary resolution. However, in the interim, the technical glitch was resolved automatically on the e-filing portal and the appellant submitted requisite Form-10IE on the e-filing portal on 04-01-2022 and thereafter, the return was filed on 11-02-2022. Thereafter, the CPC, Bengaluru processed the return of income and intimation u/s. 143(1) of the Act was issued on 07-07-2022, denying the benefit of section 115BAC of the Act for the reason that Form-10IE was submitted beyond the due date of return filing i.e., 31-12-2021 and demand was raised on the assessee. In this regard, our reference was drawn to the following sequence of events and the relevant documents forming part of the assessee's paper book:

Sr. No.	Date	Particulars	Page No.
1.	30.12.2021	The Appellant raised grievance on its e filing Portal regarding seeking assistance in filing Form 10-IE as it faced technical glitches while attempting to upload Form 10-IE	20
2.	31.12.2021	A copy of the screen shot of the error reflected on the e-filing Portal of the Appellant while filing Form 10-IE for A.Y. 2021-2022	19
3.	31.12.2021	Purported resolution given by the Income Tax Department to in response to the grievance raised by the Appellant on 30.12.2021, which is reproduced as under - <i>"Kindy update your contact details under "My profile" and update the mandatory Details save the details and delete the old draft by clicking on Delete draft which is saved and re-login. Once re-login kindly re-try to submit the form If issue persist, kindly attach and share the following details at efilingswebmanager@incometax.gov.in. Scanned copy of PAN. Contact Details. Screenshot of the error message. With detailed information."</i>	20
4.	31.12.2021	The Appellant sent an e mail to efilingswebmanager@incometax.gov.in, attaching all the details as required, requesting to provide solution at the earliest to enable the Appellant to file Form 10-IE since the same technical glitch continued even after attempting to file the form as per the feedback given in the resolution dated 31.12.2021.	21
5.	31.12.2021	The due date for filing return of income u/s. 139(1) of the Act for A.Y. 2021-2022	
6.	04.01.2022	The Appellant filed Form 10-IE for A.Y. 2021-2022	23-24
7.	05.01.2022	The Appellant received mail from efilingswebmanager@incometax.gov.in, informing the Appellant that its issue has been escalated and requested the Appellant to wait for the resolution	22
8.	11.02.2022	The Appellant filed the return of income for A.Y. 2021-2022 u/s. 139(4) of the Act	1-6
9.	31.03.2022	Due date for filing return of income for A.Y. 2021-2022 u/s. 139(4) of the Act	
10.	07.07.2022	An intimation u/s. 143(1) of the Act was issued by CPC, Bengaluru, denying the benefit of section 115BAC to the Appellant for A.Y. 2021-2022.	

4. It was submitted that it is due to technical glitches, which is beyond the control of the assessee that the assessee could not file the requisite Form-10IE on the e-filing portal and, therefore, the assessee should not face the hardship in terms of denial of the new tax regime u/s.115BAC of

the Act, which it is otherwise eligible. It was submitted that it is not in dispute that the assessee in its return of income has opted for new tax regime as evident from the intimation issued by the CPC u/s. 143(1) of the Act and that it is only due to delayed filing of Form-10IE and that too on account of technical glitches beyond the control of the assessee, the claim has been denied.

5. It was submitted that the Courts and the Coordinate Benches of the Tribunal have consistently taking a view that the assessee should not be penalized for technical glitches in filing the requisite form. In this regard, reliance was placed on the decision of the Hon'ble Bombay High Court in the case of CIT vs. Shivanand Electronics [1994] 75 Taxman 93 (Bombay), wherein in the context of claim of deduction u/s. 80J of the Act, the Hon'ble High Court has held that requirement of filing of the audit report along with the return of income is directory and if the assessee complies with the same before completion of the assessment and offers a satisfactory explanation for his failure to submit the same in time, the AO may consider the same and examine the claim of the assessee for deduction u/s. 80J of the Act on the basis of such report. Further reliance was placed on the decision of the Pune Bench of the Tribunal in the case of Akshay Devendra Birari vs. DCIT [2024] 164 taxmann.com 58 (Pune-Trib.), wherein it was held that where the assessee opted for new tax regime and filed Form-10IE after due date prescribed for filing of return, however, where such form was available with CPC at the time of processing of return, the CPC ought to have considered the same while processing the return of income. Further reliance was placed on the decision of the Amritsar Bench of the Tribunal in the case of Harbans Singh vs. AO, CPC [2024] 165 taxmann.com 146 (Amritsar -Trib.), wherein it was held that where the assessee opted for the new scheme of taxation u/s. 115BAC of the Act and also submitted Form-10IE which is directory in nature and not

mandatory and it was sufficient compliance if the said form was before the AO at the time of assessment. It was submitted that in the said case, there was again an issue of technical glitch, raised by the assessee that Form-10IE could not be uploaded in the portal within the time allowed u/s. 139(1) of the Act due to technical incompatibility in the portal, and the Co-ordinate Bench of the Tribunal relied upon the decision of the Hon'ble Gujarat High Court in case of PCIT vs. KGY Glass Industries (P.) Ltd. [2023] 156 taxmann.com 18 held that where the filing of form within time allowed u/s. 139(1) of the Act was not practically possible due to technical glitches in the portal, in absence of any fault on the part of the assessee, the assessee cannot be deprived of benefit u/s. 115BBA of the Act.

6. It was further submitted that for the subsequent two assessment years namely assessment year 2022-23 and 2023-24, the facts are identical and assessee while filing the return of income has claimed the benefit of section 115BAC of the Act, however, the same was again denied by the CPC, Bengaluru while processing the return of income. It was submitted that once the assessee has opted for new tax regime while filing its return of income for AY. 2021-22, there is no need to separately file Form-10IE for the subsequent assessment years as there is no such requirement and the CPC has wrongly denied the claim of new income tax regime u/s. 115BAC of the Act for the subsequent two years. In this regard, reliance was placed on the decision of the Ahmedabad Bench of the Tribunal in the case of Arun Gopilal Samnani vs. ITO [2025] 174 taxmann.com 33 (Ahmedabad – Trib.), wherein the relevant findings read as under:

“12. As is evident from the bare perusal of the above, individuals and HUF have been given option for paying taxes at the rates prescribed in section 115BAC of the Act w.e.f. 1 April, 2021 subject to the condition that their

income is computed as prescribed under sub-section (2), which says that the income is to be computed without claiming any exemption or deductions, loss or depreciation as specified in the said sub-section. The first proviso to section 115BAC states that the option exercised by the assessee shall be invalid, if the assessee fails to satisfy the conditions mentioned in sub-section (2). That is the only prescription in law for treating the option to have been invalidly exercised. Sub-section (5) prescribes that for claiming the benefit of option, the assessee having income from business or profession needs to file prescribed form by the due date prescribed in the said section initially and such option exercised would thereafter be applicable for subsequent years. The prescribed form as per the Rule is form no.10-IE. The assessee in the present case has returned income from business and profession which is reflected in the intimation made u/s 143(1) of the Act.

12.1 As is evident from the literal reading of the section itself, the assessee's option is treated as invalid only if it does not fulfil the conditions prescribed under sub-section (2) of section 115BAC of the Act, which is of computing its income without claiming any exemption, deduction, loss or depreciation specified in sub-section (2). The failure to file Form No.10-IE within the prescribed due date as per sub-section (5) does not invalidate the assessee's claim of the option. The mandate of filing the Form No. 10-IE is only directory. What invalidates the exercise of option has been clearly mentioned in the first proviso to section 115BAC of the Act.

12.2 Therefore, in the facts of the present case, in the preceding year when the assessee had filed Form No.10-IE while exercising its option of paying taxes as per the new regime, the option was not invalidated as per sub section (2) to section 115BAC of the Act. The option though was denied to the assessee for the reason that the Form No.10-IE was not filed within the prescribed time, clearly the assessee's exercise of option in the preceding year was not invalid. That therefore, when the assessee again opted paying taxes under the new regime in the impugned year, there was no requirement for the assessee to file a fresh Form No.10-IE at all, as per sub section (5) to section 115BAC of the Act. It is only if the earlier option is treated as invalid that the assessee has to go about exercising the option afresh in the succeeding years.

12.3 In the light of the same, and in view of the fact that the assessee had filed Form No.10-IE in the preceding year, when it exercised its option of paying taxes under the new regime for the first time, the denial of exercise of this option in the impugned year for failure to file Form No.10-IE, we hold, is not accordance with law.

13. The order of the Id.CIT(A), upholding the intimation made on the assessee, computing its taxability as per the old regime, is therefore set aside, and the AO is directed to allow the assessee's option of paying taxes as per the new regime under section 115BAC of the Act.”

7. Per contra, the Ld.DR is heard, who has relied on the order passed by the Ld.CIT(A) and intimation issued by the CPC, Bengaluru and it was submitted that the provisions of section 115BAC of the Act are clear and it provides that Form-10IE is required to be filed before the due date u/s. 139(1) of the Act for availing the concessional tax rate u/s. 115BAC of the Act and given that in the instant case, there is a delay in filing of Form-10IE before the due date, the CPC has rightly denied the benefit under the said provisions to the assessee. He accordingly supported the orders passed by the lower authorities.

8. We have heard the rival contentions and perused the material available on record. It is an admitted position that the assessee while filing its return of income for each of three assessment years under consideration has opted for new tax regime as mandated u/s 115BAC and which has been denied by the CPC while processing the return of income as so reflected in intimation issued u/s 143(1) of the Act. It is also an admitted position that due to technical glitches, the assessee couldn't uphold and submit Form 10-IE on the e-filing portal within prescribed due date, however, later on, has uploaded the Form 10-IE on the e-filing portal on 04-01-2022. The Form 10-IE was therefore available well before the processing of return of income and issue of intimation u/s 143(1) by CPC on 07-07-2022 for assessment year 2021-22, on 23-02-2023 for assessment year 2022-23, on 05/02/2024 for assessment year 2023-24. In terms of Sub-section (5) of section 115BAC, for claiming the benefit of option, the assessee having income from business or profession needs to file prescribed form by the due date prescribed in the said section initially and such option exercised would thereafter be applicable for subsequent years. Thus, once the option has been exercised in the initial assessment year, the same would be applicable for subsequent assessment years.

9. The limited issue under consideration is whether delayed filing of Form 10-IE beyond the prescribed date for the initial assessment year would invalidate the assessee claim to be taxed in terms of section 115BAC for the initial and subsequent assessment years. The fact that there were technical glitches has been acknowledged by the department and where the resolution thereof lies with the department and as far as the assessee is concerned, it has taken all necessary steps to raise the grievance, take necessary steps as so advised and finally uploaded the requisite Form, we agree with the contention advanced by the Id AR that the assessee cannot be penalized for delayed uploading of the Form 10-IE on the e-filing portal. Similar proposition has been laid down by the Hon'ble Bombay High Court in case of Shivanand Electronics (*supra*) and by the various Benches of the Tribunal that the filing of requisite Form is directory in nature, that the assessee cannot be penalized for technical glitches beyond its control where the assessee has taken all reasonable steps in this regard, and where the Form 10-IE was available at the time of processing of the return of income, the claim should be allowed to the assessee. In light of the same, the orders of the Id CIT(A) are set-aside and the AO is directed to take into consideration Form 10-IE and allow the assessee's claim of paying taxes in terms of section 115BAC of the Act for each of the three assessment years.

10. In the result, all the appeals of the assessee are allowed.

Order pronounced in the open court on 16-02-2026

Sd/-
[SANDEEP SINGH KARHAIL]
JUDICIAL MEMBER

Sd/-
[VIKRAM SINGH YADAV]
ACCOUNTANT MEMBER

Mumbai,
Dated: 16-02-2026

TNMM

Copy to :

- 1) The Appellant
- 2) The Respondent
- 3) The CIT concerned
- 4) The D.R, ITAT, Mumbai
- 5) Guard file

By Order

Dy./Asst. Registrar
I.T.A.T, Mumbai