

The Commissioner of Income-Tax (Exemptions) & Anr. v. M/s. Ananda Social & Education Trust

I.T.A. No. 112/2022 c/w I.T.A. No. 168/2022

ITA No. 112/2022 c/w ITA No. 168/2022 (Kar HC, decided 29.07.2026) | 2026-07-29

Lead judgment (AY 2009-10): Section 153A additions for alleged unaccounted medical college capitation fees on MBBS Management/NRI quota, PG courses, and COMED-K cancellation seats based on uncorroborated loose sheets, visitors' slips, and PA's diary rightly deleted by ITAT.

Income-tax Act, 1961: sections 2(24)(ia), 11, 12, 132, 133(6), 143(3), 153A and 260A

High Court of Karnataka at Bengaluru | 2-judge bench (Division Bench) | S.G. Pandit, J. | Dr. K. Manmadha Rao, J.

Assessment years: 2009-10

Substantial Question of Law No. 3 expressly left open

In paragraph 15 (PDF p. 17), while answering Substantial Questions of Law Nos. 1 and 2 in favour of the assessee, the Division Bench expressly left Substantial Question of Law No. 3 (on section 11/12 exemption forfeiture) open.

01 FACTS OF THE CASE

Following a section 132 search at the premises of M/s. Ananda Social & Education Trust and its erstwhile Chairman Sri P.L. Nanjundaswamy, the AO completed assessment under section 153A r/w section 143(3) on 14.03.2016 for AY 2009-10 at Rs. 12,68,52,154, making additions under three heads: (i) unaccounted fees for MBBS Management/NRI quota seats; (ii) unaccounted fees for unfilled COMED-K seats; and (iii) unaccounted fees for PG courses. The CIT(A) deleted the COMED-K addition, and on cross-appeals the ITAT ('C' Bench, order dated 29.05.2020 in ITA Nos. 2654-2660/Bang/2017 and 2542-2548/Bang/2017) deleted all additions and restored section 11/12 exemption.

Source: [Paragraphs 1-5; PDF pp. 1-8 \(20260729_KAHC010120202021.pdf\)](#)

02 DISCUSSION BY THE HON'BLE COURT

The Division Bench upheld the ITAT's factual findings as free from perversity: (1) seized materials pertained only to AYs 2009-10 and 2014-15, yet the AO extrapolated additions across all AYs on mere presumption; (2) for MBBS Management/NRI seats, the AO relied on unsigned visitors' slips, diary entries and loose sheets reflecting initial negotiations without discussing the results of section 133(6) notices, without examining any student or parent, without any categorical admission of personal appropriation by the erstwhile Chairman, and without making any addition for unaccounted cash; (3) for PG seats, the PA's diary related substantially to AY 2014-15 and no students/parents were examined; and (4) for COMED-K cancellation seats, the assessee produced COMED-K rank cards, student confirmations, and the Consensual Agreement with the Government of Karnataka prohibiting excess fees.

Source: [Paragraphs 9-14; PDF pp. 11-17 \(20260729_KAHC010120202021.pdf\)](#)

03 JUDICIAL DECISION

Holding that re-appreciation of evidence is impermissible under section 260A in the absence of perversity, the High Court answered Substantial Questions of Law Nos. 1 and 2 in both appeals in favour of the assessee and against the Revenue, left Question No. 3 open, and dismissed ITA No. 112/2022 and ITA No. 168/2022.

Source: [Paragraphs 14-15; PDF pp. 16-17 \(20260729_KAHC010120202021.pdf\)](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (M/s. Ananda Social & Education Trust); Questions 1 & 2 answered for assessee, Question 3 left open, and Revenue appeals dismissed.

Source: [Paragraph 15; PDF p. 17 \(20260729_KAHC010120202021.pdf\)](#)

05 AKHB REVIEW POINT

AKHB analysis: In section 153A educational-trust search assessments alleging capitation fees on the basis of visitors' slips, loose sheets or PA diaries, the Revenue cannot sustain additions or extrapolate across assessment years where the AO fails to examine students/parents, omits discussion of section 133(6) enquiry results, and makes no corresponding addition for unaccounted cash.

Source: [Full judgment PDF \(17 pp.\)](#)

SOURCE & VERIFICATION

[Original judgment PDF \(20260729_KAHC010120202021.pdf\)](#)

Reviewed from the complete 17-page official High Court judgment PDF (20260729_KAHC010120202021.pdf, SHA-256: oddad47e0af2121b2768c3d61236bb7ff5foefba520198d170037e4f2foe24b8).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Primary source verified page-by-page (17 physical pages, 113,529 bytes, SHA-256: oddad47e0af2121b2768c3d61236bb7ff5foefba520198d170037e4f2foe24b8). Cloud Google Drive File ID: 1uQiWvcNyXE_OdOo8qmpYFKjwx3u5aAkC (https://drive.google.com/file/d/1uQiWvcNyXE_OdOo8qmpYFKjwx3u5aAkC/view).

STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-18. No subsequent Supreme Court reversal or stay is recorded in the source judgment text.

AI DISCLOSURE

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