

**IN THE INCOME TAX APPELLATE TRIBUNAL  
RAJKOT BENCH, RAJKOT  
(Conducted through E-Court at Ahmedabad)**

**BEFORE Ms. SUCHITRA KAMBLE, JUDICIAL MEMBER AND  
SHRI WASEEM AHMED, ACCOUNTANT MEMBER**

**ITA No.12/RJT/2019  
Assessment Year: 2014-15**

Shree Motabhela Seva Sahakari vs. Income Tax Officer,  
Mandali Limited, Ward – 4, Morbi.  
At-Motabhela,  
Tal-Maliya Miyana,  
Morbi.  
[PAN – AAAAS 2591 R]  
(Appellant) (Respondent)

Appellant by : Written Submission  
Respondent by : Shri B.D. Gupta, DR

Date of hearing : 04.08.2022  
Date of pronouncement : 14.09.2022

**ORDER**

**PER SUCHITRA KAMBLE, JUDICIAL MEMBER :**

This appeal is filed by the assessee against the order dated 13.12.2018 passed by the CIT(A)-3, Rajkot for the Assessment Year 2014-15.

2. The assessee has raised the following grounds of appeal:

- “1. The CIT (A) erred in law as well as on facts in confirming addition of Rs.1,50,460/-. The same needs cancellation.
2. The CIT (A) erred in law as well as on facts in confirming disallowance of Rs.1,06,460/- in respect of deduction u/s.80P. The same needs cancellation.
3. The CIT (A) erred in law as well as on facts in confirming addition of Rs.50,000/- in respect of expenses incurred relating to task assigned by PGVCL. The same needs cancellation.
4. The CIT (A) erred in law as well as on facts in confirming addition of Rs.1,50,460/- based on irrelevant consideration. The same needs cancellation.

5. *The CIT (A) erred in law as well as on facts in confirming addition of Rs.1,50,460/- against statutory provisions and judicial guidelines. The same needs cancellation.*
6. *The CIT (A) erred in law as well as on facts in confirming addition of Rs.1,50,460/- without bringing any cogent material. The same needs cancellation.*
7. *The CIT (A) erred in law as well as on facts in confirming addition of Rs.1,50,460/- based on presumption and surmises. The same needs cancellation.*
8. *Taking into consideration legal, statutory, factual and administrative aspects addition of Rs.1,50,460/- ought not to have been made. The determination needs cancellation.*
9. *Without prejudice, no reasonable opportunity has been given by the CIT (A) while completing assessment. The same needs annulment.*
10. *Without prejudice, no reasonable opportunity has been given by the Ld. CIT (A) at appellate stage. The assessment order needs annulment.*
11. *Without prejudice, the assessment made being illegal, void, bad in law and against statutory provisions, needs annulment.*
12. *Without prejudice, the assessment is based on the notices which are not served legally and the same being invalid. The assessment needs annulment."*

3. The assessee is a co-operative society and during the year under consideration engaged in the business of trading of agricultural produce and providing credit facilities to its members. The co-operative society works for the benefits of its members. During the year under consideration the assessee has shown gross total income of Rs.13,64,649/- and claimed entire amount as deduction under Section 80P of the Income Tax Act, 1961. The assessee filed return of income on 20.09.2014 declaring total income of Rs.1,63,64,649/-. The Assessing Officer observed that the assessee has accepted that Section 80P of the Act does not cover the income from collection of electricity bills and the Co-operative Society's objects do not cover contract receipt from PGVCL, therefore, the Assessing Officer made addition of Rs.1,06,460/- to the total income of the assessee. The Assessing Officer also made addition of Rs.50,000/- towards expenses incurred in relation to complete the task assigned by PGVCL.

4. Being aggrieved by the assessment order, assessee filed appeal before the CIT(A). The CIT(A) dismissed the appeal of the assessee.

5. At the time of hearing, none appeared on behalf of the assessee despite giving notice. But the Ld. AR Shri D.R. Adhia has filed a Written Submission before us which are reproduced as below :-

***“Written Submissions:***

*The Ld AO has made addition as under :*

- 1. Rs.106460 treating that deduction u/s 80P is not allowable since it is from PGVCL which is not a co-operative society.*
- 2. Rs.50000 claimed by the assessee as salary expenses for attending task of issuance of bills etc. in the villages towards electricity charges etc. assigned by PGVCL.*
- 3. Since disbeliefment of deduction u/s. 80P in respect of amount received from PGVCL is disallowed without considering and obtaining requiring details as to what amount there from pertains to the members of society in villages using services of PGVCL shows that the same are disallowed on without making proper inquiry causing injustice to a seva sahakari mandli providing various services to villagers though admissible as deduction 80P. The addition may therefore kindly be deleted or may be restored back to the Ld AO for carrying out for judicial and statutory duties which he failed alternatively the disallowance may kindly be reduced to end litigation for a decade old matters taking into consideration that the assessee is a seva sahakari mandli providing services to villagers.*
- 4. A regards addition of Rs.50000 treating the same as not a liable as expenses incurred in respect of task completed as assigned by the PGVCL. The addition purely based on contrary to the admission by the Ld. AO that the PGVCL entrusted task of providing electricity bills, etc. in small villages situated having no fluent facility for vehicle, etc. Thus on one hand the Ld. AO admits that the assessee has completed task as interest by the PGVCL in contract deed there of fully mentioned that assessee has to engage at least 10 persons as mentioned para page of the assessment order. The assessee also submitted that the task was entrusted under the government scheme name "atmiya projects" particularly authorizing at least to appoint 10 people/worker which is accepted as completed in toto by the PGVCL has also government authority in charge of atmiya projects. The amount of salary is paid for meter reading, providing bills in far situated villages disallowance there of amounts to NON-ACCEPTENCE of settled law and principle that no income can be earned without incurring expenses itself is bad in law particularly when the accounts of assessee are duly audited and not rejected.”*

6. The Ld. DR relied upon the Assessment Order and the order of the CIT(A)

7. We have heard the Ld. DR and perused all the relevant material available on record including written submission filed by the Ld. AR. As per the submissions of the AR it is seen that the finding of the Assessing Officer in respect of non-furnishing of the required details related to the claim of deduction under Section 80P of the Act was done without any proper enquiry in respect of the Seva Sahakari Mandal which is providing service to Villagers and as per the said written submission the assessee claimed deduction under Section 80P of the Act. The alternate argument in the written submission is that the addition may be deleted or may be restored back to the Assessing Officer for carrying out judicial and satisfactory duties which the Assessing Officer failed to do. Alternatively, the disallowance may be reduced under litigation to decide the old matters. If we see the particular Section related to deduction in respect of income of co-operative Societies i.e. Section 80P, the Co-operative Society engaged in providing credit facility to its members is entitled to claim deduction under Section 80P of the Act. The Revenue at no point of time pointed out that the assessee Co-operative Mandali is not a Co-operative Society as per the Income Tax Statute. The observation of the Assessing Officer is that the Co-operative Society's objects do not cover contract receipt cannot be the sole criteria for making addition as it is the part and parcel of its members working and the statutory dues related to collection of electricity bill. Thus, the addition on this account is not properly made by the Assessing Officer and the CIT(A) has also failed to consider the contentions of the assessee. Therefore, this addition does not sustain.

8. As regards addition related to expenses incurred in relation to completing the task assigned by PGVCL also comes under the purview of Section 80P of the Act and therefore, the assessee has rightly claimed the same. Therefore, the appeal of the assessee is allowed.

9. In the result, appeal filed by the assessee is allowed.

Order pronounced in the open Court on this 14<sup>th</sup> day of September, 2022.

*Sd/-*  
**(WASEEM AHMED)**  
Accountant Member

*Sd/-*  
**(SUCHITRA KAMBLE)**  
Judicial Member

**Ahmedabad, the 14<sup>th</sup> day of September, 2022**

**PBN/\***

*Copies to:*

- (1) *The appellant*
- (2) *The respondent*
- (3) *CIT*
- (4) *CIT(A)*
- (5) *Departmental Representative*
- (6) *Guard File*

*By order*

*Assistant Registrar  
Income Tax Appellate Tribunal  
Rajkot Bench, Rajkot*