



CNR: KAHC010120212021

NC: 2026:KHC:40061-DB  
ITA No. 108 of 2022  
C/W ITA No. 164 of 2022

**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**

**DATED THIS THE 29<sup>TH</sup> DAY OF JULY, 2026**

**PRESENT**

**THE HON'BLE MR. JUSTICE S.G.PANDIT**

**AND**

**THE HON'BLE DR. JUSTICE K.MANMADHA RAO**

**INCOME TAX APPEAL NO. 108 OF 2022**

**C/W**

**INCOME TAX APPEAL NO. 164 OF 2022**

**BETWEEN:**

1. THE COMMISSIONER OF INCOME-TAX  
EXEMPTIONS  
6<sup>TH</sup> FLOOR, UNITY BUILDING ANNEXE  
MISSION ROAD, BENGALURU - 560 027.
2. THE ASST. COMMISSIONER  
OF INCOME-TAX,  
CENTRAL CIRCLE -1(3)  
PRESENT ADDRESS DCIT,  
CIRCLE-1 EXEMPTION, 6<sup>TH</sup> FLOOR  
UNITY BUILDING ANNEXE  
MISSION ROAD, BENGALURU - 560 027.

...APPELLANTS

(COMMON IN BOTH APPEALS)

(BY SRI. M DILIP AND SIR Y V RAVIRAJ, ADVS.)

**AND:**

M/S. ANAND SOCIAL AND EDUCATION TRUST  
NO.24, KADUGONDANAHALLI  
BENGALURU - 560 045  
PAN AAATA 7392M.

...RESPONDENT

(COMMON IN BOTH APPEALS)

(BY SRI. T SURYANARAYANA, SR. COUNSEL A/W  
MS. TANMAYEE RAJKUMAR, ADV.)

Digitally signed by  
NANJUNDACHARI  
Location: High  
Court of  
Karnataka



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THESE APPEALS ARE FILED UNDER SEC.260-A OF INCOME TAX ACT 1961, ARISING OUT OF ORDER DATED 29/05/2020 PASSED IN ITA NO.2542/BANG/2017 AND ITA NO.2654/BANG/2017 RESPECTIVELY (ANNEXURE-C) FOR THE ASSESSMENT YEAR 2008-2009, PRAYING THIS COURT TO I. FORMULATE THE SUBSTANTIAL QUESTIONS OF LAW STATED ABOVE; II. ALLOW THE APPEAL AND SET ASIDE THE ORDERS PASSED BY THE INCOME TAX APPELLATE TRIBUNAL, BENGALURU IN ITA NO.2542/BANG/2017 AND ITA NO.2654/BANG/2017 RESPECTIVELY DATED 29/05/2020 FOR ASSESSMENT YEAR 2008-2009 ANNEXURE-C AND CONFIRMING THE ORDER OF THE APPELLATE COMMISSIONER AND CONFIRM THE ORDER PASSED BY THE DEPUTY COMMISSIONER INCOME TAX, CIRCLE-1 EXEMPTIONS BENGALURU AND ETC.

THESE APPEALS COMING ON FOR HEARING, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S.G.PANDIT  
AND  
HON'BLE DR. JUSTICE K.MANMADHA RAO

### **ORAL JUDGMENT**

(PER: HON'BLE MR. JUSTICE S.G.PANDIT)

These Income Tax Appeals under Section 260A of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') are filed by the Revenue, aggrieved by the Order of the Income Tax Appellate Tribunal "C" Bench, Bangalore (hereinafter referred to as 'the Tribunal') dated 29.05.2020, by which, the Tribunal dismissed the appeals filed by the Revenue in ITA Nos.2654-2660(B)2017 for the assessment



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years (hereinafter referred to as 'AY') 2008-09 to 2014-15 and allowed the appeals filed by the assessee in ITA Nos.2542-2548(B)/2017 for the AYs 2008-09 to 2014-15. These appeals have been filed by the Revenue, aggrieved by the Order of dismissal of the appeal filed by the Revenue and aggrieved by the Order of the Tribunal allowing the appeal filed by the assessee for the AY 2008-09.

2. ITA No.108/2022 was admitted on 15.02.2022 to examine the following substantial questions of law:

*1. Whether on the facts and in the circumstances of the case, the Tribunal is right in law in deleting the addition's made by assessing authority towards unaccounted fees charged for UG and PG seats ignoring evidence brought on record by assessing authority and when collection of capitation fee by assessee is not voluntary which can partake character of income for purpose of section 2(24)(iia) of the Act and section 12(1) as well?*

*2. Whether on the facts and in the circumstances of the case, the Tribunal is right in law in allowing appeals preferred by assessee and*



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*in dismissing Revenue's appeal by completely ignoring seized materials and findings given by assessing authority for making additions which were based on seized materials?*

*3. Whether on the facts and in the circumstances of the case, the Tribunal is right in law in deleting additions made towards fee charged for seats under Management/NRI Quota for undergraduate MBBS Programme, unaccounted fees received from PG Courses, Unaccounted income on account of fee charged for seats filled up against COEMED-K cancellation as per management quota fees and setting aside denial of exemption under section 11 and 12 of the Act ignoring seized materials and intention of legislature in granting exemption under section 11 and 12 of the Act to educational institutions?*

3. ITA No. 164/2022 was admitted on 02.03.2022 to examine the following substantial questions of law.

*1. Whether on the facts and in the circumstances of the case, the Tribunal is right in law in deleting the addition's made by the assessing authority towards unaccounted fees charged for UG and PG seats ignoring evidence brought on record*



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*by assessing authority and when collection of capitation fee by assessee is not voluntary which can partake character of income for purpose of section 2(24)(iia) of the Act and section 12(1) as well?*

*2. Whether on the facts and in the circumstances of the case, the Tribunal's order can be said as perverse in nature as relief to assessee is granted by deleting all additions made by assessing authority?*

*3. Whether on the facts and in the circumstances of the case, the Tribunal is right in law in deleting additions made towards fee charged for seats under Management/NRI Quota for undergraduate MBBs Programme, unaccounted fees received from PG Courses, Unaccounted income on account of fee charged for seats filled up against COEMED-K cancellation as per management quota fees and setting aside denial of exemption under section 11 and 12 of the Act ignoring seized materials and intention of legislature in granting exemption under Section 11 and 12 of the Act to educational institutions?*

*4. Vide judgment dated 29.07.2026, this Court in ITA No.112/2022 and connected matter has answered the*



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substantial questions of law raised in those appeals in favor of the assessee and against the Revenue for the AY 2009-10. The said judgment would be aptly applicable to these appeals as well.

5. Thus, in terms of judgment dated 29.07.2026 in ITA No.112/2022 and connected matter, the substantial questions of law No.1 and 2 raised in both these appeals are answered in favor of the assessee and against the Revenue. The substantial question of law No.3 in both these appeals is left open. Both these appeals stand dismissed accordingly.

**Sd/-**  
**(S.G.PANDIT)**  
**JUDGE**

**Sd/-**  
**(DR.K.MANMADHA RAO)**  
**JUDGE**

MPK  
CT:bms  
List No.: 1 Sl No.: 63