

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“C”BENCH: BANGALORE**

**BEFORE SHRI N.V. VASUDEVAN, VICE PRESIDENT  
AND  
SHRI B.R. BASKARAN, ACCOUNTANT MEMBER**

ITA No.692/Bang/2020
Assessment Year: 2012-13

M/s. Sri Kannikaparameshwari Co-op Bank Ltd. # 165/2, 3 <sup>rd</sup> Main, P.J. Extension Davangere 570 002  <b>PAN NO :AADTS3885J</b>	<b>Vs.</b>	ITO (TDS) Ward Davangere
<b>APPELLANT</b>		<b>RESPONDENT</b>

<b>Appellant by</b>	:	Shri Sandeep, A.R.
<b>Respondent by</b>	:	Smt. R. Premi, D.R.

Date of Hearing	:	19.07.2021
Date of Pronouncement	:	19.07.2021

**ORDER**

**PER B.R. BASKARAN, ACCOUNTANT MEMBER:**

The assessee has filed this appeal challenging the order dated 14.9.2020 passed by Ld. CIT(A), Davangere and it relates to the assessment year 2012-13.

2. The Ld. A.R. submitted that the assessee is a Co-operative Bank engaged in the business of banking and providing credit facilities to its members. The A.O. passed the impugned order u/s 201(1) & 201(1A) of the Income-tax Act, 1961 [‘the Act’ for short] on the reasoning that the assessee is an “assessee in default”, as it has

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failed to deduct tax at source from the interest payments made to its members in terms of provisions of section 194A of the Act. Accordingly, the A.O. raised a demand of Rs.45.38 lakhs u/s 201(1) and interest of Rs.16.34 lakhs u/s 201(1A) of the Act. Accordingly, the aggregate demand raised upon the assessee was worked out to Rs.61.72 lakhs. However, the A.O. has titled the order as “Order under section 201(1A) of the Income Tax Act, 1961”.

3. The Ld. A.R. submitted that the assessee filed the appeal before Ld. CIT(A) challenging the demand raised by the A.O. u/s 201(1) of the Act. However, the Ld. CIT(A) proceeded to dispose of the appeal under the erroneous presumption that the assessee has filed the appeal challenging the interest charged u/s 201(1A) of the Act. Accordingly, the Ld. CIT(A) did not adjudicate the grounds raised against the demand raised u/s 201(1) of the Act. The Ld. A.R. further submitted that there will be no interest demand u/s 201(1A) of the Act if the demand raised u/s 201(1) of the Act is cancelled. Accordingly, he submitted that the interest charged u/s 201(1A) of the Act is consequential in nature in terms of sec.201(1A). Accordingly, the Ld. A.R. submitted that the matters may be restored to the file of the Ld. CIT(A) for adjudicating the said ground.

4. The Ld. D.R. also submitted that the Ld. CIT(A) has not adjudicated the grounds raised by the assessee against the demand raised u/s 201(1) of the Act.

5. Having heard the rival submissions, we are of the view that there is merit in the submissions of the assessee. As rightly pointed out by the Ld. A.R., the A.O. has titled the order as “Order under section 201(1A) of the Income Tax Act, 1961”, which is a

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typographical error since the demand raised in the order is consisted of demand raised u/s 201(1) of the Act and interest charged u/s 201(1A) of the Act. Further, a perusal of the grounds urged by the assessee before Ld CIT(A) would show that the assessee has challenged the demand raised u/s 201(1) of the Act. As rightly pointed out by Ld A.R, the interest charged u/s 201(1A) of the Act shall be consequential in nature. Accordingly, we are of the view that the Ld. CIT(A) has failed to adjudicate the grounds urged before him against the demand raised u/s 201(1) of the Act. Since the Ld. CIT(A) has not adjudicated those grounds, we deem it proper to restore all the issues urged before us to the file of Ld. CIT(A) for adjudicating them afresh after affording adequate opportunity of being heard to the assessee.

6. In the result, the appeal filed by the assessee is treated as allowed for statistical purposes.

Order pronounced in the open court on 19<sup>th</sup> Jul, 2021.

**Sd/-**  
**(N.V. Vasudevan)**  
**Vice President**

**Sd/-**  
**(B.R. Baskaran)**  
**Accountant Member**

Bangalore,  
Dated 19<sup>th</sup> Jul, 2021.  
VG/SPS

**Copy to:**

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore