

आयकर अपीलिय अधिकरण, 'ए' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH: CHENNAI**

श्री एबी टी. वर्की, न्यायिक सदस्य एवं
श्री जगदीश, लेखा सदस्य के समक्ष

**BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND
SHRI JAGADISH, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.2221/Chny/2024
निर्धारणवर्ष/Assessment Year: 2020-21

M/s.S553 The TNEB Employees- Co-op. Thrift Credit Society Ltd., No.88, Mettu Agraharam Street, Salem-636 001.	v.	The ITO, Ward-1(1), Salem.
[PAN: AASAS 1643 Q]		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant by	:	Mr.S. Senthil Kumar, Advocate
प्रत्यर्थी की ओर से /Respondent by	:	Mrs.G. Saratha, Addl.CIT
सुनवाईकीतारीख/Date of Hearing	:	21.11.2024
घोषणाकीतारीख /Date of Pronouncement	:	08.01.2025

आदेश / ORDER

PER ABY T. VARKEY, JM:

This is an appeal preferred by the assessee Co-operative Society against the order of the Learned Commissioner of Income Tax (Appeals)/NFAC, (hereinafter in short "the Ld.CIT(A)"), Delhi, dated 16.07.2024 for the Assessment Year (hereinafter in short "AY") 2020-21.

2. The main grievance of the assessee is against the action of the Ld.CIT(A) confirming the action of the AO disallowing the deduction



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claimed by the assessee u/s.80P(2)(a)(i) of the Income Tax Act, 1961 (hereinafter in short "the Act").

3. The brief facts are that the assessee is a Society registered under the Tamil Nadu State Government and its Members are employees of the Tamil Nadu Electricity Board (TNEB) and in the year under consideration (AY 2020-21) it received deposits as well as gave loans to its Members only and filed its return of income (RoI) declaring total income of Rs.NIL after claiming deduction under Chapter-VI amounting to Rs.2,23,08,725/-. On enquiry from the AO, it was brought to his notice that that only employees of the TNEB are the Members of the society, and that the assessee Society only receives deposits & gives loan to its members and also clarified to the AO that no loan was given to the non-members. And even after the assessee brought to the notice of the AO that it is registered under the Tamil Nadu State Government and filed the copy of the registration certificate along with bye-laws of the Society as well as the details of bank accounts and financials [refer Page No.3 of the assessment order] and also filed documents called for by the AO which reply has been reproduced at Page No.5 of the assessment order, still the AO disallowed the deduction claimed u/s.80P(2)(a)(i) of the Act to the tune of Rs.2,23,08,725/- alleging non-submission of documents.



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4. Aggrieved, the assessee preferred an appeal before the Ld.CIT(A) who also toed the same line of AO and dismissed the appeal.

5. Aggrieved, the assessee is in appeal before this Tribunal.

6. We have heard both the parties and perused the material available on record. We note that the assessee is a credit society registered under the Tamil Nadu State Government and its Members are the employees of the TNEB and it receives deposits from the Members and it also gives loan to its Members only; and it is noted that assessee clarified to the AO as well as the Ld.CIT(A) that they don't give credit/loan to the non-members. However, both the authorities have not bothered to look into the relevant documents filed by the assessee and has disallowed the claim in an arbitrary manner, which action can't be countenanced. Therefore, we set aside the impugned order of the Ld.CIT(A) and restore the assessment back to the file of the JAO for limited purpose to verify the documents as to whether it is a registered Cooperative Society which is engaged in providing credit facilities to its Members and its total income includes income referred to in sub-section 2 of section 80P of the Act; and once it is established that the society is providing credit facility to its Members, the profit earned by it, from the credit facility shall qualify for deduction u/s.80P(2)(a)(i) of the Act as held by the Hon'ble Supreme Court in the case of **Mavilayi Co-operative Bank v. CIT** in Civil Appeal



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Thrift Credit Society Ltd.

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Nos.7343-7350 of 2019. Having said so, the assessee is directed to file relevant documents/written submissions before the JAO and after verification as directed and observed by us, the JAO to grant deduction u/s.80P(2)(a)(i) of the Act in accordance to law.

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

Order pronounced on the 08th day of January, 2025, in Chennai.

Sd/-

(जगदीश)

(JAGADISH)

लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-

(एबी टी. वर्की)

(ABY T. VARKEY)

न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 08th January, 2025.

TLN, Sr.PS

आदेश की प्रतिलिपि अग्रेषित /**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीय प्रतिनिधि/DR
5. गार्डफाईल/GF