

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“B” BENCH : BANGALORE**

BEFORE SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER  
AND  
SHRI KESHAV DUBEY, JUDICIAL MEMBER

ITA No.695/Bang/2024
Assessment year : 2020-21

Tarunsagar Vivedhoddeshagal Souhard Sahakari Limited, Tarunsagar Co-op. Hosatti Building, Kacheri Road, Jamkhandi – 587 301. <b>PAN : AADAT 3202B</b>	Vs.	The Income Tax Officer, Ward 1 & TPS, Bijapur.
APPELLANT		RESPONDENT

Appellant by	:	Smt. Pratibha R., Advocate
Respondent by	:	Shri Ganesh R. Ghale, Standing Counsel

Date of hearing	:	20.06.2024
Date of Pronouncement	:	28.06.2024

**ORDER**

*Per Laxmi Prasad Sahu, Accountant Member*

This appeal is filed by the assessee against the order dated 21.2.2024 of the CIT(Appeals), National Faceless Appeal Centre, Delhi [NFAC], for the AY 2020-21.

2. Briefly stated the facts of the case are that assessee filed return of income on 29.12.2020 declaring Nil total income. It has shown Rs.36,85,964 under profits & gains of business or profession and

claimed the same as deduction under Chapter VIA of the Act. The case was selected for scrutiny and statutory notices were issued to the assessee against which there was no compliance from the assessee. A show cause notice dated 13.03.2022 was issued proposing to disallow deduction and the assessee filed its written submissions with documents. The AO noted that the assessee received interest income as follows:-

Sl. No.	Interest received from	Amount of interest (In Rs.)
1.	DCC Bank (S/A)	1,05,723
2.	KVG Bank (S/A)	69,691
3.	DCC Bank (F/D)	56,06,699
4.	BDCC Bank (RFD)	2,33,020
	Total	60,15,133

3. The interest amounts were credited to P&L account and the net profit earned by assessee is Rs.36,85,894 on which assessee has claimed deduction u/s. 80P(2)(a)(i) of the Act. The AO observed that interest income received from various banks is not attributable to business income and it is income from other sources and cost for earning such income has already been debited to P&L account. The AO also noted that assessee has received interest of Rs.56,06,699 from DCC Bank as FD interest and interest of Rs.1,05,723, Rs.69,691 and Rs.2,33,020 as interest from banks which is income out of surplus funds and it is not the business income of the assessee and it is income from other sources. Accordingly, deduction u/s. 80P(2)(a)(i) of the Act of Rs.36,85,964 was denied. The AO noted that the assessee had not

claimed deduction u/s. 80P(2)(d) of the Act which cannot be allowed to the assessee.

4. The assessee filed appeal before the First Appellate Authority (FAA). The FAA issued various notices on different dates on 15.12.2023, 28.12.2023, 5.1.2024 and 29.1.2024, but the assessee did not submit any reply. Accordingly the CIT(Appeals) on the basis of material on record dismissed the appeal of the assessee. Aggrieved, the assessee is in appeal before the ITAT.

5. The learned AR submitted that the appeal could not be persuaded during the appellate proceedings because such notice were not received by the assessee. During the course of assessment proceedings the assessee responded notices issued by the AO and AO has not accepted the submissions of the assessee. The ld. AR also argued on the merits of the case. She further submitted that in the interest of justice and equity, the learned AR submits that the matter may be restored to the files of the CIT(A) for fresh consideration on merits and undertook that the assessee will comply the notices .

6. The learned Departmental Representative supported the order of the A.O. and the CIT(A).

7. We have heard rival submissions and perused the material on record. We note that the assessment was completed u/s. 143(3). However, during the appellate proceedings the first appellate authority issued various notices on different dates. As per submission of the

assessee, the notices were not served to the assessee. The First Appellate Authority passed ex parte order without going into merits. Considering the submissions of the Id. AR and in the interest of justice, we remit the matter to the file of CIT(Appeals) for fresh consideration and decision as per law after giving opportunity of hearing to the assessee. The assessee shall produce all the documents in support of its case and not seek unnecessary adjournment for early disposal of the case. In case of further default by the assessee, no leniency will be granted.

8. In the result, the appeal by the assessee is allowed for statistical purposes.

Pronounced in the open court on this 28<sup>th</sup> day of June, 2024.

Sd/-

( KESHAV DUBEY )  
JUDICIAL MEMBER

Sd/-

(LAXMI PRASAD SAHU )  
ACCOUNTANT MEMBER

Bangalore,  
Dated, the 28<sup>th</sup> June, 2024.

*/Desai S Murthy /*

Copy to:

1. Appellant
2. Respondent
3. Pr.CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar  
ITAT, Bangalore.