

Communiqué

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Where the assessee trust applied for registration u/s 12AB and approval u/s 80G with objects of providing medical relief by establishing a hospital, and such objects were not disputed and were charitable in nature, non-commencement of activities at application stage could not justify rejection of registration and, consequently, approval u/s 80G was granted.

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High Court Rulings

Where notices u/s 148 and 148A were issued on or after 01-04-21 for AY 2015-16, such notices were barred by limitation under amended regime read with TOLA and thus all consequential proceedings including reassessment order were to be quashed.

Facts

The Income Tax Department initiated reassessment proceedings against the assessee by invoking provisions of section 148 as operative prior to 01-04-21 and thereafter issued subsequent notices u/s 148A(b) under the amended regime effective from 01-04-21. Subsequently, reassessment order u/s 147 read with sections 250 and 144B was passed on 25-03-26. Against the said order, the assessee had filed a writ petition before this High Court.

Ruling

HC placed reliance on the decision of the Apex Court in case of Rajeev Bansal [UOI v. Rajeev Bansal [2024] 167 taxmann.com70] as well as by various decisions of this Court and subsequently quashed all the notices, subject matter of challenge in the captioned writ petition and all consequential proceedings including the reassessment order passed. Hence, the writ petition was allowed in terms of the decision of the Apex Court.

Source : High Court, Gujarat in Dimpal Hemang Desai vs ITO vide [2026] 186 taxmann.com 166 (Gujarat) on April 29, 2026





ITAT Rulings

Where the assessee trust applied for registration u/s 12AB and approval u/s 80G with objects of providing medical relief by establishing a hospital, and such objects were not disputed and were charitable in nature, non-commencement of activities at application stage could not justify rejection of registration and, consequently, approval u/s 80G was granted.

Facts

The appellant assessee trusts have challenged common issues on identical facts regarding rejection of their application for registration u/s 12AB and approval u/s 80G on the ground of non-genuineness of activities and, therefore, all these four appeals are adjudicated by this common order.



Ruling

ITAT placed reliance on the Hon'ble Supreme Court in Ananda Social and Educational Trust and Hon'ble Rajasthan High Court ruling in the case of Vijay Vargiya Vani Charitable Trust and held that the appellants' objects of providing medical relief by way of establishment of a hospital is not disputed by the Department and hence the appellant societies' objects fall within the definition of charitable purpose u/s 2(15). Further, the hospital is under construction and the activities proposed to be commenced are in line with the stated objectives. ITAT therefore holds that non-commencement of operation of hospital (activities) cannot be ground for refusal of registration u/s 12 AB. Therefore, the CIT(E) was directed to grant registration to the appellant trust u/s 12AB(1)(b) and consequential approval u/s 80G to the appellant society.

Source : ITAT, Jodhpur in AS Ascent Welfare Society vs CIT Exemption vide [2026] 185 taxmann.com 409 (Jodhpur-Trib.) on April 07, 2026

Compensation (ex-gratia under BSNL VRS-2019) being retrenchment compensation to be treated as capital receipt fully exempt from tax and should not be restricted to section 10(10C) limit.

Facts

The assessee was employed with BSNL which is under administrative control of Department of Telecommunications, Govt. of India. To revive BSNL, the Union Cabinet in its meeting dated 23-10-19 approved the revival plan of BSNL and Mahanagar Telephone Nigam Limited, Mumbai vide Office Memorandum dated 29-10-19 issued by Department of Telecom. As part of the revival package the Government decided to reduce the work force through BSNL VRS, 2019 to the employees of aged 50 years and above and on such retirement Ex-gratia compensation has been paid. The amount received by the instant employee is stated to have been offered to tax after claiming exemption u/s. 10(10C) of Rs. 5 lakh and have paid the due taxes on the remaining amount of compensation. On appeal before the CIT(A), it was dismissed on account of delay for 1394 days in filing of the appeals and the Ld. CIT(A) has not entertained the new claim made for the first time holding that the same should have been made in the revised return of income. Admittedly, in this appeal the claim that the entire amount of compensation received from BSNL being Capital receipt is not liable to tax as per the provisions of section 10(10B) was not accepted. Aggrieved with the finding of Ld. CIT(A), the assessee is in appeal before the ITAT.

Ruling

ITAT finds that the assessee had placed on record an explanation for the delay and the issue involved relates to a substantive claim of exemption, which has been consistently adjudicated in favour of similarly placed assessee's by various Coordinate Benches of the Tribunal. ITAT followed the decisions of the Coordinate Benches, including the ITAT-Pune Bench in Rajendra Himmatrao Patil, Shradha Pralhad Arote, Meghmala Sudhir Pathak, and the ITAT-Ahmedabad Bench in Jayesh Kumar Tulsidas Sutaria, and stated that the delay in filing the appeal before the Ld. CIT(A) deserves to be condoned in the interest of substantial justice, particularly when the issue is covered in favour of the assessee and the delay is attributable to bona fide reasons, including reliance on professional advice.

ITAT further stated that the Ld. CIT(A) was not justified in dismissing the appeal solely on the ground of limitation without appreciating the merits of the claim and the settled legal position. On merits, following the consistent view taken by the Coordinate Benches, ITAT hold that the compensation received by the assessee under the BSNL VRS, 2019 is in the nature of retrenchment compensation and is squarely covered under the provisions of section 10(10B). Accordingly, the same is to be treated as a capital receipt exempt from tax, and not merely eligible for limited exemption u/s 10(10B). In view of the above, the impugned order passed by the Ld. CIT(A) was set aside and the delay in filing the appeal was condoned and the assessee's

claim was admitted. Further, the Ld. Jurisdictional AO was directed to allow the exemption u/s 10(10B) in respect of the compensation received under the BSNL VRS-2019 Scheme, subject to verification of necessary details. The assessee was also directed to file a revised computation of income before the Ld. JAO. Accordingly, the grounds raised by the assessee were allowed.

Source : ITAT, Mumbai Bench in Bajirao Shankar Jagdale vs ITO vide [2026] 185 taxmann.com 451 (Mumbai- Trib.) on April 10, 2026.

Voluntary contributions received from devotees claimed as corpus donations, credited same to Corpus Fund Account and used entire amount for construction of a community hall, constituted capital receipts not chargeable to tax even in absence of registration u/s 12AA.

Facts

The assessee is registered with Charity Commissioner under the provisions of Bombay Trust Act. Registration under section 12A/12AA of the Act was allowed on 30-05-19, which is effective from AY 2019-20. The assessee has filed return of income for the AY 2016-17 on 21-08-17 declaring net taxable income at INR 1.24 cr. And claimed deduction u/s 11(1)(d) of INR 88.20 lacs in respect of voluntary contributions on account of corpus donation which was disallowed by the CPC while processing return. The assessee filed application for rectification u/s 154 which was rejected by holding that there is no mistake in the order. Aggrieved by the order of CPC, the assessee filed an appeal before Id. CIT(A) who confirmed the action of CPC by taking view that the assessee was not having registration u/s 12AA for the AY under consideration, which is the condition precedent for availing benefit u/s 11. Further aggrieved by the order the assessee is in appeal before Tribunal.

Ruling

ITAT stated that the terms 'corpus fund' and 'corpus donation' are generally used with respect to a trust. A corpus fund denotes a permanent fund kept for the basic expenditure needed for the administration and survival of the trust. The corpus fund is generally not allowed to be utilized for the object of trust. Such funds can also be used for creation of capital assets or property of trust from which income can be generated. Corpus funds are generally created from corpus donation. A donation will be treated as corpus donation only if it is accompanied by a specific written direction of the donor. In the present case, funds were collected from devotees by keeping a box in the temple premises, therefore there is no question of written direction of the donors. The assessee trust has utilized the entire amount of donations to build and community hall and for the development, maintenance fund was collected from devotees by keeping a box in the temple premises.

ITAT placed reliance on the coordinate benches of Tribunal and held that corpus donation is capital receipt being capital in nature and are not taxable despite the facts that trust is not registered u/s 12A/12AA. ITAT placed reliance on the view taken by Hon'ble Madras High Court in Pentafour Software Employees' and Delhi High Court while dismissing the appeal of Revenue in ITO v. Smt. Basanti Devi & Shri Chakhan Lal Garg Education Trust [IT Appeal No. 927 of 2009, dated 23-9-2009]. Further, reliance was also placed on the findings of the Mumbai Tribunal in

Chandra Prabhu Jain Swetamber Mandir as well. Thus, in view of the factual and legal position, ITAT accepted the alternative plea of Id. AR of the assessee that corpus donation received by assessee to the extent of INR 88.20 lacs for construction of community hall for devotee is capital receipt and is not taxable even though the assessee was not having registration u/s 12AA. Hence, entire disallowance was deleted and grounds of appeal by the assessee were allowed.

Source : ITAT, Nagpur Bench in Shree Sant Bhojaji Maharaj Deosthan vs ITO (Exemptions) vide [2026] 185 taxmann.com 865 (Nagpur- Trib.) on April 20, 2026



Where the AO had issued second notice u/s 148 on 24-07-22 under amended reassessment regime, but surviving limitation period available post COVID-19 relaxations expired on 01-07-22 as per Supreme Court ruling in Union of India v. Rajeev Bansal [2024] 167 taxmann.com 70, such notice and consequential reassessment order were void ab initio and bad in law as being barred by limitation.

Facts

The assessee filed its return of income for the AY 2013-14 on 17-08-13 declaring total income at INR 2.90 cr. The assessment order u/s 143(3) was passed after determining total income at INR 2.91 cr. The case was reopened on the ground that the assessee had declared closing stock of finished goods of cut and polished diamonds from rough diamonds at lesser value than its cost of production. Thereafter, notice u/s 148 was issued. After following the due procedure and receiving the approval of the specified authority, the AO issued notice u/s 148. After considering the reply, the AO added INR 8.31 cr to the income assessed u/s 143(3) and determined the total income at INR 11.21 cr. Aggrieved by the order of AO, the assessee filed appeal before the CIT(A) observed that the AO was not satisfied himself that there was failure to disclose true and full income by the assessee and held that the AO did not validly assumed jurisdiction u/s 147. Accordingly, he allowed the appeal of the assessee. Aggrieved by the order of CIT(A), the revenue has filed the present appeal before the Tribunal.

Ruling

The Id. ITAT placed reliance on the decision of the Hon'ble Supreme Court in Rajeev Bansal and held that the revenue had 24 days to issue notice u/s 148 under the new regime. However, in the present case, the notice u/s 148 was issued after the balance time period as per the decision of the Hon'ble Supreme Court. Since the Ld. DR of revenue has not been able to controvert the details given therefore, ITAT is of the considered view that the notice issued u/s 148 is barred by limitation and is void-ab-initio and bad in law. Consequentially, the assessment order passed u/s 147 r.w.s 144B was also treated as invalid and bad in law. Hence, the ground raised by the appellant in the cross objection was allowed.

Source : ITAT, Mumbai Bench in Act-19(3) vs Sahjanand Diamonds vide [2026] 186 taxmann.com 137 (Mumbai-Trib.) on April 29, 2026.



Let's Connect

+91.135.2743283, +91.135.2747084

3rd Floor, MJ Tower, 55, Rajpur Road, Dehradun - 248001

E: info@vkalra.com | W: vkalra.com

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our team at kmt@vkalra.com**

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