

**IN THE INCOME TAX APPELLATE TRIBUNAL
"B" BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
MS. SUCHITRA R. KAMBLE, JUDICIAL MEMBER**

ITA Nos. 1316 & 1317/Ahd/2025
(Assessment Year: 2016-17 & 2017-18)

Gujarat State Agriculture Marketing Board, 2 nd Floor, Block No. 12, Dr. Jivraj Mehta Bhavan, Section 10, Gandhinagar-382010 [PAN :AAAAG 1417 G]	Vs.	Income-Tax Officer, Ward-1, Gandhinagar
(Appellant)	..	(Respondent)

Appellant by :	Shri Alpesh Shah, AR
Respondent by:	Shri Abhijit, Sr DR
Date of Hearing	22.09.2025
Date of Pronouncement	26.11.2025

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

Delay Condoned

These two appeals have been filed by the Assessee against the separate orders dated 20.11.2024 and 28.10.2024, passed by the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as "Ld. CIT(A)"], under Section 250 of the Income-tax Act, 1961 ('the Act' in short) relating to the Assessment Years 2016-17 & 2017-18.

2. Since common issues are involved in both the appeals, these were heard together and are being disposed of by this consolidated order for the sake of convenience.

ITA No. 1316/Ahd/2025 : AY 2016-17

3. The assessee has taken following grounds of appeal:-

"1. The learned A.O. has erred in law and on facts in making addition of Rs.38,57,519/-. Total addition of Rs.38,57,519/-made by adopting the interest amount from 26AS and treated it as unexplained money.

2. *The learned A.O. has erred in law and on facts in not considering the facts that the Income of assessee is exempt u/s 10(26AAB) of the Act.*

3. *The learned assessing officer has erred in law and on facts as states that assessee had not filed return for the relevant Assessment Year ignoring the fact that the assessee is not required to file its return of income according to the Circular No.18/2017 [F.NO.385/01/2015-IT(B)], dated 29.05.2017.*

4. *The entire addition made u/s 69A is unwarranted of facts and required to be deleted.”*

4. The brief facts in respect of this year are that the assessee is an Agricultural Marketing Board recognized by the Government of Gujarat. Its primary functions include implementation of Central and State Government schemes and disbursement of subsidies to traders and farmers. As per CBDT Circular No. 18/2017 dated 29.05.2017, income of entities covered u/s 10 of the Act, including Agricultural Produce Marketing Committees / Boards referred to in section 10(26AAB), is unconditionally exempt, and such entities are also not required to file their return of income. The Circular further clarifies that no TDS is required to be deducted on payments made to such Boards.

4.1 For A.Y. 2014-15 and 2018-19, the Department accepted the assessee's exempt status and passed orders accordingly.

4.2 For A.Y. 2016-17, reassessment proceedings were initiated u/s 147, based on information available in Form 26AS/AIR regarding interest income from Union Bank of India. The Assessing Officer completed the reassessment by making an addition of Rs. 38,57,588/- under section 69A of the Act.

5. The Ld. CIT(A) dismissed the appeal *ex-parte*, observing that no compliance was made by the assessee despite multiple opportunities.

5.1 Ld. Counsel for the assessee submitted that the assessee was entitled not to file return of income as the income of the assessee was treated as exempt u/s

- 3-

10(20) of the Act. On the other hand, Ld. DR referred to the judgment of the Hon'ble Supreme Court in the case of APMC Vs. CIT, 173 taxman 115 **dated 21.08.2008** and argued that the AMCs are not entitled to exemption u/s. 10(20) of the 1961 Act after insertion of the said *Explanation vide* Finance Act, 2002 with effect from 01.04.2003.

6. We have heard both the parties and perused the material available on record.

6.1 The assessee is an Agricultural Marketing Board, whose income is exempt u/s10(26AAB) of the Act. The CBDT Circular **No. 18/2017** clarified that the Agricultural Produce Marketing Committees/Boards covered u/s 10(26AAB) enjoy unconditional exemption, are not required to file returns of income, and no TDS is required to be deducted on payments made to them. The relevant paragraph of the said Circular reads as under:-

*"4. Accordingly, it has been decided that in case of below mentioned funds or authorities or Boards or bodies, by whatever name called, referred to in section 10 of the Income-tax Act, **whose income is unconditionally exempt under that section and who are also statutorily not required to file return of section 139 of the Income-tax Act, there would be no requirement for tax deduction at source, since their income is anyway exempt under the Income-tax Act -***

(i)....

(ii)....

(iii)...

(xiii) Agricultural Produce Marketing Committee referred to in clause (26AAB);"

7. In view of the above, the Assessing Officer was not justified in treating the non-filing of return as a ground to consider the interest reflected in Form 26AS as

- 4-

unexplained u/s 69A, particularly when the assessee was legally not required to file a return, and when the Department has already accepted this exempt status in the assessee's own cases for A.Ys. 2014-15 and 2018-19 with no change in facts or law being brought on record, and accordingly the very basis of the addition fails.

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

ITA No. 1317/Ahd/2025 : AY 2017-18

8. The facts and issues involved in this year are identical to those in A.Y. 2016-17. Following our decision in ITA No. 1316/Ahd/2025, the addition made in this year is also directed to be deleted.

9. In the result, both the appeals of the assessee are allowed.

The order is pronounced in the open Court on 26.11.2025.

Sd/-

**(SUCHITRA R. KAMBLE)
JUDICIAL MEMBER**

Ahmedabad; Dated 26.11.2025

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Sd/-

**(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

आदेश की प्रतिलिपि □ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

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आदेशानुसार/ BY ORDER,

सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad