

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "DB" NEW DELHI**

**BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER
AND
SHRI AVDHESH KUMAR MISHRA, ACCOUNTANT MEMBER**

ITA No. 127/DDN/2024

निर्धारणवर्ष/Assessment Year: 2017-18

Uttaranchal Bahuuddeshiya Vitta Evam Vikash Nigam, H.N. Janjati Nideshalya, Bhagat Singh Colony, Adhoiwala, Dehradun, Uttarakhand.	बनाम Vs.	Income Tax Officer, Ward-1(1)(2), 13, Subhash Road, Dehradun, Uttarakhand.
PAN No.AAACU6529K		
अपीलार्थी Appellant		प्रत्यर्थी/Respondent

Assessee by	Shri Rajeev Sahni, CA
Revenue by	Shri A.S. Rana, Sr. DR

सुनवाईकीतारीख/ Date of hearing:	08.05.2025
उद्घोषणाकीतारीख/ Pronouncement on	23.05.2025

आदेश /O R D E R

PER C.N. PRASAD, J.M.

This appeal is filed by the assessee against the order of the Ld. CIT(Appeals)-NFAC, Delhi dated 24.05.2024 for the AY 2017-18 in denying the exemption u/s 10(26B) of the Act and assessing the income of the assessee under the head "business" and also income from "other sources".

2. Heard rival submissions, perused the orders of the authorities below. Perusal of the assessment order shows that the Assessing Officer denied exemption u/s 10(26B) of the Act for the reason that the assessee did not file return either u/s 139(1) or in response to notice issued u/s 148 of the Act. This is the only ground on which the contention of the assessee that its income is not taxable and is exempt u/s 10(26B) of the Act was denied. Ld. Counsel for the assessee referring to Paper Book pages 54 to 65 submitted that for the assessment years 2002-03, 2005-06 and 2020-21, the assessments were completed u/s 143(3) of the Act and the income of the assessee was treated as exempt u/s 10(26B) of the Act.

3. We have perused the assessment orders of the assessee in the Paper Book placed at pages 54 and 55 and observed that the assessments for the assessment years 2002-03 and 2005-06 were completed as under: -

INCOME TAX DEPARTMENT

1. *Name of assessee* : *Uttaranchal Bahuuddesiiya Vitt Evam
Vikas Nigam Sector-1, C-10, Defence
Colony Dehradun*
2. *PAN/GIR NO.* :
3. *District/Ward/Circle* : *Circle-2, Dehradun.*
4. *Status* : *Government Corporation*

5. *Assessment Year* : 2002-03
6. *Whether resident/
Resident But not
Ordinarily resident/
Non-resident* : Resident
7. *Method of accounting* : Mercantile
8. *Previous Year* : Year ending 31.03.2002
9. *Nature of business* :
10. *Date(s) of hearing:* As per records
11. *Date of order* :
12. *Sec. & sub-sec. under
which the assessment
is made* : 143(3) of IT Act, 1961.

ASSESSMENT ORDER

Return in this case was filed on 29.11.2003 on nil income. The case was processed w/s 143(1) of the I.T. Act 1961, on 14.01.2004. The case was selected under scrutiny in view of the CBDT instruction No 10(2)(3) dated 20.09.2004., as the assessee was claiming exemption of Rs. 31,50,401/- as exempt u/s 10(268) of the IT Act.

Therefore statutory notices u/s 143(2) was issued and served upon the assessee on 8-10-2004. In response to the notices Sh. Gurmeet Singh, Accountant of the Corporation attended. The case was discussed with him.

The Uttaranchal Bahuddesiya Vitt Evam Vikas Nigam was formed 25-10-2001 by merging

- 1. Uttar Pradesh Anusuchit Jati Vitt Evam Vikas Nigam Ltd.*
- 2. Uttar Pradesh Alpsankhyak Vitt Evam Vikas Nigam Ltd.*
- 3. Uttar Pradesh Pichda Varg Vitt Evam Vikas Nigam Ltd.*

The assessee is a Government Corporation formed for the welfare of the Schedule Castes and Schedule Tribes of the State of Uttaranchal. The income of which is exempt u/s 10(26B) of the I.T. Act.

After discussion, assessed at nil income.

Issue notices of demand and challan.

Sd/-
(Javed Akhtar)
Asstt. Commissioner of Income Tax
Circle-2, Dehradun.

Copy to Assessee.

Sd/-
ACIT, Circle-2, Dehradun.

INCOME TAX DEPARTMENT

1.	Name & Address of the assessee	:	Uttaranchal Bahuudeshiya Vtt. Vill. S. Nigam Ltd. Phase-1, Defence Colony, Vasant Vihar, Dehradun.
2.	PAN/GIR No.	:	AAACU6529K
3.	District/Ward/Circle	:	DCIT, Circle-1, Dehradun
4.	Status	:	Company
5.	Year of Assessment	:	2005-06
6.	Whether Resident, Resident but not ordinarily resident, Resident	:	Resident
7.	Previous Year	:	2004-05
8.	Date of hearing	:	As per records
9.	Date of order	:	23.10.2007
10.	Section & sub-section under which the assessment is made	:	143(3) of the Income Tax Act, 1961.

ASSESSMENT ORDER

The return of income was filed by the assessee on 30/01/2006 declaring total income of Rs Nil. The return was processed u/s 143(1) of the I.T. Act, 1961 on 20/02/2006. Subsequently, the case was selected under scrutiny by the ACIT, Circle-2, Dehradun. Thereafter the case was assigned to the undersigned vide Commissioner of Income-tax, Dehradun's order F.No. CIT/DDN/Jurisdiction/2006-07/11250 dated 2/3/2007, Notice u/s 143(2) of the IT. Act was issued on 12/03/2007. In response to various Notices issued u/s 143(2) & 142(1) of

the LT. Act, Mr. G.K. Patet, Chartered Accountant along with Shri Gurmeet Singh attended from time to time and the case was discussed with them. Written replies were la file along with details. The books of account and documents were test checked.

2. The Uttaranchal Bahuddeshiva Vitt Evam Vikas Nigrin was formed on 25/10/2001 by merging:

- i. Uttar Pradesh Anusuchit Jati Vitt Evam Vikas Nigam Ltd.*
- ii. Uttar Pradesh Alpsankhyak Vitt Evam Vikas Nigam Ltd.*
- iii. Uttar Pradesh Pichda Varg Vitt Evam Vikas Nigam Ltd.*

3. The assessee is a Government Corporation formed for the welfare of the Schedule Castes and Schedule Tribes of the State of Uttaranchal. The assessee claiming exemption u/s 10(26B) of the I.T. Act, 1961.

After discussion the assessment of the assessee is completed at NIL income u/s 143(3) of the I.T. Act, 1961. Issue Notice of demand and challan. Charge interest as per law, if any.

*Sd/-
(Neeta Aggarwal)
Dy. Commissioner of Income Tax(OSD)
Range-1, Dehradun*

Copy to the assessee.

*Sd/-
Dy. Commissioner of Income Tax(OSD)
Range-1, Dehradun*

4. It is also observed that the Assessing Officer reopened the assessment u/s 147 for the AY 2020-21 and the reopened assessment was completed on 20.03.2025 treating the interest income of the assessee as exempt u/s 10(26B) of the Act observing as under: -

3.4.4 *The assessee has declared an interest income of Rs. 3.39.033/- and has stated that this amount forms part of the income of UBVVN for the assessment year under consideration. The assessee has further submitted that due to the inability to file the Income Tax Return (ITR) in the earlier years, the interest income was not offered to taxation at that time. Furthermore, the assessee has claimed exemption under Section 10(26B) of the Income Tax Act, 1961, arguing that all establishment expenses are borne through interest income earned. The assessee has referred to Circular No. 18/2017 dated 29.05.2017, which states that certain funds, authorities, boards, or bodies whose income is unconditionally exempt under Section 10 and are also not required to file returns of income under Section 139 of the Income Tax Act. Upon consideration of the circular and the nature of the assessee entity, it is noted that the exemption under Section 10(26B) is applicable. The claim of the assessee for exemption has been examined, and it is found that the requirements laid down under the circular are met. Therefore, the interest income of Rs. 3.39.033/- subject to taxation under the provisions of the Income Tax Act.*

3.4.5 *The submissions of the assessee have been examined in the light of issue involved in this case and same is hereby accepted.*

4. Conclusion drawn:

The submissions of the assessee have been examined in the light of issue involved in this case and explanations are found satisfactory.

5. Final computation of taxable income:

S.No.	Description	Amount
1.	Income/(Loss) as per Return of income filed in response to notice u/s 148	Not Filed
2.	Income as computed u/s 143(1)(a)	Not applicable
3.	Variation in respect of any issue	Nil
4.	Total Income/(Loss) determined as per the above proposal	NIL

Assessed under section 144 r.w.s. 147 of the Income-tax Act, 1961. Computation of income and demand notice u/s 156 of the Act is attached.”

5. Therefore, there is no reason to deviate the stand taken by the Department that the assessee is a Government Company and eligible for exemption u/s 10(26B) of the Act for the year under consideration also. In the circumstances, we direct the AO to treat the income of the assessee as exempt u/s 10(26B) of the Act for the assessment year under consideration and re-compute the income accordingly.

6. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on 23/05/2025

**Sd/-
(AVDHESH KUMAR MISHRA)
ACCOUNTANT MEMBER**

**Sd/-
(C.N. PRASAD)
JUDICIAL MEMBER**

Dated: 23.05.2025

**Kavita Arora, Sr. P.S.*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**