

| आयकर अपीलीय अधिकरण न्यायपीठ, कोलकाता |
IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, KOLKATA

BEFORE SHRI RAJPAL YADAV, HON'BLE VICE PRESIDENT
&
DR. MANISH BORAD, HON'BLE ACCOUNTANT MEMBER

I.T.A. No. 1346/Kol/2023
Assessment Year: 2015-16

Dandipur Samabay Krishi Unanayan Samity Ltd. Vill & P.O. Dandipur Ghatal Paschim Medinipur - 721222 [PAN: AABAD5987H]	Vs	ACIT, Circle-38, Midnapore
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अपीलार्थी/ (Appellant)		प्रत्यर्थी/ (Respondent)
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Assessee by :	Shri B.D. Ghosh, A/R
Revenue by :	Shri Manoj Tiwari, JCIT, Sr. D/R

सुनवाई की तारीख/Date of Hearing : 04/04/2024
घोषणा की तारीख/Date of Pronouncement : 16/04/2024

आदेश/ORDER

PER DR. MANISH BORAD, ACCOUNTANT MEMBER:

The instant appeal is directed at the instance of the assessee against the order of the National Faceless Appeal Centre, [hereinafter the "Id. First Appellate Authority"] dt. 26/06/2023, passed u/s 250 of the Income Tax Act, 1961 ("the Act") for the Assessment Year 2015-16.

2. Though the assessee has raised several grounds of appeal but its sole grievance is against denial of deduction u/s 80P(2)(i)(a) of the Act by the Id. First Appellate Authority. Facts in brief are that the assessee is a primary agricultural co-operative society registered under the West Bengal Societies Co-operative Act, 2003. It carries on the business of fertilizers, seeds, agricultural equipments and loans to the family members and local village people. Income tax return for Assessment Year 2015-16 furnished on 08/02/2016 declaring total income at Rs. Nil

and deduction u/s 80P of the Act claimed at Rs.11,76,698/-. Case selected for scrutiny under CASS for the reason of sales turnover mismatch and deduction under Chapter VI-A. Statutory notices were issued. Various details called for were submitted. The ld. Assessing Officer observed that the assessee is providing credit facilities to members as well as non-members and for lack of necessary details, the ld. Assessing Officer disallowed the claim of deduction u/s 80P(2)(i)(a) of the Act at Rs.11,76,698/-. Another addition was made for Rs.10,000/- disallowing the provision for gratuity payable of Rs.10,000/-. Income assessed at Rs.11,86,700/-. Aggrieved the assessee preferred appeal before the ld. First Appellate Authority, but failed to succeed.

3. Aggrieved the assessee is now in appeal before this Tribunal challenging the denial of deduction of Rs.11,76,698/- u/s 80P(2)(i)(a) of the Act. The ld. Counsel for the assessee referring to the paper book containing 92 pages which includes the written submission stated that the major portion of the interest income is from deposits with Co-operative Bank and from income from sale of fertilizers. He also submitted that details of income from non-members have been calculated and the disallowance u/s 80P(2)(i)(a) of the Act can be denied only to the extent of Rs. 59,280/- being net interest income not earned from members.

On the other hand, the ld. D/R vehemently argued supporting the orders of the lower authorities.

4. We have heard the rival contentions and perused the material placed before us. We notice that the assessee is a primary agricultural

co-operative society engaged in purchase and sale of agricultural products and also engaged in providing credit facilities to its Members and local people. Audited financial statements are not maintained separately for the activities connected to members and non-members, as a result, separate information is not discernible from the audited financial statement for the income attributable to non-members. From perusal of page 20 of the paper book, showing the audited profit and loss account we notice that against the gross credits under income head at Rs. 21,22,846.95/-, net income for the year is only Rs.11,76,698/-. Gross receipts includes interest received on deposits at Rs.13,89,362/-. Such interest income has been earned from the deposits of Rs.1,35,90,000/- maintained with Co-operative Bank and the closing balance is appearing in the audited balance sheet as on 31/03/2015. Interest from co-operative banks is eligible for deduction u/s 80P(2)(a)(i) of the Act. As far as the remaining gross receipts are concerned, it includes the income from sale of fertilizers, seeds and the amount of Rs.2,55,409/- and the same is also eligible for deduction u/s 80P(2)(i)(a) of the Act. The balance gross receipts also includes the interest income from members and non-members. Admittedly, the financial statements did not indicate separate details but on overall examination of the audited financial statements, details filed by the assessee giving bifurcation of loans and advances, interest received on deposits, interest from non-members and members, we are satisfied with the correctness of the said details. Therefore, considering the fact that major portion of the interest income is from co-operative bank, members, agricultural activities, but also considering the element of interest income from non-members. The deduction u/s 80P(2)(a)(i) of the Act can be denied only

to the extent of Rs.59,280/- being the net interest income from the non-members (gross interest from non-members including interest from NSC & KVP, totalling to Rs. 31,400/- less interest paid to non-members at Rs.22,000/-). Accordingly, as against deduction u/s 80P(2)(a)(i) of the Act claimed at Rs.11,76,698/-, we allow the claim to the extent of Rs.11,17,418/- and partly allow the related grounds of appeal raised by the assessee.

5. Additional Grounds of appeal raised by the assessee also becomes infructuous as we have already given relief allowing claim of deduction u/s 80P(2)(a)(i) of the Act to the extent of Rs.11,17,418/-.

6. Remaining Grounds are general in nature.

7. In the result, appeal of the assessee is partly allowed.

Order pronounced in the Court on 16th April, 2024 at Kolkata

Sd/-
(RAJPAL YADAV)
VICE PRESIDENT

Sd/-
(DR. MANISH BORAD)
ACCOUNTANT MEMBER

Kolkata, Dated 16/04/2024

SC S/P

5

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent
3. संबंधित आयकर आयुक्त / Concerned Pr. CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि ,आयकर अपीलीय अधिकरण, कोलकाता/DR,ITAT, Kolkata,
6. गार्ड फाई/ Guard file.

आदेशानुसार/ BY ORDER,
TRUE COPY

Assistant Registrar
आयकर अपीलीय अधिकरण
ITAT, Kolkata