

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH, COCHIN**

Before Shri Satbeer Singh Godara, Judicial Member and
Shri Amarjit Singh, Judicial Member

ITA No. 430/Coch/2023
(Assessment Year: 2022-23)

Sahrudaya Wesco Credit 45 2414 Ponnurrunni Vytila, Cochin 682019 [PAN: ABBTS6050L]	vs.	Commissioner of Income Tax (Exemption) Sanjuan Tower Kochi 682018
(Appellant)		(Respondent)

Appellant by:	Shri P.M. Veeramani, CA
Respondent by:	Dr. S. Pandian, CIT-DR

Date of Hearing:	22.08.2024
Date of Pronouncement:	23.10.2024

ORDER

Per Bench

This assessee's appeal for A.Y. 2022-23 arises against the Commissioner of Income Tax (Exemption)'s DIN & Notice No. ITBA/ EXM/F/EXM45/2022-23/1051447418(1) dated 28.03.2023 in proceedings u/s. 250 of the Income Tax Act, 1961 (the Act).

Heard both the parties. Case file perused.

2. Both the learned representatives invited our attention to the Commissioner of Income Tax (Exemption)'s detailed discussion in para 3 of his order denying section 12 Registration to the assessee as under: -

“3. *The submissions made by the assessee are verified. The financial statement filed for the FY 2021-22 shows that assessee has earned income from providing microfinance*

facilities in the form of interests on advances from self help groups units, loan processing fee and service charges which constitutes more than 99 percent of the income of the assessee. The provision of microfinance facilities cannot be equated with the object of providing relief to urban and rural poor as claimed by the assessee. Further, for the FY 2021-22 and 2021-22 the assessee has not received any voluntary contribution or donations. All the funds are mobilised through banks and financial institutions. The activity of on lending cannot be equated with providing relief to urban and rural poor. The receipts from microfinance activity are more than 90% of the total receipts.

4. In view of the facts and circumstances as above, this application in Form 10AB submitted by you for renewal of registration U/s 12(A)(1)(ac)(iii) is rejected.”

3. Learned CIT-DR draws strong support from the above stated findings that the assessee's major investment facilities has rightly been treated as not eligible for the impugned exemption.

4. Learned counsel, on the other hand submits, that the assessee had filed cogent supporting materials before the Commissioner of Income Tax (Exemption) duly explaining the fact that the activities carried out on its behalf are not of commercial/business nature which has nowhere been considered as per law.

5. Faced with this situation, we deem it appropriate to restore the issue back to the Commissioner of Income Tax (Exemption) for his afresh adjudication within three effective opportunities at the risk and responsibility of the taxpayer only to plead and prove all the relevant facts in consequential proceedings. Ordered accordingly.

6. This assessee's appeal is allowed for statistical purposes in above terms.

Order pronounced in the open court on 23rd October, 2024.

Sd/-
(Amarjit Singh)

Accountant Member

Cochin, Dated: 23rd October, 2024

n.p.

Sd/-
(Satbeer Singh Godara)
Judicial Member

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar
ITAT, Cochin