

Industrial Infrastructure Development Corporation (Gwalior) M.P. Ltd. v. Commissioner of Income Tax, Gwalior

Civil Appeal No. 6262 of 2010

[2018] 10 SCR 481 | 2018-02-16

Whether the Commissioner could cancel the assessee's registration by the order dated 29 April 2002 without an express cancellation power then available under the Income-tax Act, using section 21 of the General Clauses Act, and what effect the prospective insertion of section 12AA(3) from 1 October 2004 had.

12A | 12AA(3) | 154

Two-judge bench | R. K. Agrawal, J. | Abhay Manohar Sapre, J.

Assessment years: See the source-scope notes; no year inferred.

Invalid 2002 cancellation; lawful later cancellation remains open

The Tribunal order was restored against the specific 2002 cancellation. Paragraph 32 expressly leaves section 12AA(3) cancellation open in accordance with law, and the original registration reserved merits examination of exemption. This judgment creates neither automatic exemption nor permanent protection from cancellation.

01 FACTS OF THE CASE

The appellant was a Madhya Pradesh State Government company established to develop industrial growth centres/areas and promote industrial development. On 10 February 1999 it applied for section 12A registration, asserting that its public-utility activity was charitable under section 2(15), and sought condonation of delay. The Commissioner's 13 April 1999 order condoned the delay and granted registration, expressly reserving examination of exemption on merits after a return was filed (paragraphs 3-5).

A show-cause notice followed on 27 November 2000. After considering the reply, the Commissioner cancelled the certificate on 29 April 2002. The company sought rectification under section 154 on 4 July 2002, arguing that the Commissioner lacked cancellation power; the Commissioner rejected that application on 20 December 2002. The Agra Tribunal allowed the assessee's appeal on 26 August 2004 and set aside the cancellation. The Madhya Pradesh High Court's 14 March 2007 judgment reversed the Tribunal and restored the Commissioner's order, relying on section 21 of the General Clauses Act. The assessee appealed to the Supreme Court (paragraphs 6-13).

Source: [reported judgment](#) / [paragraphs 1-13](#) / [PDF pages 4, 5, 6](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court examined the existence of express power, the nature of a registration order, the applicability of section 21 and the effect of the 2004 amendment. It held that no express Income-tax Act power authorized the Commissioner's 2002 cancellation. Registration under section 12A involved a quasi-judicial function; it was not an executive or legislative order of the kind to which section 21's general rescission power could apply. The Court drew on Indian National Congress (I) and other statutory analogies. It also retained the general qualification that quasi-judicial orders may be varied or reviewed when obtained by fraud or when the governing Act or Rules confer that power; this case was not decided as a fraud finding (paragraphs 17-26).

The Court treated the express power conferred by section 12AA(3), introduced by the Finance (No. 2) Act 2004 with effect from 1 October 2004, as prospective. It could not supply authority for the earlier cancellation order. The Delhi, Uttaranchal and Allahabad High Court decisions identified in paragraphs 28-30 were approved on the absence of the earlier express power and the quasi-judicial/section 21 analysis. Crucially, paragraph 32 expressly preserved the Commissioner's ability to exercise section 12AA(3) in this very case in accordance with law (paragraphs 27-32).

Source: [reported judgment / paragraphs 17-32 / PDF pages 6, 7, 8, 9 / judicial text](#)

03 JUDICIAL DECISION

The assessee's appeal was allowed, the High Court's impugned judgment was set aside and the Tribunal's order setting aside the 29 April 2002 cancellation was restored. The Commissioner remained free to exercise cancellation power under section 12AA(3) in accordance with law (paragraphs 31-32).

Source: [reported judgment / paragraphs 31-32 / PDF pages 9 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee against the impugned historical cancellation; lawful statutory cancellation expressly reserved

Civil Appeal No. 6262 of 2010 allowed; High Court order set aside; Tribunal order restored

Final invalidation of the challenged 2002 cancellation for lack of then-available power; no final grant of substantive exemption and no immunity from later lawful cancellation

The result is bounded by the 2002 order and the statutory chronology analyzed by the Court. Paragraph 32 preserves cancellation under section 12AA(3) in accordance with law, and the original registration reserved merits examination of exemption. This is not a universal continuing bar on cancellation, an automatic exemption ruling, or a complete account of all later registration regimes.

Source: [reported judgment / paragraphs 5; 7-10; 31-32 / PDF pages 5, 6, 9 / judicial text](#)

05 AKHB REVIEW POINT

Separate three questions: the authority and date of the cancellation order, compliance with the conditions of the cancellation provision that actually applies, and entitlement to exemption in an assessment. This judgment invalidates the specific 2002 cancellation because the claimed authority did not then exist; it expressly permits a lawful exercise of section 12AA(3) and does not decide that every receipt or activity of this government company is exempt.

Keep the complete chronology and the original certificate's reservation with the file. The prospective 2004 amendment cannot retrospectively validate the challenged order, but the decision supplies no permanent safe harbour against future cancellation. Any later amendment or successor registration regime requires a separate source/version check; none is certified here.

Source: [reported judgment / paragraphs 5; 21-32 / PDF pages 5, 7, 8, 9 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Orders

1.

Date: 1999-04-13

Order: Registration granted, with exemption merits expressly reserved

Effect of judgment: Historical grant remains protected against the invalidated cancellation, subject to paragraph 32

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: 5

Source role: judicial text

2.

Date: 2002-04-29

Order: Commissioner cancelled/withdrew registration

Effect of judgment: Set aside by the restored Tribunal order

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5; 6; 9

Paragraphs: 7-10; 31

Source role: judicial text

3.

Date: 2002-12-20

Order: Commissioner rejected section 154 application

Effect of judgment: Procedural antecedent to Tribunal relief

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: 8-10

Source role: judicial text

4.

Date: 2004-08-26

Order: Tribunal allowed assessee appeal and set aside cancellation

Effect of judgment: Restored

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 6; 9

Paragraphs: 10; 31

Source role: judicial text

5.

Date: 2007-03-14

Order: Madhya Pradesh High Court allowed Revenue appeal and restored cancellation

Effect of judgment: Set aside

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 4; 6; 9

Paragraphs: 1; 11-12; 31

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

2(15): the company's asserted public-utility/charitable-purpose basis for its application, not a final exemption adjudication; 260A: Revenue's appeal to the High Court; General Clauses Act, 1897, section 21: claimed source of rescission power rejected in this quasi-judicial setting; Finance (No. 2) Act 2004: introduction of section 12AA(3) with effect from 1 October 2004 as discussed by the Court; Statutory provisions from the Industrial Disputes, Commissions of Enquiry, Citizenship and Representation of the People Acts appear as interpretive analogies, not independent issues for determination

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Abhay Manohar Sapre, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 9 PDF pages; SHA-256

747eb4eeac7eae738a0527455bd39b1e5fc9d9d0d520917c940c9fe86855a0f8. Original bytes preserved.

Editorial headnote/references on physical pages 1-4; jurisdiction and appearances on page 4; complete judicial paragraphs 1-32 on pages 4-9 (printed SCR 484-489). No neighbouring judgment.

Open cited source rendition

Paragraph 4 gives the application date as 10 February 1999 and paragraph 5 gives the grant order as 13 April 1999; paragraph 6 inconsistently calls the grant an order of 10 February 1999. The rendered source confirms the inconsistency. The note uses the express application/grant chronology in paragraphs 4-5 and does not silently amend the source.

Paragraph 27 associates the 1 October 2004 amendment with AY 2004-05. This is a statutory chronology reference, not an identified assessment year under appeal.

The 2004 timeline is the Court's express account. The judgment does not set out the full text or every later amendment of section 12AA(3), or later successor registration regimes; no broader temporal/cancellation certificate is inferred.

The original certificate expressly reserved examination of the exemption claim on merits; no automatic exemption is declared.

Paragraph 14 states that none appeared for the appellant, although the report's appearances list names an advocate for the appellant. No advocacy detail is inferred from the editorial list.

The Court's general fraud qualification in paragraph 25 is retained; the record here is not characterized as a fraud determination.

SCR citation read on the reported cover. The acquisition index records 2018INSC156, which is not independently printed/verified in this rendition and is not adopted as the displayed citation.

This is a registration-cancellation jurisdiction dispute. No specific assessment year is identified as the appeal's assessment year. Paragraph 27 mentions AY 2004-05 while discussing the 1 October 2004 amendment; that reference is not treated as the assessee's disputed assessment year.

STATUTORY SCOPE

Historical provisions and assessment years only; no automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent judicial-treatment or current-law audit. Any specifically read cross-case relationship is identified separately and does not change this status.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 9

SHA-256: 747eb4eeac7eae738a0527455bd39b1e5fc9d9d0d520917c940c9fe86855a0f8

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