Kendrapara College v. Commissioner of Income Tax (Exemption) and Another

WP(C) No. 4169 of 2026

WP(C) No. 4169 of 2026 (Ori HC, decided 19.02.2026) | 2026-02-19

CPC intimation set aside after premature processing within the promised response period; existing ITR-7 exemption claim and inconsistent zero entry required a fresh opportunity.

Income-tax Act, 1961: sections 10(23C)(iiiab), 143(1) and 264 | Constitution of India: Article 226

High Court of Orissa | 2-judge bench (Division Bench) | Harish Tandon, C.J. | M.S. Raman, J.

Assessment years: 2023-24

Operative order sets aside the CPC intimation

Paragraph 5.3 expressly sets aside the 23 December 2024 intimation and remits to CPC. The Court criticises the revision order but does not separately state that it is set aside. Exemption is not finally allowed.

01 FACTS OF THE CASE

Kendrapara College claimed section 10(23C)(iiiab) exemption for AY 2023–24 in ITR-7 but entered zero in Part-2B(2b). CPC sought clarification by a 29 November 2024 communication allowing thirty days, then issued a section 143(1) intimation on 23 December 2024 refusing the claim. Revision under section 264, filed on 22 January 2025, was rejected by CIT(Exemption), Hyderabad on 27 November 2025.

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02 DISCUSSION BY THE HON'BLE COURT

The Court found that serial A17 of ITR-7 disclosed an exemption claim and the zero in Part-2B(2b) resulted from human error. The revisional authority had proceeded as though no claim existed. CPC's intimation preceded expiry of the thirty-day opportunity and deprived the College of explaining its claim; the Court found a flagrant natural-justice violation that the revisional authority had failed to appreciate.

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03 JUDICIAL DECISION

The Court expressly set aside the intimation dated 23 December 2024 and remitted the matter to CPC, opposite party No.2, to consider the College's explanation afresh with adequate opportunity to substantiate section 10(23C)(iiiab) exemption.

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04 OUTCOME / IN WHOSE FAVOUR

The writ and pending applications were disposed of with the CPC intimation set aside and the claim reopened for consideration. Although the revision order was criticised, the operative paragraph does not separately set it aside or finally grant exemption.

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05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

An inconsistent field was not the absence of a claim — Serial A17 supplied the Court's factual basis for rejecting the premise that no exemption had been claimed. Reading the return as a whole mattered: the zero entry did not erase the existing selection for the purpose of considering the explanation. This does not dispense with proof of the exemption's substantive conditions.

The promised response period supplied the procedural defect — The decisive chronology was CPC's own thirty-day opportunity followed by processing on 23 December 2024. The Court protected the chance to clarify before an adverse intimation; it did not merely excuse a taxpayer's missed deadline. Retaining the clarification communication and processing timestamps is therefore central to applying this reasoning to comparable facts.

Do not enlarge the discussion of Goetze — Goetze appears in the account of the revision rejection, but the Court's reasoning here addresses the existing claim and premature intimation. It does not articulate the broader proposition that all restrictions associated with that precedent are inapplicable to section 264. The relief is a fresh CPC opportunity, not a general declaration about revisional powers.

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SOURCE & VERIFICATION

Original judgment PDF (20260219_ODHC010087692026.pdf)

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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 2026-10-21. Subsequent treatment has 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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