

**IN THE INCOME TAX APPELLATE TRIBUNAL,
AGRA (DB) BENCH, AGRA**

**BEFORE: SHRI M BALAGANESH, ACCOUNTANT MEMBER
AND
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER**

**ITA No. 523/Agr/2025
Assessment Year: 2017-18**

Municipal Corporation, Gwalior-474001	Vs.	ITO 1(1), Aayakar Bhawan, City Center, Gwalior-474011
TAN : BPLM04461C		
(Appellant)		(Respondent)

Assessee by	Shri Jitendra Singh Chahar & Shri Dharam Veer Gaur, Adv.
Department by	Shri Sukesh Kumar Jain, CIT(DR)

Date of hearing	20.01.2026
Date of pronouncement	20.01.2026

ORDER

PER: SUNIL KUMAR SINGH, JM.

The appellant assessee has preferred this appeal against the impugned order dated 16.09.2025 passed in Appeal No CIT(A), Gwalior/10477/2019-20, passed u/s. 250 of the I.T. Act, 1961 (hereinafter referred to as the "Act") by the Id Commissioner of Income Tax(Appeals) (hereinafter referred to as the "CIT(A) for A.Y. 2017-18, wherein Id CIT(A) has dismissed assessee's first appeal.

2. The brief facts state that assessee filed return of income for A.Y. 2017-18 on 12.02.2018, declaring total income of Rs. 23,81,200/-. The return was processed u/s. 143(1) of the Act. The case was selected for

complete scrutiny under CASS on account of large value cash deposit during demonetization period. Statutory notices u/s. 143(2) and 142(1) were issued and served upon the assessee. After taking assessee's response into consideration, Id. Assessing Officer completed the assessment by estimating the supply of commodities or services for Rs. 13,90,74,603 at the rate of 5% of total deposit of Rs. 2,78,14,92,078/- in addition to the returned income.

3. Aggrieved assessee preferred an appeal before Id CIT(Appeals) who dismissed assessee's appeal affirming the assessment order.

4. The assessee has preferred this second appeal on the ground that Id CIT(A) has erred in confirming the said addition, whereas the income of the appellant corporation was entirely exempt u/s. 10(20) of the Act.

5. Perused the records and heard Id representative for the assessee and Id CIT (DR) for the respondent revenue.

6. The main question for determination under appeal is as to whether Id CIT(A) has erred in confirming the said additions of Rs. 13,90,74,603/- on the estimate basis of 5% of total deposit of Rs. 2,78,14,92,078/-?

7. Id representative for the appellant assessee has submitted that the assessee mistakenly mentioned as "no account" case, while filing return, whereas it maintains all the accounts and has books. The addition could

not have been made merely on the technicality and the bonfide omission/technical error.

8. Ld DR has submitted that assessee did not submit the required details of commodities/ supplies as required by the revenue authorities. Ld DR supports the impugned order.

9. It appears to us that no details of the supply of commodities/services along with documentary evidence were submitted to the satisfaction of the revenue authorities. This resulted in such a high pitched addition on estimated basis. Ld CIT(A) has observed that the assessee failed to submit details of receipts, services rendered, collection of taxes and the water charges to enable the first appellate authority to ascertain whether the receipts were strictly arising from municipal functions. It is an admitted fact that the appellant assessee is a Municipal Corporation of Gwalior (M.P) which failed to produce appropriate books of accounts despite its maintenance with the office of the assessee. In the totality of facts and circumstances of the case and in the interest of justice, we deem it just and appropriate to afford assessee an opportunity to file all required books of accounts and explain the queries raised by the revenue in respect of the high pitched transactions. The matter is thus remitted back to the file of Id Assessing Officer. Assessee is directed to file all documentary evidence in respect of the books of accounts and satisfy all the queries raised by the

revenue. Ld Assessing Officer shall pass order a fresh after taking assessee's submissions/explanations/evidences into consideration. Needless to say that Id Assessing Officer shall ensure the substantial compliance of the principles of natural justice. The appeal is liable to be allowed for statistical purposes.

10. In the result, the appeal is allowed for statistical purposes.

Order pronounced in the Open Court on - 20.01.2026

**Sd/-
(M BALAGANESH)
ACCOUNTANT MEMBER**

**Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER**

Dated: 17.04.2026

*Aamir Siddiqui, PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, Agra