

HC: WHEN DETERMINING ON A CONDONATION CLAIM, CBDT DISREGARDED ESTABLISHED LAW AND FACT; ALLOWED LOSS CARRYOVER

Sep 25, 2023

Chintan Navnitlal Parikh (HUF) [TS-555-HC-2023(GUJ)]

Facts of the case

The case involved the issue that the Assessee was seeking condonation of a 152-day delay in filing the income tax return for the assessment year 2014-15 to carry forward capital losses amounting to Rs. 1.39 crore. The delay was attributed to genuine reasons, including the health issues of the handling accountant, computer system problems, and key personnel nearing retirement.

Assessee's contention

The assessee, a public charitable trust, contended that the delay in filing the return was due to genuine and uncontrollable reasons, including the senior accountant's health issues, computer system problems, and the imminent retirement of key personnel. They argued that these genuine reasons warranted the condonation of the delay.

Revenue's contention

The Revenue argued that there was no evidence to suggest genuine hardship and contended that the delay could have been avoided. They dismissed the reasons provided by the assessee, stating that these were within the control of the assessee.

Held:

In this matter quashed the CBDT's order and allowed the application filed under Section 119(2)(b) to condone the 152-day delay in filing the income tax return. The court emphasized the need for a judicious and equitable approach, stating that delay claims should not be rejected solely based on the delay itself. It underscored that CBDT possesses wide powers to condone delays and emphasized the importance of rendering substantial justice, particularly in cases involving genuine losses.

AMRG Take

This case, highlights the significance of a balanced and judicious approach in tax matters, especially regarding the condonation of delay for genuine reasons. The court's ruling emphasizes the need to prioritize substantial justice over procedural formalities and encourages authorities to consider genuine claims of delay in a fair and equitable manner. It underscores the importance of exercising the powers to condone delays judiciously to ensure that deserving cases are not denied legitimate benefits due to technicalities. The case reiterates the need for a humane and practical approach in tax matters, aligning with the objective of serving substantial justice.