



BOM HC: Assessee Entitled To New-Tax Regime Benefits U/S 115BAA Despite 13 Days Delay In Filing Form 10IC; Substantive Right Prevails Over Procedural Requirement

Facts and Issues

Srivatsa Encivil Pvt. Ltd is engaged in the business of construction and was eligible to opt for the concessional tax regime u/s 115BAA of the Income Tax Act, 1961 ('Act') for AY 2025-26. The due date for filing the return of income and Form 10 - IC was December 10, 2025. Although the audit was completed within time and the concessional tax benefit was factored into the accounts, the sudden demise of the Chairman on November 25, 2025 disrupted the functioning of the Company, resulting in a delay of 13 days in filing both the return of income and Form 10 - IC. The same was filed on December 23, 2025. The Assessee thereafter filed an application on December 24, 2025, u/s 119(2)(b) seeking condonation of delay, which was rejected by the Revenue on the ground that filing Form 10 - IC within the prescribed time was mandatory. Aggrieved by the rejection, the Assessee filed a writ petition before the Bombay High Court. The principal issue before the Court was whether the delay of 13 days in filing Form 10 - IC could be condoned and whether the Assessee could be denied the substantive benefit u/s 115BAA merely on account of procedural delay.

Contentions of the Assessee before the High Court

The Assessee submitted that the delay of 13 days was minimal, bona fide, and caused due to exceptional and unavoidable circumstances arising from the sudden demise of the Chairman. It was argued that the Assessee had an otherwise consistent history of timely compliance and that both the return of income and Form 10 - IC were filed simultaneously, demonstrating bona fides and absence of any afterthought or malafide intention. The Assessee further contended that the benefit u/s 115BAA is a substantive statutory benefit, whereas filing Form 10 - IC is merely procedural in nature, and therefore a minor procedural delay should not deprive the Assessee of substantive tax benefits, which would otherwise result in a tax liability of Rs. 5 crores causing hardship to the Assessee, particularly when there was no dispute as to the eligibility of the Assessee.

Contentions of the Revenue before the High Court

The Revenue contended that filing Form 10 - IC within the prescribed timeline is mandatory for availing the concessional tax regime u/s 115BAA. It was argued that since the Assessee failed to comply with the statutory timeline, the application for condonation of delay was rightly rejected u/s 119(2)(b). The Revenue further submitted that strict adherence to procedural timelines is essential and therefore the Assessee was not entitled to any relaxation despite the delay being only of 13 days.



Observations and Ruling of the High Court

The Bombay High Court allowed the writ petition and condoned the delay of 13 days in filing Form 10 - IC. The Court observed that the delay was adequately explained and arose due to genuine and undisputed circumstances relating to the demise of the Group Founder/Chairman. The Court held that the benefit u/s 115BAA is a substantive statutory right while filing Form 10 - IC is merely a procedural requirement for exercising such option. Relying upon the settled principle that procedural requirements should not defeat substantive rights, the Court observed that denial of the concessional tax regime for a minor delay would impose an additional tax liability exceeding Rs. 5 crores and cause grave hardship to the Assessee. The Court further noted that there was no prejudice caused to the Revenue and criticized the Revenue authorities for adopting an unduly technical and rigid approach without considering the surrounding facts and circumstances. Accordingly, the impugned order rejecting condonation u/s 119(2)(b) was quashed and the Revenue was directed to grant the benefit u/s 115BAA by treating Form 10 - IC as filed within time.

Citation

Srivatsa Encivil Pvt. Ltd [TS-510-HC-2026(BOM)]

Our Comments

The ruling is significant as it reiterates the settled legal principle that procedural requirements should not override substantive statutory entitlements, particularly where the Assessee's eligibility is undisputed and the delay is minimal and bona fide. The judgment adopts a pragmatic and justice-oriented approach by recognizing that Section 119(2)(b) is intended to mitigate genuine hardship and should therefore be interpreted liberally in deserving cases. The decision also underscores that rigid and technical interpretation of procedural provisions should be avoided where no prejudice is caused to the Revenue.

The judgment reinforces that tax administration should focus on substantive compliance rather than denying legitimate benefits on hyper-technical grounds, especially where the Assessee has acted bona fide and consistently complied with statutory obligations in the past. Such an approach would reduce unnecessary litigation at the High Court level and ensure adherence to settled judicial precedents and principles of certainty in tax administration as envisaged under the Constitution. Needless to say, the delay should be bonafide and duly explained/supported and the overall conduct of the Assessee should inspire confidence in the bonafides of the Assessee and the causes as explained by him.