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)(iia), 11, 12, 132, 133(6), 142(1), 143(2), 143(3), 153A, 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

01 FACTS OF THE CASE

For AY 2009-10, a search at the trust and related residential premises led to the 14 March 2016 assessment under section 153A read with section 143(3), assessing income of Rs.12,68,52,154. Additions concerned Management/NRI seats, unfilled COMED-K seats and PG courses. CIT(A) granted relief for COMED-K fees. The common ITAT order dated 29 May 2020 allowed the assessee's appeals and dismissed Revenue's appeals; the present High Court appeals concerned ITA 2655/Bang/2017 and 2543/Bang/2017 for AY 2009-10.

Source: PDF pp.3–5, paras 1–3

02 DISCUSSION BY THE HON'BLE COURT

The Court found no perversity in the Tribunal's examination of each category. Material related to AY 2009-10 and 2014-15 did not justify unsupported extrapolation to other years. For MBBS seats, the negotiation explanation was not disproved by student or parent inquiry; the section 133(6) inquiry results were not discussed and the other corroboration identified in the judgment was absent. For PG seats, diary entries relating substantially to 2014-15 did not support estimating all remaining seats or other years. COMED-K rank cards, confirmations and the prescribed-fee agreement supported that category's explanation. The Tribunal had considered the seized material, rather than ignored it.

Source: PDF pp.11–17, paras 9–14

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: PDF p.17, para 15

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: PDF p.17, para 15

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

The evidence had to connect negotiations with receipts: The Court endorsed an analysis that distinguished prospective fee negotiations from money actually received. It highlighted the absence of student or parent verification, discussion of section 133(6) results and a categorical admission supporting appropriation. This is not a rule that diaries or loose sheets are inherently unusable; it explains why these materials, without the missing links, did not establish the alleged receipts. (PDF pp.12–14, para 11)

Year and admission category cannot be replaced by a uniform estimate: The lead judgment separately examined Management/NRI, PG and COMED-K material. The COMED-K rank cards and confirmations supplied a different evidentiary context from the PG diary. For a comparable dispute, a year-wise and category-wise reconciliation is more faithful to the reasoning than applying one presumed fee to every seat or carrying one year's entries into every assessment. (PDF pp.12–16, paras 10–13)

The addition result does not decide the reserved exemption question: Questions 1 and 2 were answered for the assessee because Revenue did not establish perversity in the factual findings. Question 3, which included the section 11/12 exemption challenge, was expressly left open. The dismissal thus cannot be used as a general ruling that capitation fees are exempt or that the trust's exemption entitlement was conclusively decided on every legal ground. (PDF pp.16–17, paras 14–15)

Source: PDF pp.12–14, para11

SOURCE & VERIFICATION

Original judgment PDF (20260729_KAHC010120202021.pdf)

All 17 original pages read and visually reviewed; SHA-256 verified. Source-based analysis, not current-law clearance.

All five panels re-reviewed against the original on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Only provisions expressly stated in this order are indexed. Subsequent treatment and current law have not been independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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