

**IN THE INCOME TAX APPELLATE TRIBUNAL
SMC-'B' BENCH : BANGALORE**

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

ITA No. 508/Bang/2024
Assessment Year : 2017-18

M/s. Prathamika Krishi Pattin Sahakara Sangh Niyamit Telagi, Telagi Taluka Basavan Bagewadi, Dist. Bijapur – 586 216. PAN: AADAP3609C	Vs.	The Income Tax Officer, Ward – 3, Bijapur.
APPELLANT		RESPONDENT

Assessee by	:	Smt. Prathibha .R, Advocate
Revenue by	:	Shri Ganesh R. Ghale, Advocate, Standing Counsel for Dept.

Date of Hearing	:	06-08-2024
Date of Pronouncement	:	12-08-2024

ORDER

PER BEENA PILLAI, JUDICIAL MEMBER

Present appeal arises out of order dated 04.03.2024 passed by
Ld.CIT(A)-12/NFAC, Mumbai for A.Y. 2017-18.

2. At the outset, it is submitted by the Ld.AR that in the appeal filed by the assessee before the Ld.CIT(A)/NFAC, erroneous grounds were taken on an assessment order that did not pertain to the relevant assessment year under consideration. The observations of Ld.CIT(A) in paras 3.4-3.5 is quite clear on this aspect.

3. The Ld.CIT(A) therefore dismissed the appeal since assessee could not remove the defects even after pointing out the anomaly.

Aggrieved by the order of the Ld.CIT(A), the assessee is in appeal before this *Tribunal*.

4. The assessee has filed the correct assessment order before this *Tribunal* for the year under consideration, and is noted that, the disallowance made is due to the cash deposited during the demonetisation period and the disallowance of interest earned by the assessee on fixed deposits.

5. Considering the fact that assessee is a co-operative society and had filed a valid return within the period of limitation, the claim of the assessee u/s. 80P(2)(a)(i)/(d) deserves to be analysed in the light of the decisions of *Hon'ble Supreme Court* in case of *Mavilayi Service Co- operative Bank Ltd. v. CIT* reported in 431 ITR 1 and *Kerala State Co-operative Agricultural and Rural Development Bank Ltd. vs. AO* reported in (2023) 154 taxmann.com 305.

6. It is noted that the authorities below has not considered the following CBDT Circulars.

- a) The 1st instruction was issued on 21/02/2017 by instruction number 03/2017.
- b) The 2nd instruction was issued on 03/03/2017 instruction number 4/2017.
- c) The 3rd instruction was in the form of a circular dated 15/11/2017 in F.No. 225/363/2017-ITA.II and the last one dated 09/08/2019 in F.no.225/145/2019-ITA.II.

7. The assessing officer is also directed to verify the demonetised cash deposited during the year under consideration based on the circular applicable to the assessee to the present facts. The assessee is directed to furnish the PAN and KYC details of all the depositors in order to assist the Ld.AO to consider the claim in accordance with law.

Accordingly, the grounds raised by the assessee stands partly allowed for statistical purposes.

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

Order pronounced in the open court on 12th August, 2024.

Sd/-
(LAXMI PRASAD SAHU)
Accountant Member

Sd/-
(BEENA PILLAI)
Judicial Member

Bangalore,
Dated, the 12th August, 2024.
/MS /

Copy to:

1. Appellant
3. CIT
5. Guard file

2. Respondent
4. DR, ITAT, Bangalore
6. CIT(A)

By order

Assistant Registrar,
ITAT, Bangalore