HC-KAR

NC: 2026:KHC:11318
WP No. 4688 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 24TH DAY OF FEBRUARY, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 4688 OF 2026 (T-IT)

BETWEEN:

SMT. PUDUR ZAHEDA BEGUM
WIFE OF SRI. MOHAMMED SHAFEE V.L.,
AGED ABOUT 63 YEARS,
RESIDING AT NO.16, AM ROAD,
SULTAN NAGAR, SHIVAJINAGAR,
BENGALURU - 560051,
PAN: ABAPB3760F.

...PETITIONER

(BY SRI. ABDUL ZAHIR SHAH, ADVOCATE FOR
SRI. C SHANKAR REDDY, ADVOCATE)

AND:

1. GOVERNMENT OF INDIA,
   REPRESENTED BY ITS SECRETARY,
   MINISTRY OF FINANCE,
   DEPARTMENT OF REVENUE,
   NORTH BLOCK, NEW DELHI -110001.

2. CENTRAL BOARD OF DIRECT TAXES (CBDT),
   REPRESENTED BY ITS CHAIRPERSON,
   DEPARTMENT OF REVENUE,
   MINISTRY OF FINANCE,
   NORTH BLOCK, NEW DELHI-110001.

3. PRINCIPAL COMMISSIONER OF INCOME TAX,
BMTC BUILDING, KORAMANGALA,
BENGALURU-560095.

...RESPONDENTS

(BY SRI. DILIP, ADVOCATE)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INIDA PRAYING TO ISSUE A WRIT OF CERTIORARI OR ANY OTHER APPROPRIATE WRIT, ORDER OR DIRECTION, QUASHING THE IMPUGNED ORDER DATED 12.12.2025 PASSED BY THE PRINCIPAL COMMISSIONER OF INCOME BENGALURU-1, TAX, BEARING DIN NO. ITBA/COM/F/17/2025-26/1083630540(1)(ANNEXURE-A), AS BEING ILLEGAL, ARBITRARY, WITHOUT JURISDICTION, CONTRARY TO BINDING JUDICIAL PRECEDENTS AND CBDT CIRCULARS, AND VIOLATIVE OF ARTICLES 14 AND 265 OF THE CONSTITUTION OF INDIA AND ETC.,

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

ORAL ORDER

Learned counsel Sri. Dilip accepts notice for the respondents.

2. The petitioner has sought for issuance of writ of certiorari to set aside the impugned order at Annexure-A. Consequent to the setting aside of the order at Annexure-A, the petitioner has sought for condonation of delay in filing return of income and claiming refund in terms of Section 119(2)(b) of the Income Tax Act, 1961 (for short 'the Act'), petitioner has further sought for declaring that compensation received by the petitioner pursuant to acquisition by the Karnataka Industrial Areas Development Board (KIADB) after 01.01.2014 is exempt from income tax and certain other reliefs are also sought for.

3. It is the case of the petitioner that land of the petitioner came to be acquired by virtue of provisions of the Karnataka Industrial Areas Development Act. It is

further submitted that while compensation was paid, TDS was deducted and the deduction of TDS is reflected in Form 26AS as regards the financial year 2019-20.

4. Learned counsel for the petitioner submits that application was filed under Section 119(2)(b) of the Act, seeking condonation of delay in filing the returns. The application is enclosed at Annexure-B, in which petitioner has stated that the delay in filing of the return was due to health issues relating to post-COVID and other age-related issues.

5. It is noticed that the said application came to be rejected by the authority in terms of the order at Annexure-A dated 12.12.2025. Perused the said order at Annexure-A. The authority after taking note of the facts relating to acquisition, has opined that compensation received against land acquired under KIADB for Metro Rail Project is taxable and exemption under the Right to Fair

Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 is not provided.

6. It must be noticed that application under Section 119(2)(b) of the Act, was only for condonation of delay in filing the return of income for the assessment year 2020-21. In terms of Circular No.11/2024 (F.No.312/63/2023-OT) dated 01.10.2024, the Circular provides for condonation of delay when related application is filed with a claim for refund. Such circular is passed in exercise of power under Section 119(2)(b) of the Act, for filing of return and consequential claim of refund. The authority has jurisdiction only to pass an order insofar as application seeking condonation of delay. The subsequent adjudication of entitlement of exemption is a different aspect.

7. In the present case, admittedly, consideration under Section 119(2)(b) proceeds on the merits of the exemption. Such procedure ought not to have been

adopted while considering the application for condonation of delay in filing of return. In light of the orders in W.P.No.890/2022 as well as other orders, the aspect of exemption is a matter that requires consideration.

8. Taking note of the reasons assigned and also orders passed in W.P.No.890/2022, it would be appropriate to set aside the order at Annexure-A and remit the matter back for consideration of the return as per law. All contentions are kept to open.

Accordingly, petition is ***disposed of***.

SD/-
(S SUNIL DUTT YADAV)
JUDGE

MCR