

IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE BENCH "B", PUNE

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER  
AND  
MS. ASTHA CHANDRA, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.151/PUN/2024

निर्धारण वर्ष / Assessment Year : 2021-22

Sangli District Labour Contract Co.op Societies Co.op Federation Limited Sangli, Shram Sahakar, Revani Road, Opp. Municipal Corporation Building, Sangli 416 416 Maharashtra PAN : ABSAS0036J	Vs.	ITO, Sangli
Appellant		Respondent

Assessee by : Shri Amit Shintre &  
Shri Sudhir Shintre (through Virtual)  
Revenue by : Shri Ajay Kumar Keshari  
Date of hearing : 24.07.2024  
Date of pronouncement : 05.08.2024

**आदेश / ORDER**

**PER INTURI RAMA RAO, AM:**

This is an appeal filed by the assessee directed against the order of the National Faceless Appeal Centre, Delhi dated 06.12.2023 levying penalty of Rs.10,14,828/- u/s.270A of the Income-tax Act, 1961 (hereinafter also called 'the Act') for the A.Y. 2021-22.

2. Brief facts of the case are that the appellant is a Cooperative society duly registered under the Maharashtra Cooperative Societies Act, 1960. It is engaged in federation of labour societies under Sangli District. The Return of Income for the A.Y.2021-22 was filed on

04.02.2022 declaring total income of Rs.63,016/- after claiming deduction u/s.80P(2)(a)(vi) of the Income-tax Act, 1961 (hereinafter also called 'the Act'). Against the said return of income, the assessment was completed by the Assessing Officer (AO) vide order dated 09.12.2022 u/s.143(3) r.w.s.144B of the Act at a total income of Rs.65,68,330/-. While doing so, the AO had disallowed the claim for deduction u/s.80P(2)(a)(vi) of the Act on the ground that the income shown in the return of income was not derived from the activity of collective disposal of labour. The AO also had disallowed the interest of Rs.22,77,800/- claimed u/s.80P(2)(d) of the Act on the ground that such deduction was not claimed in the return of income. The AO also initiated penalty proceedings u/s.270A. In response to the show cause notice, the appellant society submitted that penalty u/s.270A cannot be levied on mere disallowance of claim. However, rejecting the contention made by the appellant society, the AO levied penalty of Rs.10,14,828/- u/s.270A of the Act on the ground of under reporting of income.

3. Being aggrieved by the above penalty order, an appeal was filed before the CIT(A)/NFAC who vide impugned order confirmed the penalty levied by the AO.

4. Being aggrieved, the appellant society is in appeal before the Tribunal in the present appeal.

5. We heard the rival submissions and perused the material on record. In the quantum appeal preferred by the appellant society in ITA No.150/PUN/2024, we restored the issue of addition of interest income earned by the appellant society from the FDs made with Sangli District Central Co.op Bank Ltd. to the file of Assessing Officer for *denovo* adjudication with a direction to allow the deduction, on being satisfied

on verification that the interest income is earned from a Cooperative Society, subject to fulfillment of other conditions.

6. In the circumstances, the penalty matter is also being restored to the file of Assessing Officer, consequent to the remand order passed by this Tribunal in the quantum appeal.

7. In the result, the appeal filed by the assessee is partly allowed.

Order pronounced on this 05<sup>th</sup> day of August, 2024.

**sd/-**  
**(ASTHA CHANDRA)**  
**JUDICIAL MEMBER**

**sd/-**  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Pune / Dated : 05<sup>th</sup> August, 2024.

*Satish*

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, “B” बेंच, पुणे / DR, ITAT, “B” Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Senior Private Secretary  
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.