

**आयकर अपीलीय अधिकरण “सी” न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“C” BENCH, CHENNAI**

**माननीय श्री एबी टी. वर्की, न्यायिक सदस्य एवं**  
**माननीय श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।**  
**BEFORE HON’BLE SHRI ABY T. VARKEY, JM AND**  
**HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

**आयकर अपील सं./ ITA No.143/Chny/2024**  
**(निर्धारण वर्ष / Assessment Year: 2019-20)**

Villupuram District Village Administrative Officer Co-operative Thrift and Credit Society Limited #102, Subathra Complex, Villupuram-605 602.	<b>बनाम/</b> Vs.	ITO Ward-1, Villupuram.
स्थायी लेखासं./जी आइ आर सं./PAN/GIR No. <b>AACAV-5363-Q</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थीकी ओरसे/ <b>Appellant by</b>	:	None
प्रत्यर्थीकी ओरसे/ <b>Respondent by</b>	:	Ms. R. Anita ( Addl.CIT) -Ld. Sr. DR

सुनवाईकी तारीख/ <b>Date of Hearing</b>	:	25-09-2024
घोषणाकी तारीख / <b>Date of Pronouncement</b>	:	09-10-2024

**आदेश / ORDER**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2019-20 arises out of the order of learned Addl. / Joint Commissioner of Income Tax (Appeals)-12, Mumbai [CIT(A)] dated 20-11-2023 in the matter of an intimation issued by CPC u/s 143(1) of the Act on 20-01-2021. In the intimation, the assessee was denied deduction u/s 80P since the return of income was filed with a delay. The Ld. CIT(A) confirmed the same against which the assessee is in further appeal before us. At the time of

hearing, none appeared for assessee. The Ld. Sr. DR pleaded for dismissal of the appeal.

2. We find that this issue has been decided favorably by the Tribunal in the case of **Chennai Kulalars Co-operative Credit Society Limited vs. DCIT (ITA NO.712/Chny/2022 for AY 2018-19)** holding that such an adjustment could have been made by CPC only w.e.f. Assessment Year (AY) 2021-22 since the amendment to Sec. 143(1)(a) was made by Finance Act, 2021 w.e.f. 01-04-2021. The adjudication of co-ordinate bench was under: -

3. The relevant provisions of Section 143(1)(a) prescribing processing of return of income (as amended by Finance Act, 2018), as applicable to AY 2018-19, read as under:

143(1) Where a return has been made under section 139, or in response to a notice under sub-section (1) of section 142, such return shall be processed in the following manner, namely:—

- (a) the total income or loss shall be computed after making the following adjustments, namely:—
  - (i) any arithmetical error in the return;
  - (ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;
  - (iii) disallowance of loss claimed, if return of the previous year for which set off of loss is claimed was furnished beyond the due date specified under sub-section (1) of section 139;
  - (iv) disallowance of expenditure indicated in the audit report but not taken into account in computing the total income in the return;
  - (v) disallowance of deduction claimed under sections 10AA, 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID or section 80-IE, if the return is furnished beyond the due date specified under sub-section (1) of section 139; or
  - (vi) addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return:

It could be seen that sub-clause (v) covers only specified Sections and do not cover Sec.80P. In other words, no adjustment of deduction claimed u/s 80P could have been made while processing the return of income.

4. The sub-clause (v) has been amended by Finance Act, 2021 and the amended sub-clause read as under: -

.....  
 (v) disallowance of deduction claimed under *section 10AA or under any of the provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes"*, if the return is furnished beyond the due date specified under sub-section (1) of section 139: or  
 .....

Section 80P fall under Chapter VI-A under the heading “C-Deductions in respect of certain incomes”. The rational for the amendment, as given in the memorandum explaining the provisions in the Finance Bill, 2021 is as under: -

Rationalisation of the provision relating to processing of returned income and issuance of notice under sub-section (2) of section 143 of the Act.

The existing provisions of clause (a) of sub-section (1) of section 143 of the Act provides that at the time of processing of return of income made under section 139, or in response to a notice under sub-section (1) of section 142, the total income or loss shall be computed after making the adjustments specified in clauses (i) to (vi) therein.

It is proposed to amend the following provisions of sub-section (1) of section 143 of the Act,-

- (i) Amend sub-clause (iv) of clause (a) of sub-section (1) of the section 143 of the Act, to allow for the adjustment on account of increase in income indicated in the audit report but not taken into account in computing the total income.
- (ii) Amend sub-clause (v) of clause (a) of sub-section (1) of the section 143 of the Act so as to give consequential effect to amendment carried out in section 80 AC vide Finance Act, 2018.
- (iii) Amend the provisions of section 143 to reduce the time limit for sending intimation under sub-section (1) of section 143 of the Act from one year to nine months from the end of the financial year in which the return was furnished.

Consequently, it is also proposed to reduce the time limit for issue of notice under sub-section (2) of section 143 of the Act from six months to three months from the end of the financial year in which the return is furnished.

These amendments will take effect from 1<sup>st</sup> April, 2021

5. It could thus be seen that the enabling provisions allowing specified adjustment for Sec. 80P u/s 143(1)(a) has been brought on statute only with effect from 01.04.2021 and before that no such adjustment of deduction u/s 80P could have been done by the CPC u/s 143(1)(a) even if the return of income was filed beyond due date as specified u/s 139(1). No doubt, the provisions of Sec.80AC mandate denial of deduction u/s 80P even for AY 2018-19. However, in our considered opinion, without there being corresponding enabling provisions u/s 143(1)(a), no such adjustment could have been made by CPC for AY 2018-19. The same is amply clear from the memorandum explaining the provisions in the Finance Bill, 2021 as extracted above. Considering the same, we direct revenue to grant deduction u/s 80P as claimed by the assessee in the return of income. No other ground has been urged before us.

6. The appeal stand partly allowed.

3. Respectfully following the same, we direct Ld. AO to grant impugned deduction as claimed by the assessee.

4. The appeal stands allowed.

*Order pronounced on 9<sup>th</sup> October, 2024*

**Sd/-**  
**(ABY T. VARKEY)**  
**न्यायिक सदस्य / JUDICIAL MEMBER**

**Sd/-**  
**(MANOJ KUMAR AGGARWAL)**  
**लेखक सदस्य / ACCOUNTANT MEMBER**

चेन्नई Chennai; दिनांक Dated : 09-10-2024  
DS

**आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT Chennai.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF