theTAXtalk

IN THE INCOME TAX APPELLATE TRIBUNAL
NAGPUR BENCH :: NAGPUR

BEFORE SHRI ANUBHAV SHARMA, JUDICIAL MEMBER &
SHRI KHETTRA MOHAN ROY, ACCOUNTANT MEMBER

ITA No. 745/NAG/2025
(Assessment Year : N.A.)

Subodh Sikshan Sanstha Adyal, At– Adyal Post– Adyal, Tah–pauni. Bhandara, Maharashtra– 441903 PAN : AAGAS7470R	vs.	CIT(Exemption), Room No. 322, 3rd Floor, Income Tax Office, Pune, Maharashtra– 411037
Assessee		Revenue

Assessee by	:	Shri Naresh Jakhotia, CA
Revenue by	:	Shri Pankaj Kumar, CIT DR
Date of hearing	:	16.06.2026
Date of pronouncement	:	18.06.2026

O R D E R

PER ANUBHAV SHARMA, JM:

This appeal filed by the assessee is directed against the order of Ld. Commissioner of Income Tax (Exemption) (for short, "**CIT(E)**"), dated 30/09/2025 whereby application for regular approval under Section 12A(1)(ac)(ii) of the Act has been rejected.

2. At the outset, we observe that there is a delay of one day in filing the appeal and considering the same that the delay is not of substantial period, the delay is condoned.

3. On hearing both the sides, we find that the impugned order has been passed by Ld. Prescribed Authority observing that there was error in mentioning the provision of law under which the application was filed seeking registration under Section 12A(1)(ac) of the Act and further there was a delay in filing the application.

4. We are of the considered view that quasi–judicial authorities are supposed to decide the issues on merits and merely reference to a wrong provision in an application seeking relief under statute cannot be basis to dismiss an application.

5. We are of considered view that the provisions requiring filing of applications seeking provisional or permanent registration under Section 12AB or approval u/s 80G of the Act are procedural part of the Act and unless there is statutory bar that the mistake cannot be rectified, the delay

cannot be condoned, any mistake or delay in filing of the application or any other irregularity which can arise out of ordinary course of business, should be considered to be technical non–compliance and as quasi–judicial authorities, Ld. Prescribed Authorities should exercise discretion calling upon applicant to correct the mistakes or to explain the reasons for delay. Such provisions require liberal interpretation being technical in nature and reliance in this regard can be placed on the decision of Mumbai Benches in following cases;–

- Rashtra Tej Manch v. CIT(E), Mumbai in ITA No. 6957/Mum/2025 dated 11/03/2026
- Mohanji Bharat Welfare Foundation v. CIT(E), Mumbai in ITA No. 2617/MUM/2025 dated 14/10/2025
- Anybody Can Help Foundation vs. ITO (Exemption) in ITA No. 7245/MUM/2025 dated 06/01/2026

6. In fact the law as now stands after Finance (No.2) Bill, 2024, powers have been given to Ld. Prescribed Authority to condone the delay in filing applications under Sections 12AB

and treat such applications as timely filed, provided there is a reasonable cause for the delay.

7. In this context, we also rely decision of Hon'ble Supreme Court in Commissioner of Customs (Import) Mumbai vs. M/s. Dilip Kumar & Co. AIR 2018 SC 3606 wherein doctrine of substantial compliance has been recognized by Hon'ble Supreme Court and we are of considered view that in situations like the present, the assessee deserves to be given the benefit of the principle as laid down. As for convenient reference, the relevant part of the said decision is reproduced below ;–

> "32. The doctrine of substantial compliance is a judicial invention, equitable in nature, designed to avoid hardship in cases where a party does all that can reasonably be expected of it, but failed or faulted in some minor or inconsequent aspects which cannot be described as the "essence" or the "substance" of the requirements. Like the concept of "reasonableness", the acceptance or otherwise of a plea of "substantial compliance" depends upon the facts and circumstances of each case and the purpose and object to be achieved and the context of the prerequisites which are essential to achieve the object and purpose of the rule or the regulation. Such a defence cannot be pleased if a clear statutory prerequisite which effectuates the object and the purpose of the statute has not been met. Certainly, it means that the Court should determine whether the statute has been followed sufficiently so as to carry out the intent for which the statute was enacted and not a

> mirror image type of strict compliance. Substantial compliance means "actual compliance in respect to the substance essential to every reasonable objective of the statute" and the Court should determine whether the statute has been followed sufficiently so as to carry out the intent of the statute and accomplish the reasonable objectives for which it was passed".

8. We find that the principle of substantial compliance of procedural provisions has been recognized by Hon'ble Gujarat High Court in case of CIT vs. Gujarat Oil & Allied Industries reported in 201 ITR 325 and 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."

9. Though Ld. DR submits that the assessee can file application afresh, however, we are of the considered view

that when Principles of Natural Justice are not followed and the rejection of an application is merely for technical reasons, assessee should be given opportunity to rectify the mistake instead to leave for a remedy of filing an application afresh and seeking condonation thereby.

10. In the light of aforesaid, appeal is allowed and the issues on merits are restored to the files of Ld. Prescribed Authority for giving an opportunity to the assessee to file rectified application and thereafter decide the application on merits.

11. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in open Court on 18.06.2026

Sd/–	Sd/–
KHETTRA MOHAN ROY	ANUBHAV SHARMA
ACCOUNTANT MEMBER	JUDICIAL MEMBER

Nagpur: Dated: 18/06/2026

Z.U, P.S

Copy to:

1. The Assessee
2. The Revenue
3. The Pr.CIT concerned.
4. The DR, ITAT, Nagpur
5. Guard file.

By order

Sr.PS/PS
ITAT, Nagpur