

THE INCOME TAX APPELLATE TRIBUNAL  
"SMC" Bench, Mumbai  
Shri B.R. Baskaran (AM) & Shri Pavan Kumar Gadale (JM)

I.T.A. No. 1539/Mum/2022 (A.Y. 2017-18)

Samaj Sampada Co-op. Ltd. Credit Society 8, Rasham CHS Ground Floor, Station Road, Goregaon West Mumbai-400 104  PAN : AAKAS3757R (Appellant)	Vs.	CIT(A), NFAC Delhi      (Respondent)
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Assessee by	Shri Pravin Ghagre (Employee)
Department by	Shri R.P. Veena
Date of Hearing	24.08.2022
Date of Pronouncement	06.09.2022

ORDER

Per B.R. Baskaran (AM) :-

The assessee has filed this appeal challenging the order dated 21.03.2022 passed by Ld CIT(A), National Faceless Appeal Centre, Delhi and it relates to the assessment year 2017-18. The assessee is aggrieved by the decision of Ld CIT(A) in confirming the action of the AO in estimating the total income at Rs.5,85,370/-, being the amount calculated @ 8% of the aggregate amount of deposits made by the assessee in its bank account during the year under consideration.

2. At the time of hearing, an employee of the assessee named Shri Pravin Ghagre appeared and sought adjournment. However, the bench noticed that both the authorities have passed orders ex-parte. Hence the bench proceeded to dispose of the appeal.

3. We heard Ld D.R and perused the record. The assessee is a credit co-operative society, whose members consisted of slum dwellers and small people. It has carried the activities of accepting deposits from its members and lending

it to them. During the year under consideration, the assessee has deposited a sum of Rs.18,81,410/- in its bank account maintained with M/s Maharashtra State Co-operative Bank, Mumbai, which were in the nature of demonitised currency notes. It was noticed that the assessee has not filed any return of income. Hence the AO issued notice u/s 142(1) of the Act requiring the assessee to file return of income. However, there was no response from the assessee. Hence the AO proceeded to complete the assessment to the best of his judgement u/s 144 of the Act. The AO noticed that the aggregate amount of cash deposited by the assessee in its bank account was Rs.73,17,070/- (including the deposits of demonitised currency notes). The AO estimated the income of the assessee @ 8% of the above said deposits, which worked out to Rs.5,85,366/-. The Assessing Officer determined the total income of the assessee at Rs.5,85,370/-.

4. Before Learned CIT(A) also, the assessee did not appear and hence the first appellate authority confirmed the assessment order. Aggrieved, the assessee has filed this appeal before the Tribunal.

5. We noticed that the assessee is a credit co-operative deposit carrying on the business of accepting deposits from its members and lending it to them only. Hence the deposits made by the assessee in its bank account should represent the part of its business receipts. Since the assessee is governed by the Co-operative Societies Act, it should be maintaining proper books of account. We notice that the Assessing Officer was constrained to estimate the income, since the assessee did not co-operate with the Assessing Officer. It was stated that the members of the assessee society are slum dwellers and small people. Under these set of facts, it appears that the assessee has not been properly guided in this matter. Accordingly, in the interest of natural justice, we are of the view that the assessee should be provided with an opportunity to explain its case properly before the Assessing Officer. Accordingly, we set aside the order passed by Learned CIT(A) and restore all the issues to the file of the Assessing Officer for examining them afresh. We

also direct the assessee to fully Co-operate with the Assessing Officer for expeditious completion of the assessment. After providing adequate opportunity of being heard to the assessee, the Assessing Officer may take appropriate decision in accordance with law.

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

Order pronounced in the open court on 06.09.2022.

Sd/-  
(PAVAN KUMAR GADALE)  
JUDICIAL MEMBER

Sd/-  
(B.R. BASKARAN)  
ACCOUNTANT MEMBER

Mumbai; Dated : 06/09/2022

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)
4. CIT
5. DR, ITAT, Mumbai
6. Guard File.

//True Copy//

BY ORDER,

(Assistant Registrar)  
ITAT, Mumbai

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