HC-KAR
CNR: KAHC010120112021

NC: 2026:KHC:40097-DB
ITA No. 110 of 2022
C/W ITA No. 114 of 2022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH 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. 110 OF 2022
C/W
INCOME TAX APPEAL NO. 114 OF 2022

BETWEEN:

1. THE COMMISSIONER OF INCOME-TAX
EXEMPTIONS
6TH 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, 6TH FLOOR
UNITY BUILDING ANNEXE
MISSION ROAD, BENGALURU – 560 027.

Digitally signed by
NANJUNDACHARI
Location: High
Court of
Karnataka

...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.)

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.2657/BANG/2017 AND ITA NO.2545/BANG/2017 RESPECTIVELY (ANNEXURE-C) FOR THE ASSESSMENT YEAR 2011-2012, 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.2657/BANG/2017 AND ITA NO.2545/BANG/2017 RESPECTIVELY DATED 29/05/2020 FOR ASSESSMENT YEAR 2011-2012 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 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 2011-12.

2. ITA No. 110/2022 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 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.114/2022 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 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?

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

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.: 64