

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'SMC'
BENCH MUMBAI**

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI S RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No.3723/Mum/2023
(Assessment Year :2017-18)**

Jay Mataji Co-operative Credit Society Limited 4, Koday Apartments Datta Mandir Road Malad East Mumbai- 400 097	Vs.	Income Tax Officer Ward 30(1)(5) Mumbai
PAN/GIR No.AAAAJ3554B		
(Appellant)	..	(Respondent)

Assessee by	Shri Ravindra Naik
Revenue by	Shri R.R. Makwana
Date of Hearing	18/03/2024
Date of Pronouncement	18/03/2024

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The aforesaid appeal has been filed by the assessee against order dated 02/08/2023 passed by NFAC, Delhi for the quantum of assessment passed u/s. 143(3) for the A.Y.2017-18.

2. The only issue which has been raised is on account of addition of Rs.1,98,500/- deposited in the bank account of Specified Bank Notes between the period 09/11/2016 to 30/12/2016.

3. The brief facts are that assessee is a co-operative credit society and doing banking business for members. It collects deposits from members by way of fixed Deposits, saving deposits, and recurring daily deposit, etc. The assessee's income is liable for deduction u/s.80P and accordingly, in the return of income it has claimed deduction of Rs.18,37,522/-. The assessee society during the period of demonetization had deposited Rs.1,98,500/- in the relevant F.Y.2016-17, relevant to A.Y.2017-18 of Specified Bank Notes during the relevant financial year. As per the information, it was noticed that assessee had deposited a sum of Rs. 16,43,002/- in the bank account maintained with SDC bank in the demonetized old currency. The ld. AO has made an addition of Rs.1,98,500/- deposited during the year, on the ground that the assessee did not respond to the notices u/s.142(1) and failed to prove that money was collected and deposited during the normal course of business, accordingly, addition has been made. The ld.CIT(A) has confirmed the said addition that assessee could not explain source of cash deposits during the assessment as well appellate proceedings merely stating that amount was collected from its member is not sufficient and necessary evidence alongwith complete details of the persons from whom the same has been received.

4. We have heard both the parties and also perused the relevant material placed on record. Before us ld. Counsel submitted that assessee is a credit society and the members of the society are small street vendor, Auto- Rickshaw and

taxi drivers, small shopkeepers, salaried employees and persons who are unable to get finance from the nationalized and scheduled banks. The society used to collect small amount of cash deposits from its members and deposited in the bank account by way of loan recovery, daily deposits from its members. It has maintained regular books of accounts and cash books giving the details of the members, their PAN (wherever applicable) and adhaar who have given cash deposits. The copy of such cash books have been placed in the paper book from pages 17-79 including the period from 07/11/2016 to 30/12/2016. Further, a separate detail has been filed showing deposit of Rs.1,44,000/- in Rs.500/- SBN from 18 people alongwith their PAN and Adhaar numbers including the date from where it was received from the members and further details from six members for further sum of Rs.54,500/-. All these deposits are appearing in the regular cash books maintained by the assessee. Once the very nature of the assessee's activity is to accept deposits from its members and also financing them, then small petty amounts received from various members cannot be treated as unexplained specifically in light of the details maintained by the assessee. Accordingly, the addition of Rs.1,98,500/- is deleted as the source of the cash deposits have been duly accepted from the cash book and the details of the members deposited therein alongwith their PAN and Adhaar, accordingly, the appeal of the assessee are allowed.

5. In the result, appeal of the assessee is allowed.

Order pronounced on 18th March, 2024.

Sd/-

**(S RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

Mumbai; Dated 18/03/2024
KARUNA, *sr.ps*

Sd/-

**(AMIT SHUKLA)
JUDICIAL MEMBER**

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,

(Asstt. Registrar)
ITAT, Mumbai