

**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH : BANGALORE**

**BEFORE SMT. BEENA PILLAI, JUDICIAL MEMBER
AND
SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER**

ITA No. 787/Bang/2022
Assessment Year : 2014-15

M/s. Sangha Mithra Rural Financial Services, #612, 1C Main Road, Domlur Layout, Bangalore – 560 071. PAN: AAEC0038H	Vs.	The Assistant Commissioner of Income Tax (Exemptions), Circle – 1, Bangalore.
APPELLANT		RESPONDENT

Assessee by	:	Shri Ravi Shankar, Advocate
Revenue by	:	Smt. Priyadarshini Baseganni, Addl. CIT (DR)

Date of Hearing	:	17-10-2022
Date of Pronouncement	:	17-10-2022

ORDER

PER BEENA PILLAI, JUDICIAL MEMBER

Present appeal is filed by assessee against the order u/s. 250 passed by National Faceless Appeal Centre, Delhi dated 07/07/2022 for A.Y. 2014-15 on following grounds of appeal:

“1. The order passed by the Hon'ble Commissioner of Income Tax NFAC, under section 250 of the Income Tax Act, 1961 ("the Act") is so far as it is against the Appellant is opposed to law, weight of evidence, probabilities, facts and circumstances of the Appellant's case.

2. *The appellant denies itself to be assessed at an income of Rs. 2,87,26,013/- against the returned income of Rs. NIL, on the facts and circumstances of the case.*

3. *The learned CIT(A) was not justified in dismissing the appeal as not being pursued, which is contrary to the intention of the appellant, and ought to have provided another opportunity of hearing, on the facts and circumstances of the case.*

4. *The learned CIT(A) failed to appreciate the grounds of appeal raised challenging the perverse observations of the assessing officer, which has not been adjudicated by the CIT(A), on the facts and circumstances of the case.*

5. *The learned CIT(A) failed to appreciate that there was no violation of the objects of the trust and the appellant is eligible for the benefits of a trust, on the facts and circumstances of the case.*

6. *The authorities below failed to appreciate that the appellant was lending monies to the downtrodden who could not avail loans from banks and institutions and the interest charged was sufficient only to meet its expenditure, on the facts and circumstances of the case.*

7. *The authorities below failed to appreciate that the surplus is due to the large loans availed and turnover achieved by making efforts to reissues the same loans, thus to economize the lending by the appellant, on the facts and circumstances of the case.*

8. *Without prejudice to the right to seek waiver as per the parity of reasoning of the decision of the Hon'ble Apex Court in the case of Karanvir Singh 349 ITR 692, the Appellant denies itself liable to be charged to interest under section 234 A, 234 B & 234 C of the Income Tax Act under the facts and circumstances of the case.*

9. *For the above and other grounds that may be urged at the time of hearing of the appeal, the Appellant prays that the appeal may be allowed and justice rendered."*

2. At the outset, the Ld.AR submitted that assessee was issued notice in respect of the hearing by the Ld.CIT(A) during the covid period which is apparent from the following para of the impugned order.

“The appeal was instituted on 25.01.2017, against order u/s. 143(3) of the Income Tax Act, 1961 for the A.Y. 2014-15. Subsequently the appeal was migrated to the National Faceless Appeals Centre vide Notification No. 76 of 2020 dated 25/09/2020 issued from CBDT. Notices were issued u/s. 250 of the Income-tax, 1961 on 30.12.2020, 30.11.2021, 15.12.2021, 04.02.2022, 07.03.2022 and 02.06.2022 for furnishing of submission.”

3. It is submitted that the issue is in respect of disallowance of accumulation u/s. 11(1)(a) of the gross receipts. He submitted that the issue needs to be relooked into based on the evidences filed by the assessee as assessee did not get an opportunity for the same. The Ld.DR also submitted that the issue may be remanded from the computation of income by the Ld.AO which is not clear as to how the gross receipts have been computed in the computation of net profits of the assessee.

4. Considering the above submissions by both sides, we deem it appropriate to remand this issue back to the Ld.AO for *denovo* assessment. The Ld.AO is directed to pass a fresh assessment order by considering all the evidences and by granting proper opportunity of being heard to assessee in accordance with law.

In the result, the appeal filed by assessee stands allowed for statistical purposes.

Order pronounced in the open court on 17th October, 2022.

Sd/-
(LAXMI PRASAD SAHU)
Accountant Member

Sd/-
(BEENA PILLAI)
Judicial Member

Bangalore,
Dated, the 17th October, 2022.
/MS /

Copy to:

1. Appellant
2. Respondent
3. CIT

4. CIT(A)
5. DR, ITAT, Bangalore
6. Guard file

By order

Assistant Registrar,
ITAT, Bangalore