

**THE INCOME TAX APPELLATE TRIBUNAL
DEHRADUN “DB” BENCH: DEHRADUN**

**BEFORE SHRI YOGESH KUMAR U.S, JUDICIAL MEMBER &
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

[THROUGH VIRTUAL MODE]

ITA No.86/DDN/2025

[Assessment Year : 2016-17]

Kanahiya Lal Polytechnic Dehradun Road, Roorkee Uttarakhand-247667 PAN-AABAK4938M	vs	NFAC, Delhi/ ITO, Aaykar Bhawan, Civil Lines, Roorkee, Uttarakhand--247667
APPELLANT		RESPONDENT
Assessee by		Shri Tilak Raj, Adv.
Revenue by		Shri Amar Pal Singh, JCIT DR
Date of Hearing		09.12.2025
Date of Pronouncement		18.02.2026

ORDER

PER MANISH AGARWAL, AM :

The present appeal is filed by the assessee against the order dated 07.03.2025 by Ld. Commissioner of Income Tax (A), National Faceless Appeal Centre (“NFAC”), Delhi [“Ld. CIT(A)”] in Appeal No. NFAC/2015-16/110417665 passed u/s 250 of the Income Tax Act, 1961 [“the Act”] arising from the assessment order dated 28.12.2023 passed u/s 147 r.w.s. 144 r.w.s. 144B of the Act pertaining to Assessment Year 2016-17.

2. Brief facts of the case are that case of the assessee was reopened by issue of notice u/s 148 of the Act on 22.03.2023, on the basis of information available with the Department that assessee has

deposited cash of INR 1,39,81,145/- in Union Bank of India during the Financial Year 2015-16. The assessee society has not filed its return of income for the year under consideration. Thereafter, statutory notices were issued from time to time to provide the assessee an opportunity to substantiate its claim by submission of documentary evidences. During the course of assessment proceedings, despite of many opportunities, assessee failed to file any reply or documentary evidence to substantiate its claim. In absence of information and documentary evidence filed by the assessee, the AO assessed the income of the assessee at INR 1,86,27,053/- vide assessment order dated 28.12.2023 passed u/s 147 r.w.s. 144 r.w.s. 144B of the Act.

3. Against the said order, assessee filed an appeal before Ld. CIT(A) who vide order dated 07.03.2025, dismissed the appeal of the assessee.

4. Aggrieved by the order of Ld. CIT(A), assessee is in appeal before the Tribunal by taking following grounds of appeal:-

1. *“That the appellate order as well as assessment order are against Law and facts of the case without giving the proper opportunity and deciding it arbitrarily and presumptively.*
2. *That the appellate authority did not consider the written submissions with documents and copy of accounts duly audited where government grant amounting to Rs 26000000/- was received out of gross receipts of Rs 30916720/-.*
3. *That as per para 4.5 of the appellate order, the appellate authority alleged that no documents were filed whereas the learned NFAC did*

not consider the written submissions with documents filed and legal dispute was not discussed or considered.

4. *That the cash deposit in bank cannot be treated as escaped income as all the entries are through books which are duly audited and question of ex parte order does not arise.*
5. *That even in written submissions, the appellant's request to remand the case for proper enquiries was ignored educational institution run by government as is evident from assessment year 2015-2016 and exempt under sec 10(23c) (iii ab).*
6. *That the Statute provides for proper service of notice whereas notices were not received and an application for the purpose moved to the ITO to provide information was not responded to, till today.*
7. *That the learned appellate authority as well as the AO did not go through the statutory provisions under sec 144B/ 144C as regards issue of draft assessment order. In absence of draft assessment order, the assessment will be null and void.*
8. *That proceedings and assessment had to be done in a faceless manner as provided u/s 144B read with section 151 A whereas it was not so followed as per settled law and even no notice u/s 148 was issued by FAO and JAO had no jurisdiction to issue notice u/s 148.*
9. *That the approval u/s 151 by the specified authority was granted mechanically without due application of mind and approval order is bereft of any reasons The JAO initiated proceedings without making proper inquiry whereas the assessee was locally located. Also, wrong reasons were recorded and placed before the specified authority through prescribed format.*
10. *That the Laws settled that real income should be assessed with established source whereas the appellate authority only followed jurisdictional AO without going through the record.*
11. *That the appellant craves leave to add, delete and amend any ground of appeal at the time of hearing.”*

5. Heard the contentions of both parties at length and perused the material placed before us. It is observed that AO has passed the assessment order u/s 144 as the assessee has failed to complete any of the statutory notices issued on various occasions and sought adjournment only. Before Ld. CIT(A) though assessee claimed that it is an education institution and eligible for exemption u/s

10(23C)(iiiab) as it is substantially financed by the Government however, no evidence was filed even before Id. CIT(A) in this regard. Therefore, Id. CIT(A) has denied the claim of the assessee of exempt income.

6. Looking to these facts and overall circumstances of the case and in the interest of justice, we set aside the orders of the lower authorities and remand the matter back to the file of AO with the directions to examine the claim made by the assessee that it is wholly financed/substantially financed educational institutions created by the Government. The assessee is also directed to participate in the proceedings before the AO and file all the necessary evidences in support of its claim. With these directions, the Grounds of appeal raised by the assessee are allowed for statistical purposes.

7. In the result, appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 18.02.2026.

Sd/-

**(YOGESH KUMAR U.S)
JUDICIAL MEMBER**

Date:- 18.02.2026
Amit Kumar, Sr.P.S

Sd/-

**(MANISH AGARWAL)
ACCOUNTANT MEMBER**

Copy forwarded to:

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