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Central Government Notifies 'Kerala Headload Workers Welfare Board, Kochi' Under Section 11

[Notification No. 96/2026 / S.O. 4048(E) dated July 23, 2026]

The Central Government has notified 'Kerala Headload Workers Welfare Board, Kochi' (PAN: AAAJK1176F) for tax exemption under Schedule III [Table: Sl. No. 36] read with Section 11 of the Income-tax Act, 2025, for tax years 2026-27, 2027-28, and 2028-29. The exemption applies to specified incomes including government grants and loans, levies collected under the Kerala Headload Workers Act, member registration fees, employer deposits and wages, member contributions, interest on staff/worker loans, and bank interest earned thereon. This exemption is subject to the conditions that the Board shall not engage in any commercial activity, must file its return of income under Section 263(9)(c)(xiii), and its activities and nature of specified income remain unchanged. Failure to comply with these conditions will result in the immediate withdrawal of the exemption and initiation of proceedings under the Act.

1. Condonation of Delay Cannot Be Denied on Irrelevant Grounds

In the instant case[1], the assessee-company had filed its returns of income without claiming deduction under section 80JJAA. Subsequently, the assessee filed an application under section 119(2)(b) seeking condonation of delay in filing Form 10DA and claiming the deduction under section 80JJAA. The application was supported by a certificate issued by the Chartered Accountant stating that the deduction was not claimed due to inadvertence and the omission came to light only upon a subsequent review. However, the Principal Commissioner of Income-tax rejected the application holding that the delay could not be condoned, the assessee had not initiated any action against its erstwhile auditor and, being a body corporate, had failed to demonstrate any genuine hardship.

Aggrieved by the same, the assessee filed a writ petition before the Hon'ble Gujarat High Court contending that the application had been rejected on irrelevant considerations without properly examining the existence of genuine hardship and the explanation furnished for the delay.

The Hon'ble High Court observed that the expression "genuine hardship" occurring in section 119(2)(b) is required to be construed liberally so as to advance substantial justice. It was further observed that merely because the assessee is a body corporate or financially capable, its application for condonation of delay cannot be rejected on the ground that it would not suffer genuine hardship. The Hon'ble High Court further observed that non-filing of a complaint against the auditor would not dilute the contents of the certificate issued by the auditor admitting that the omission to claim deduction under section 80JJAA was inadvertent. Such considerations were held to be beyond the scope of examination under section 119(2)(b).

Accordingly, the Hon'ble High Court held that the Principal Commissioner of Income-tax had failed to properly examine the assessee's claim for condonation of delay and had rejected the application on irrelevant grounds. Consequently, the impugned order was set aside and the matter was remanded to the Principal Commissioner of Income-tax for fresh consideration on merits in accordance with law.

2. Delay in Filing Form 10B Condoned Where Sufficient Cause Is Established

In the instant case2, the petitioner-trust claimed exemption under section 11 for the relevant assessment years. However, the audit reports in Form 10B were filed a few days after the filing of the returns of income. The petitioner subsequently filed applications under section 119(2)(b) seeking condonation of delay in filing Form 10B. However, the applications were rejected on the ground that they had been filed beyond the period prescribed under CBDT Circular No. 16/2024.

Aggrieved by the same, the petitioner filed a writ petition before the Hon'ble Madras High Court contending that the delay in filing Form 10B had occurred on account of ill-health, which was duly supported by medical records. It was further contended that section 119(2)(b) does not prescribe any statutory time limit for seeking condonation of delay.

[1] Haq Steels (P.) Ltd. v. Principal Commissioner of Income-tax (Central) [2026] 188 taxmann.com 131 (High Court of Gujarat)

[2] John and Marie Almedia Educational Trust v. Commissioner of Income-tax (Exemptions) [2026] 188 taxmann.com 231 (High Court of Madras)

The Hon'ble High Court observed that section 119(2)(b) empowers the authorities to condone delay in order to avoid genuine hardship and does not prescribe any time limit within which an application for condonation is required to be made. It was further observed that the petitioner had produced medical documents evidencing ill-health and had shown sufficient cause for the delay. The Hon'ble High Court further observed that, although the petitioner could not be entirely absolved of responsibility, the facts and circumstances of the case justified condonation of delay.

Accordingly, the Hon'ble High Court held that sufficient cause had been established for condonation of delay in filing Form 10B. Consequently, the delay was condoned subject to payment of costs and the assessment proceedings were directed to proceed on the basis that the delay in filing Form 10B stood condoned.

3. Matter Remanded for Fresh Adjudication Where Material Additional Evidence Was Not Considered

In the instant case[3], the assessee claimed exemption under section 54F in respect of capital gains arising from a development agreement entered into with a developer. The Assessing Officer denied the exemption and computed long-term capital gains. The Commissioner (Appeals) upheld the assessment order.

Aggrieved by the same, the assessee preferred an appeal before the Hon'ble ITAT and sought admission of additional evidences, including documents relating to the subsequent cancellation of the development agreement and other records having a direct bearing on the issues under consideration.

The Hon'ble ITAT observed that the additional evidences sought to be produced by the assessee were relevant and necessary for proper adjudication of the dispute. It was further observed that such evidences had not been examined by the lower authorities and could materially affect the determination of the assessee's claim. The Hon'ble ITAT further observed that where material evidence having a direct bearing on the controversy is brought on record, the same deserves consideration in the interest of justice.

Accordingly, the Hon'ble ITAT admitted the additional evidences and held that the matter required fresh examination in light of the documents produced by the assessee. Consequently, the orders of the lower authorities were set aside and the matter was restored to the file of the Assessing Officer for fresh adjudication in accordance with law after providing adequate opportunity of hearing to the assessee.

4. Assessment Order Passed Under Section 144B Amenable to Revision Under Section 263

In the instant case[4], the assessee, a Non-Banking Financial Company (NBFC), was subjected to assessment under section 143(3) read with section 144B. During the assessment proceedings, deduction for bad debts under section 36(1)(vii) was allowed. Subsequently, the Principal Commissioner of Income-tax invoked revisionary jurisdiction under section 263 on the ground that the Assessing Officer had allowed the deduction without examining the applicability of the first proviso to section 36(1)(vii) and without conducting the necessary enquiries.

[3] Sanjay Baburao Parab v. Income-tax Officer [2026] 188 taxmann.com 242 (Pune - Trib.)

[4] Shriram Finance Ltd. v. Principal Commissioner of Income-tax [2026] 187 taxmann.com 284 (Chennai - Trib.)

Accordingly, the assessment order was held to be erroneous and prejudicial to the interests of the Revenue.

Aggrieved by the same, the assessee preferred an appeal before the Hon'ble ITAT contending that an assessment order passed under section 144B under the Faceless Assessment Scheme was not amenable to revision under section 263. It was further contended that the Principal Commissioner lacked jurisdiction to revise such an order.

The Hon'ble ITAT observed that an assessment order passed under section 144B continues to be an order passed by the Assessing Officer and, therefore, falls within the scope of section 263. It was further observed that section 144B merely prescribes the procedure for faceless assessment and does not take away the revisionary powers conferred upon the Principal Commissioner under section 263. The Hon'ble ITAT further observed that the Assessing Officer had allowed the deduction for bad debts without making any enquiry regarding the applicability of the statutory provisions governing such claim. Mere acceptance of a claim without verification cannot be regarded as a plausible view so as to preclude invocation of section 263.

Accordingly, the Hon'ble ITAT held that the assessment order passed under section 143(3) read with section 144B was amenable to revision under section 263 and that the Principal Commissioner had validly exercised revisionary jurisdiction. Consequently, the order passed under section 263 was upheld.