

आयकर अपीलीय अधिकरण, इंदौर न्यायपीठ, इंदौर
IN THE INCOME TAX APPELLATE TRIBUNAL
INDORE BENCH, INDORE
BEFORE SHRI B.M. BIYANI, ACCOUNTANT MEMBER
AND
SHRI PARESH M. JOSHI, JUDICIAL MEMBER

ITA No.472/Ind/2025
Assessment Year:2020-21

Devi Anusuiya Vidya Sansthan, 18/2 lasudia Mori, Dewas Naka, A.B. Road, Vijay Nagar, S.O. Indore	<u>बनाम/</u> Vs.	NFAC, Delhi
(Assessee/Appellant)		(Revenue/Respondent)
PAN: AADCD8391H		
Assessee by	Shri Pranay Goyal & Shri S.N. Goyal, ARs	
Revenue by	Shri Ashish Porwal, Sr. DR	
Date of Hearing	09.02.2026	
Date of Pronouncement	19.02.2026	

आदेश / O R D E R

Per B.M. Biyani, A.M.:

Feeling aggrieved by order of first appeal dated 24.03.2025 passed by learned Commissioner of Income-Tax (Appeals)-NFAC, Delhi ["CIT(A)"] which in turn arises out of rectification-order dated 10.10.2023 passed by learned ITO, Exemption, Indore ["AO"] u/s 154 of Income-tax Act, 1961 ["the Act"] for Assessment-Year ["AY"] 2020-21, the assessee has filed this appeal on the grounds as mentioned in Form No. 36 (Appeal Memo).

2. The background facts leading to present appeal are as under:

- (i) The assessee is a charitable institution registered u/s 12A of Income-tax Act, 1961 by Income-tax Department and eligible to claim exemption u/s 11/12 of the Act.
- (ii) On 31.03.2021, the assessee filed return of income of AY 2020-21 under consideration u/s 139(4). The due date for filing return u/s 139(4A) as per section 139(1) was 15.02.2021 [as extended by Press Release dated 30.12.2020 of Govt. of India, Ministry of Finance, Department of Revenue] and the last date (extended) for filing of belated return as per section 139(4) was 31.05.2021 [as extended by CBDT Circular No. 8/2021 dated 30.04.2021]. Thus, the return was filed belatedly u/s 139(4).
- (iii) On the very same date of 31.03.2021, the assessee also filed Audit Report [Form No. 10B] although the Audit Report [Form No. 10B] was required to be filed by 15.01.2021 (i.e. one month prior to the due date for filing of return u/s 139(1)). Thus, the Audit Report was filed belatedly with the return of income.
- (iv) On 30.11.2021, the AO processed assessee's return u/s 143(1) and denied the benefit of exemption u/s 11/12 to assessee for twin reasons, namely:
 - (a) The Return was not filed upto due date u/s 139(1), and

- (b) The Audit Report [Form No. 10B] was also not filed within the statutory period.
- (v) Aggrieved, the assessee carried matter in first-appeal but the CIT(A) rejected assessee's appeal and did not grant any relief.
- (vi) Now, the assessee has come before us by way of next appeal.

3. Ld. AR for assessee *firstly* addressed the issue of delayed filing of return u/s 139(4). He submitted that the issue whether the assessee would be entitled to exemption u/s 11/12 when the return was filed belatedly u/s 139(4) after expiry of due date u/s 139(1), has already been decided by ITAT, Indore bench in **Revenue's ITA No. 260/Ind/2024 & Assessee's ITA No. 299/Ind/2024- Barkatullah Vishwavidyalaya - dated 18.10.2024** as under:

"AY 2017-18 - Revenue's ITA No. 260/Ind/2024 and Assessee's ITA No. 299/Ind/2024:

10. Ld. AR submitted that for AY 2017-18, the assessee filed return declaring total income of Rs. Nil on 31.03.2018 u/s 139(4) which was subsequently revised on 05.04.2018. The case of assessee was subjected to scrutiny-assessment through notices u/s 143(2)/142(1). During scrutiny-proceeding, the AO rejected assessee's claim of exemption u/s 10(23C)(iiiab). The assessee made alternative claim of exemption u/s 11/12 based on very same proviso to section 12A(2) as discussed in foregoing part of this order. The AO has accepted assessee's claim vide Para 4.4 of assessment-order. However, vide Para 4.5 & 4.6 of assessment-order, the AO ultimately denied exemption u/s 11/12 to assessee for a different reason i.e. the return of income was filed belatedly u/s 139(4) on 31.03.2018 whereas the section 139(4A) read with section 139(1) required filing of return by due date which was 07.11.2017. Therefore, the basic and exact controversy in these appeals is whether or not the assessee was entitled to exemption u/s 11/12 when the return of relevant AY 2017-18 was filed belatedly u/s 139(4) after due date u/s 139(1)?

11. Ld. AR submitted that this very controversy has already been decided in assessee's favour by **ITAT, New Delhi in Conference of Religious India Vs. Ward-Exemption 1(3), New Delhi, ITA No. 2161/Del/2022 order dated 13.10.2022**, on the basis of **CBDT Instruction No. F.No. 173/193/2019-ITA-I dated 23.04.2019**. The relevant paras of ITAT's order are re-produced below for an immediate reference:

"7. Strong reliance was placed on the instruction of **CBDT F.No. 173/193/2019-ITA-I dated 23.04.2019** wherein the CBDT has clarified with regard to the time allowed for filing of the return of income subsequent to the insertion of clause (ba) in sub section 1 of section 12A of the IT Act which includes the IT return filed within the time allowed u/s. 139 of the Act. The contention of the assessee were dismissed by the CIT(A) who was of the firm belief that return has been filed beyond due date as mandated in section 139(1) of the Act. The CIT(A) also dismissed the claim of the assessee that it is squarely covered by the CBDT instruction (supra) and the CIT(A) accordingly dismissed the appeal of the assessee.

8. Before me the Counsel reiterated what has been stated before the lower authorities and once again relied upon the CBDT circular (supra). The DR strongly supported the findings of the CIT(A).

9. I have given a thoughtful consideration to the orders of the authorities below. The undisputed facts are that the assessee filed its return of income on 23.02.2021. It is also not in dispute that the due date for this assessment year has been extended till 15.02.2021. This means that there was a delay of 7 days but considering the pandemic period and the decision of the Hon'ble Supreme Court by which the Hon'ble Supreme Court has extended the period of limitation across board, I am of the opinion that the delay of 7 days deserves to be condoned. In any case the return was filed before 31.03.2021 which is the last date for filing a belated return of income. It would be pertinent to refer to the above CBDT Circular which is as under :-



Dated 23 April, 2019

To

The Pr. DGIT (Systems), New Delhi

Subject: Clarification with regard to the time allowed for filing of return of income subsequent to the insertion of Clause (ba) in sub-Section 1 of section 12A of the income-tax Act, 1961.

Sir,

Undersigned is directed to refer to the representation (s) received on above mentioned subject stating that while processing of ITR-7 for the

A.Y. 2018-19, in respect of the belated returns filed u/s 139(4) of the Income Tax Act, 1961 (Act), the following is being communicated u/s 143(1)(a) of the Act:-

"As per section 12A(1)(ba) of the Income-tax Act, 1961 the person in Receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under that section. Otherwise, the exemption u/s 11 i.e. sr. no. 4(i) and 4 viii in schedule Part BTI is not allowed".

Based on this, exemption u/s 11 of the Act has been denied to otherwise eligible trust, thereby creating huge demand.

2. In the matter, the memorandum explaining the relevant provisions of the Finance Bill, 2017 reads as under:

"as per the existing provisions of said section, the entities registered Under section 12 AA are required to file return of income under sub- Section (4A) of section 139, if the total income without giving effect to the provisions of sections 11 and 12 exceeds the maximum amount which is not chargeable to income-tax. However, there is no clarity as to whether the said return of income is to be filed within time allowed u/s 139 of the Act or otherwise. In order to provide clarity in this regard, it is proposed to further amend section 12A so as to provide for further condition that the person in receipt of the income chargeable to income- Tax shall furnish the return of income within the time allowed under section 139 of the Act.

These amendments are clarificatory in nature.

These amendments will take effect from 1st April, 2018 and will, Accordingly, apply in relation to assessment year 2018-19 and Subsequent years."

3. Additionally, an excerpt of circular 02/2018 dated 15.02.2018 "Explanatory Notes to the Provisions of the Finance Act, 2017" on insertion of clause (ba) in Sub section (1) of section 12A is quoted as under:

Arjun Mulbathur

"the entities registered under section 12AA are required to file return of income under sub-section (4A) of section 139 of the Income-tax Act, if the total income without giving effect to the provisions of sections 11 and 12 exceeds the maximum amount which is not chargeable to Income-tax. Amendment to section 12A of the Income-tax has been made so as to provide for additional condition that the person in receipt of the income chargeable to income-tax shall furnish the return of income Within the time allowed under section 139 of the Income – tax Act."

10. In my considered opinion the language of the aforementioned Circular is very clear and unambiguous in so far as the return of income filed u/s. 139 of the Act is concerned. Section 139 has several sub sections (1), (2), (3), (4), (4a), (5). I am of the considered view that if the return is filed within the specified time limit of sub-section of 139 would be eligible for the benefit given by the above mentioned CBDT circular and should avail the benefit of exemption u/s. 11 of the Act. In my considered opinion the CIT(A) erred in misinterpreting the aforementioned circular and, therefore, to that extent the order of the CIT(A) is erroneous and deserves to be set aside the grievance of the assessee is allowed."

Therefore, Ld. AR prayed to give the benefit of ITAT Delhi's decision to assessee and remand this matter back to the file of AO for giving exemption u/s 11/12.

12. Ld. DR for revenue fairly agreed to the submission and prayer of Ld. AR.

13. We have considered submissions of both sides. The admitted facts are such that the assessee filed a belated return on 31.03.2018 u/s 139(4) which was beyond due date of 07.11.2017 u/s 139(1) and non-filing of return upto due date u/s 139(1) is the reason due to which the AO denied exemption u/s 11/12 to assessee. We agree to submission of Ld. AR that the **CBDT's Instruction dated 23.04.2019 (supra)** clearly directs the sub-ordinate authorities to allow exemption if the return has been filed within the time-limit of section 139 and to rectify assessment even if a demand has been raised. We also agree that in **Conference of Religious India (supra)**, the ITAT, Delhi Bench has, taking into account the CBDT's Instruction, allowed benefit of exemption u/s 11/12 to assessee in the situation where the return was filed belatedly u/s 139(4) on 23.02.2021 after expiry of due date of 15.02.2021 u/s 139(1). Therefore, respectfully applying the view taken by ITAT, Delhi, we too hold that the assessee is entitled to exemption u/s 11/12. However, the claim of exemption u/s 11 / 12 involves a different type of working based on application and accumulation of income. Therefore, we feel that it would be more appropriate to remand these matters back to the file of AO who shall give an opportunity to the assessee to provide the necessary information for computation of exemption u/s 11 / 12. Based on such information, the Ld. AO

shall allow exemption as admissible u/s 11 / 12 to assessee. Thus, these appeals are also allowed for statistical purpose.

14. Since we have remanded all these matters to AO, there is no necessity to adjudicate other grounds/issues. In fact, the learned Representatives have also not made any submission qua other grounds/issues."

4. Ld. AR *thereafter* addressed the issue of delayed filing of Audit Report [Form No. 10B]. He submitted that the assessee filed Audit Report to Income-tax Portal on 31.03.2021 before passing of intimation by AO u/s 143(1) dated 30.11.2021. He submitted that the assessee is engaged in charitable activities and the registration granted to it by tax authorities u/s 12A was in force. That the delay in filing audit report is a procedural lapse and there is no other reason except this procedural lapse to deny the benefit of section 11/12 to assessee. He submitted that the assessee should not be denied the legitimate exemption of section 11/12 when the assessee is genuinely doing charitable activities for the welfare of public and satisfying all conditions prescribed in income-tax law for being entitled to exemption. Ld. AR submitted that if the audit report in Form No. 10B filed by assessee belatedly on 31.03.2021 is accepted, the assessee would be entitled to the benefit of exemption. Ld. AR submitted that in following decisions, the Hon'ble High Courts and ITAT Benches have held that the requirement of filing audit-report in time is one of the conditions for claiming benefit of exemption u/s 11/12 but it is a procedural-cum-directory requirement and even if the report is subsequently filed to AO, the exemption u/s 11/12 can't be denied:

- (a) ITAT, Indore - Indore Contract Bridge Association Vs. CPC, Bangalore in ITA No. 403/Ind/2022 order dated 18.04.2023
- (b) ITAT, Indore - Navratna Sukrat Foundation Vs. CPC, Bangalore, ITA No. 390/Ind/2022 dated 21.04.2023
- (c) ITAT, Indore - DCIT Vs. Shri Vaishnav Polytechnic College, Indore ITA No. 469/Ind/2018 order dated 06.11.2020
- (d) ITAT, Jodhpur - ITO, Exemption Ward Vs. Society for Education Conscientisation Awareness & Training, ITA No. 461/Jodh/2018 dated 06.05.2019
- (e) ITAT, Ahmedabad - Puravanchal Lokhit Mandal Vs. ITO, Exemption Ward, Vadodara, ITA No. 966/Ahd/2019, dated 30.11.2022
- (f) ITAT, Ahmedabad - Hari Gyan Pracharak Trust Vs. DCIT, CPC, Bangalore in ITA No. 245/Ahd/2021 order dated 16.06.2023
- (g) Hon'ble Gujrat High Court - Sarvodaya Charitable Trust Vs. ITO, Exemption (2021) 125 taxmann.com 75 (Gujrat)
- (h) Hon'ble Gujrat High Court - Indian Panel Board Manufacturer Vs. DCIT Tax Appeal No. 655 of 2022 dated 21.03.2023.

4.1 The relevant paras of ***Indore Contract Bridge Association Vs. CPC, Bangalore in ITA No. 403/Ind/2022 order dated 18.04.2023***, are reproduced below:

"8. The exact controversy involved in these grounds is whether or not the assessee was entitled for exemption u/s 11/12 as claimed in the return of income, when the audit-report (Form No. 10B) was filed belatedly after processing of return u/s 143(1)?

9. Apropos to this issue, the precise facts are: The assessee is a charitable society registered u/s 12A of the Income-tax Act, 1961 and entitled for

exemption u/s 11/12; accordingly it claimed exemption u/s 11/12 in the return of income. But when the AO processed return u/s 143(1) vide intimation dated 09.03.2019, he did not allow exemption u/s 11/12 for the reason that the audit report (Form No. 10B) was not filed by assessee with return of income. **Subsequently after processing of return, the Form No. 10B was e-filed/uploaded on 03.04.2019 / 04.05.2019 before filing of first-appeal.**

10. Ld. AR submitted that the assessee was engaged in charitable activities; that the registration granted to it by tax authorities u/s 12A was in force; that the assessee had been granted benefit of section 11/12 in preceding assessment-years as well as subsequent assessment-years. He further submitted that the assessee filed return of income on 03.08.2017 and prior to such filing, the accounts of assessee were duly audited on 08.06.2017, a copy of the audited-accounts is placed in the Paper-Book. However, the auditors of assessee failed to upload the audit-report alongwith the return of income. But, post-processing of return u/s 143(1) and before filing of first-appeal, the assessee arranged to get the audit-report e-filed/uploaded on 03.04.2019 / 04.05.2019. Ld. AR submitted that the CIT(A) has, without appreciating these facts, dismissed the appeal of assessee merely on a technical defect that the audit-report was not filed alongwith the return of income. Ld. AR submitted that except such technical defect, there is no other reason to deny the benefit of section 11/12 to assessee. Ld. AR submitted that the e-filing/uploading of audit-report is done by auditors and not by assessee; therefore the defect is not per se attributable to assessee. Ld. AR submitted that in any case, the defect is due to an inadvertent human error and the assessee should not be denied the legitimate exemption, when the assessee is genuinely doing charitable activities for the welfare of public and satisfying all conditions prescribed in income-tax law for being entitled to exemption. Ld. AR submitted that if the audit-report obtained by assessee on 08.06.2017 but filed on 03.04.2019 / 04.05.2019 is accepted, the assessee would be entitled to the benefit of exemption. Ld. AR placed a heavy reliance on the latest decision of **ITAT in Savitri Foundation Vs. ITO, ITA No. 1925/Mum/2021 (AY 2018-19) order dated 01.08.2022** wherein the AO made processing of return u/s 143(1) denying exemption u/s 11 to assessee for the very same reason of non-uploading of audit report before filing of return but subsequently the assessee uploaded audit-report during the course of first-appeal; when the matter reached ITAT, the Mumbai Bench has allowed exemption to assessee. Ld. AR submitted that the decision taken by ITAT is directly applicable to assessee. Ld. AR also submitted that the decision of **Hon'ble Supreme Court in Wipro Ltd. 446 ITR 1** relied upon by Ld. CIT(A) is quite distinguishable for the reasons that (i) the said decision involved deduction u/s section 10B whereas the present-appeal is concerned with exemption u/s 11/12; and (ii) the said decision involved interpretation of sub-section (8) of section 10B which is a negative provision i.e. it provides that if the assessee did not want to apply section 10B, then the assessee had to file a declaration but this is not a case in section 11/12.

11. Per contra, Ld. DR vehemently defended the orders of lower-authorities and submitted that furnishing of audit-report alongwith return of income is a

pre-condition for allowability of exemption u/s 11. Since the assessee has not fulfilled such condition, the lower-authorities have rightly denied the assessee's claim of exemption u/s 11 and there is no infirmity in the action of lower-authorities.

12. We have heard rival contentions of both sides and examined the present controversy in the light of judicial decisions. At first, we are convinced that the controversy is directly settled in favour of assessee by decision in **Savitri Foundation (supra)** where the Hon'ble Mumbai ITAT, following the decision of **Hon'ble Mumbai High Court in CIT vs. Mumbai Metropolitan Regional Iron & Steel Market Committee 378 ITR 103** has observed and held thus:

"4. Submissions made by rival sides heard, orders of authorities below examined and the case law on which the Id. Authorized Representative of the assessee placed reliance considered. The assessee is a charitable trust registered under section 12AA of the Act and has been purportedly enjoying the benefits of section 11 since 2011. In the impugned assessment year, the benefit of exemption under section 11 of the Act has been denied to the assessee for the reason that assessee has failed to furnish audit report along with return of income. The contention of the Id. Authorized Representative of the assessee is that the audit report was available with the assessee at the time of filing of return of income however due to inadvertent error the assessee failed to upload Audit Report in Form 10B along with e-filing of return of income. Non-filing of Audit Report is a bonafide error. The assessee has placed on record Audit Report dated 19/10/2018 in the prescribed Form 10B at page 15 of the Paper Book. **The assessee after receiving the intimation under section 143(1) of the Act uploaded the Audit Report on 18/04/2020 in First Appellate proceedings.**

5. In my considered view non-filing of Audit Report in Form 10B along with Return of Income is merely a procedural defect which is rectifiable. If the Audit Report was available with the assessee at the time of filing of Return of Income and was not filed due to bonafide reasons the benefit of exemption under section 11 cannot be denied if otherwise assessee is eligible to claim the same.

6. The Hon'ble Bombay High Court in the case of **CIT vs. Mumbai Metropolitan Regional Iron & Steel Market Committee (supra)** has held that late filing of required documents would not disentitle the assessee from availing benefit of section 11 of the Act. Thus, in the facts of the case and in the light of decision of Hon'ble Bombay High Court, I deem it appropriate to restore the file back to Assessing Officer for de novo assessment after considering the audit report filed by the assessee, in accordance with law.

7. In the result, impugned order is set aside and appeal by assessee is allowed for statistical purposes."

13. We also gainfully refer another recent decision of **ITAT, Ahmedabad Bench** in the case of **M/s Shardaben Education Trust, Gandhinagar Vs. ITO, Ahmedabad, ITA No. 2312/Ahd/2018, order dated 16.11.2022** where a similar controversy has been decided in favour of assessee, after following the decisions of **Hon'ble Gujrat High Court in CIT vs. Gujarat Oil & Allied Industries reported in 201 ITR 325** and **CIT vs. Mayur Foundation reported in 274 ITR 562**. The relevant paragraphs of the order of ITAT are as under:

"12. We have heard the rival contentions of both the parties and perused the materials available on record. As per the provisions of section 12A(1)(b) of the Act, it is necessary for the assessee in order to claim exemption under section 11 of the Act to get the accounts audited as well as obtain the audit report in the prescribed form from the qualified chartered accountant which is to be filed along with the return of income. **Admittedly, in the case on hand the assessee has not filed form 10B being the audit report along with the return of income and the same was also not filed till the completion of the assessment order as well as appellate order by the learned CIT-A. As such the order of the learned CIT(A) was passed dated 30th November 2017 whereas the Form 10B of the audit report was filed/uploaded dated 25th December 2017 which evidences that the audit report in Form 10B was filed subsequent to the appellate order by the learned CIT-A.** At this juncture it is also pertinent to note that the audit report in the prescribed form was prepared and signed by the qualified chartered accountant dated 5th September 2014 much before the date of filing the return of income by the assessee. Thus, it appears that report for the audit in the prescribed form was prepared well in time but it was filed belatedly.

12.1 Now the controversy arises whether the assessee can claim the benefit of exemption under section 11 of the Act in a situation where the audit report in the prescribed form was not filed along with return of income. In this context we note that act of the assessee to file the audit report duly signed by the qualified chartered accountant is a procedural requirement and the courts have held that the assessee cannot be denied the benefit for which it is entitled in the event of any procedural contravention specified under the provisions of the Act. In holding so we draw support and guidance from the judgment of Hon'ble Gujarat High Court in case of **CIT vs. Gujarat Oil & Allied Industries reported in 201 ITR 325**, the relevant extract of the judgment is reproduced as under:

"In our view, the aforesaid reasoning of the Allahabad High Court and the Patna High Court would squarely apply to the facts of the present case. The provision about furnishing of the auditors' report along with the return has to be treated as a procedural provision, directory in nature, and its substantial compliance should suffice, meaning thereby that such report should be made available by the assessee to the Assessing

Officer latest when the question of framing of assessment is taken up by the Income-tax Officer and when he applies his mind to the claim of the assessee and if by that time, the assessee has put his house in order and has furnished the report of the auditor for supporting the return, he can be said to have satisfied the requirement of section 80J(6A) of the Act."

*12.2 In view of the above we hold that the assessee cannot be denied the benefit of exemption for which it is entitled merely on the lapse of procedural requirement i.e. delay in filing the audit report in the prescribed form. In the judgment cited above, it was provided that the audit report was filed by the assessee before the completion of the assessment. In other words, the compliance of the law was made by the assessee when the assessment proceedings was pending before the AO whereas in the case on hand the assessee complied the requirement at the stage of appellate proceeding before tribunal. Thus, a question arises before us whether the principles laid down in the judgment cited above can be applied in the given facts and circumstances. In this context we note that, in the judgment cited above it was observed that procedural requirement for filing the audit report was fulfilled by the assessee before the completion of the assessment. But the facts of the case on hand are different in so far the audit report was filed by the assessee after the completion of the assessment framed under section 143(3) of the Act. In this regard we note that the assessment remains pending if any appeal is pending before the higher forum. In other words, if any appeal is pending either before the Id. CIT-A or before the ITAT which transpires the fact that the assessment is pending. In holding so we draw support and guidance from the judgment of Hon'ble Gujarat High Court in case of **CIT vs. Mayur Foundation reported in 274 ITR 562**, wherein it was held as under:*

"Thus, the proceedings before the Tribunal are meant to correctly assess the tax liability of an assessee: If this be so, it follows that the assessment proceeding cannot be said to be complete and is pending till the appeal is heard and disposed of by the Tribunal and the order of the Tribunal is given effect to by the assessing authority by computing the correct tax liability of an assessee. In other words, whether an assessee is required to pay tax or becomes entitled to a refund, would be ascertained by the assessing authority after giving effect to the order of the Tribunal."

*12.3 Admittedly, the appeal was pending before the ITAT at the time when the audit report in form 10B was filed which transpires that the assessment has not reached to the finality and therefore principle laid down by the Hon'ble High Court of Gujarat in the case of **CIT vs. Gujarat Oil & Allied Industries (Supra)**, that the requirement for filing the audit report is a procedural requirement, can be applied in the given facts and circumstances. Therefore, the benefit for which the assessee is entitled cannot be denied."*

14. Respectfully following these decisions, we are of the view that in the present case, the assessee can't be denied the benefit of exemption u/s 11 as claimed in the return of income for mere delay in filing of audit-report. We, therefore, deem it fit to remand this matter back to the file of AO for a fresh assessment after considering the audit-report filed by assessee, in accordance with law. These grounds are accordingly allowed."

5. Accordingly, Ld. AR submitted that both of the issues/objections raised by lower-authorities are not sustainable. Hence, he requested to allow present appeal of assessee.

6. Ld. DR for revenue dutifully relied upon orders of lower authorities but, however, could not oppose the submissions of Ld. AR.

7. We have heard rival contentions of both sides and examined the controversies involved in present case in the light of judicial decisions cited before us. We find that the twin-objections raised by lower-authorities for denying the benefit of exemption u/s 11/12 to assessee i.e. claiming exemption in the belated return filed u/s 139(4) and the delayed filing of audit report in Form No. 10B, stand resolved in favour of assessee in judicial decisions discussed above. Therefore, respectfully following the same, we too hold that the assessee cannot be denied exemption u/s 11/12 as claimed. However, the claim of exemption u/s 11/12 involves a different type of working based on application and accumulation of income. Therefore, we restore this issue to the file of the AO for the limited purpose of recomputing the income and allowing exemption in accordance with law, after accepting the return of income and audit report in Form No. 10B filed by the assessee on 31.03.2021. The assessee succeeds accordingly.

8. Resultantly, this appeal is allowed for statistical purposes.

Order pronounced in open court on 19/02/2026

Sd/-

(PARESH M. JOSHI)
JUDICIAL MEMBER

Sd/-

(B.M. BIYANI)
ACCOUNTANT MEMBER

Indore

दिनांक /Dated : 19/02/2026

Patel/Sr. PS

Copies to: (1) The appellant
(2) The respondent
(3) CIT
(4) CIT(A)
(5) Departmental Representative
(6) Guard File

By order
Sr. Private Secretary
Income Tax Appellate Tribunal
Indore Bench, Indore