आयकर अपीलीय अधिकरण, बेंगलुरू पीठें, बेंगलुरू

INCOME TAX APPELLATE TRIBUNAL,
BANGALORE BENCHES, BANGALORE

BENCH: A

BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER
AND SHRI KESHAV DUBEY, JUDICIAL MEMBER

ITA 2152/BANG/2026 निर्धारण वर्ष/Assessment Year: **2025-26**)		
ADIT NILESH SHAH 632, THE EMBASSY APARTMENTS, NO. 15, ALI ASKER ROAD, BENGALURU-560052, KARNATAKA	**Vs.**	**THE DEPUTY COMMISSIONER OF INCOME TAX, CIRCLE 1(1)(1)** NO. 82, BMTC BUILDING, 80 FEET ROAD, NEXT TO NATIONAL GAMES VILLAGE, KORAMANGALA 6TH BLOCK BENGALURU-560095, KARNATAKA
अपीलार्थी **Appellant**		प्रत्यर्थी **Respondent**
Permanent Account Number of Assessee**:**		**AYAPS2915A**

अपीलार्थी द्वारा/Appellant represented by:	**Shri. Varun S AR**
प्रत्यर्थी द्वारा/Respondent represented by:	**Sri. Ganesh R Gale, Standing Counse for Department**

सुनवाई की तारीख / Date of conclusion of hearing:	**13-Jul-2026**
घोषणा की तारीख / Date of pronouncement:	**17-Aug-2026**

आदेश / ORDER

PER SHRI WASEEM AHMED, ACCOUNTANT MEMBER:

This appeal is filed by the Assessee against the order of Ld. Addl./JCIT(A)-3, Chennai vide DIN: ITBA/APL/S/250/2025-26/1087876144(1) dated 25-Mar-2026 for the Assessment Year 2025-26.

2. The present appeal filed by the assessee pertaining to A.Y. 2025-26 is directed against the order of the learned Commissioner of Income Tax Appeals ADDL/JCIT(A)-

3 Chennai (hereafter the ld. CIT(A)) passed under section 250 of the Income Tax Act, 1961 (hereafter the Act).

3. The assessee in the memo of appeal has raised 9 grounds; however, the grounds raised by the assessee are interconnected and pertain to the applicability of the New Tax Regime u/s 115BAC of the Act and the consequent demand raised by the CPC while processing the return u/s 143(1) of the Act.

4. The brief facts of the case on hand are that the assessee, an individual, is engaged in the profession of law. For the captioned AY, the assessee filed his ROI declaring total income of Rs. 32,55,050.00 only. The tax liability in the return was computed as per the New Tax Regime u/s 115BAC(1A) of the Act.

4.1 Before filing the return, Form 10-IEA had been filed on 30.09.2025, whereby the assessee opted out of the New Tax Regime. According to the assessee, the said Form was filed by his consultant inadvertently during routine compliance work and did not represent his actual intention. The assessee contended that his subsequent return of income clearly showed his intention to remain in the New Tax Regime.

4.2 However, while processing the return on 29.01.2026, the CPC did not accept the tax computation made by the assessee under the New Tax Regime. Instead, relying upon Form 10-IEA filed earlier on 30.09.2025, the return was processed under the Old Tax Regime. Consequently, a demand of Rs. 1,23,770/- was raised against the assessee.

5. Aggrieved by the intimation u/s 143(1) of the Act, the assessee preferred an appeal before the Ld. CIT(A).

6. Before the Ld. CIT(A), the assessee submitted that the return of income was the primary document showing the tax regime actually chosen by him. It was contended that Form 10-IEA had been filed inadvertently due to a bona fide clerical error and was never intended to opt out of the New Tax Regime. The assessee relied

upon his subsequent conduct, particularly the return filed on 24.10.2025, wherein the income and tax liability were computed entirely as per the New Tax Regime.

6.1 The assessee also relied upon the decision of the Pune Bench of the Tribunal in Akshay Nitin Malu v. ITO [2025] 173 taxmann.com 684 and contended that the tax regime selected in the subsequently filed return should prevail over the earlier form.

6.2 However, Ld. CIT(A) dismissed the assessee's appeal and held that Form 10-IEA had been validly filed and therefore could not simply be ignored. The Ld. CIT(A) further observed that the Form had been digitally verified and signed by the assessee and, therefore, treated its filing as a conscious exercise of the option to opt out of the New Tax Regime.

6.3 The Ld. CIT(A) further held that there was no provision of the Act permitting a validly filed Form 10-IEA to be treated as non-est merely because the assessee subsequently claimed that it had been filed inadvertently. Accordingly, the action of the CPC in processing the return under the Old Tax Regime was sustained and the appeal of the assessee was dismissed.

7. Being aggrieved by the order of the Ld. CIT(A), the assessee is in appeal before us.

8. The Ld. AR before us has filed a paper book running from page Nos. 01 to 65 and a written submission of 5 pages. The assessee submitted that he filed the return of income under the New Tax Regime u/s 115BAC(1A) of the Act and did not claim any deduction or exemption available exclusively under the Old Tax Regime. It was submitted that Form 10-IEA filed earlier was an inadvertent clerical error, and the subsequent return clearly reflected the assessee's actual choice. The Ld. AR relied upon the decision in Akshay Nitin Malu v. ITO [2025] 173 taxmann.com 684 (Pune - Trib.) and submitted that the choice reflected in the return should prevail over the earlier Form. Accordingly, he prayed that the return be processed under the New Tax Regime and the consequential demand be deleted.

9. The Ld. DR, on the contrary, vehemently relied upon the order of the Ld. CIT(A) and submitted that Form 10-IEA was validly filed and digitally verified by the assessee. Therefore, the CPC was justified in processing the return under the Old Tax Regime on the basis of the option exercised through the said Form. Accordingly, he prayed that the order of the Ld. CIT(A) be upheld.

10. We have heard the rival submissions of both the parties and perused the materials available on record. The short issue before us is whether the return of income filed by the assessee should be processed under the New Tax Regime u/s 115BAC(1A) of the Act, as declared in the return, or under the Old Tax Regime on the basis of Form 10-IEA filed prior to filing of the return.

11. The facts are not in dispute. The assessee filed Form 10-IEA on 30.09.2025, whereby he opted out of the New Tax Regime. Thereafter, the assessee filed his return of income on 24.10.2025 declaring total income of Rs. 32,55,050 and computed the tax liability under the New Tax Regime u/s 115BAC(1A) of the Act. It is also not disputed that in the return so filed, the assessee did not claim any deduction, exemption or allowance which was exclusively available under the Old Tax Regime. However, while processing the return u/s 143(1) of the Act, the CPC proceeded on the basis of Form 10-IEA and computed the tax liability under the Old Tax Regime, resulting in a demand of Rs. 1,23,770.00 only.

12. The assessee's explanation is that Form 10-IEA was filed inadvertently by his consultant during the course of routine compliance and that there was no conscious intention to opt out of the New Tax Regime. According to the assessee, his actual intention is clearly reflected from the return of income filed subsequently, wherein the tax liability was computed under the New Tax Regime.

12.1 In our view, the subsequent conduct of the assessee assumes importance in the peculiar facts of the present case. The return of income was filed after submitting Form 10-IEA and the assessee consciously computed his income and tax liability under the New Tax Regime. The return is the statutory document through which the assessee declares his income and computes the tax payable thereon. Therefore, when the return filed subsequently clearly reflects the regime under which the assessee intended to be taxed, the same cannot be ignored merely because an inconsistent Form 10-IEA had been filed earlier, particularly when the assessee has explained the filing of such Form as an inadvertent mistake.

12.2 We also find support from the decision of the Pune Bench of the Tribunal in the case of Akshay Nitin Malu v. ITO [2025] 173 taxmann.com 684 (Pune - Trib.). In that case, the assessee had initially filed Form 10-IE opting for the New Tax Regime but subsequently filed his return of income under the Old Tax Regime and claimed the deductions available thereunder. The CPC processed the return under the New Tax Regime on the basis of Form 10-IE. The Tribunal held that since the assessee, after filing Form 10-IE, had opted for the Old Tax Regime in the return actually filed, he could not be forced to adopt the New Tax Regime. Accordingly, the choice reflected in the return of income was given effect. The relevant para of the order is reproduced below:

> ***"9.*** *We find some force in the above arguments of the Ld. Counsel for the assessee. It is an admitted fact that although the assessee had originally exercised the option for taxation u/s 115BAC by filing the Form No.10- IE on 18.07.2022, however, the assessee has filed the return of income on 20.07.2022 declaring total income at Rs.24,01,740/- under the old regime of taxation. It is also an admitted fact that the return was processed on 07.08.2023 which is much after the date of filing of the return. It is not a case that the assessee has filed Form 10-IE and also filed the return under the new tax regime and thereafter filed a revised return withdrawing the option which according to us is not permissible in the said previous year and the assessee can change the option only in the next year. However, in the instant case, the assessee after filing the Form 10-IE has opted for the old regime of taxation in the return filed. Therefore, we are of the opinion that the assessee cannot be forced to adopt for the new regime. We, therefore, find merit in the arguments of the Ld. Counsel for the assessee that the Ld. Addl./JCIT(A) was not justified in upholding the action of the CPC in processing the return of income determining the total income at Rs.64,41,940/- under the new regime of taxation. Accordingly, the order of the Ld. Addl./JCIT(A) is set aside and the grounds raised by the assessee are allowed."*

12.3 In our considered view, the principle laid down in the aforesaid decision squarely applies to the present case, though the tax regimes opted are opposite to each other.

In Akshay Nitin Malu (supra), the earlier Form indicated the New Tax Regime whereas the subsequently filed return reflected the Old Tax Regime. In the present case, Form 10-IEA indicated opting out of the New Tax Regime, whereas the subsequently filed return clearly reflected the New Tax Regime. This difference does not alter the principle involved. In both cases, the option reflected in the subsequent return filed was different from the option indicated in the Form filed earlier. Therefore, following the aforesaid decision, the assessee's choice as reflected in the return of income deserves to be accepted.

12.4 We are also unable to agree with the reasoning of the Ld. CIT(A) that merely because Form 10-IEA was digitally verified, it must necessarily be treated as the final and conscious choice of the assessee irrespective of his subsequent conduct. Digital verification establishes the filing and authentication of the Form. However, in the peculiar facts of the present case, it cannot by itself negate the assessee's explanation of an inadvertent filing when the return filed thereafter clearly reflects a contrary choice.

12.5 Further, the assessee has not taken any inconsistent tax benefit. He has not claimed deductions or exemptions available exclusively under the Old Tax Regime while simultaneously seeking taxation under the New Tax Regime. Thus, there is no question of allowing the assessee to take benefit of both regimes. The dispute is only as to which regime should be applied while processing the return.

12.6 Considering the totality of the facts and respectfully following the decision of the Pune Bench of the Tribunal in Akshay Nitin Malu (supra), we are of the view that the return of income filed by the assessee on 24.10.2025 ought to be given effect to in the manner in which it was filed. A bona fide procedural mistake in filing Form 10-IEA should not result in the assessee being subjected to a tax regime contrary to the choice clearly reflected in the subsequently filed return of income. Accordingly, we set aside the order of the Ld. CIT(A) and direct the AO/CPC to process the return of income of the assessee for AY 2025-26 under the New Tax Regime u/s 115BAC(1A) of the Act, as opted for in the return of income, and recompute the tax liability accordingly. The consequential demand arising solely on account of processing the return under the Old Tax Regime shall stand deleted, subject to such re-computation. Accordingly, the grounds raised by the assessee are allowed.

13. In the result, the appeal of assessee is hereby allowed.

Order pronounced in the open court on 17th August, 2026

Sd/-	**Sd/-**
KESHAV DUBEY	**WASEEM AHMED**
JUDICIAL MEMBER	**ACCOUNTANT MEMBER**

Bangalore
Dated: 17th August, 2026
Vms

Copy to:

1	**ADIT NILESH SHAH, 632, THE EMBASSY APARTMENTS, NO. 15, ALI ASKER ROAD, BENGALURU-560052, KARNATAKA**
2	**THE DEPUTY COMMISSIONER OF INCOME TAX, CIRCLE 1(1)(1), NO. 82, BMTC BUILDING, 80 FEET ROAD, NEXT TO NATIONAL GAMES VILLAGE, KORAMANGALA 6TH BLOCK, BENGALURU-560095, KARNATAKA**
3	THE PCIT / CIT,
4	THE D.R., ITAT, BANGALORE BENCH
5	GUARD FILE

By Order

ASSISTANT REGISTRAR /
I.T.A.T., BANGALORE