

**IN THE INCOME TAX APPELLATE TRIBUNAL  
JABALPUR BENCH, JABALPUR  
(Through Virtual Mode)  
BEFORE SH. KUL BHARAT, VICE PRESIDENT  
AND  
SH. NIKHIL CHOUDHARY, ACCOUNTANT MEMBER**

ITA No.150/JAB/2024  
A.Y. 2017-18

Prath Krishi Sakh Sahkari Samiti Maryadit, Post-Majhganwa, Tehsil Sehora, Jabalpur, Village Sehora, Madhya Pradesh-483440	vs.	DCIT, Circle-1(1), Jabalpur
<b>PAN:AABAP8054F</b>		
(Appellant)		(Respondent)

Assessee by:	Sh. Sapan Usrethe, Advocate
Revenue by:	Sh. Alok Bhura, Sr. DR
Date of hearing:	20.05.2025
Date of pronouncement:	30.05.2025

**ORDER**

**PER NIKHIL CHOUDHARY, A.M.**

This is an appeal filed by the assessee against the order of the Id. CIT(A), NFAC dated 12.07.2024 under section 250 of the Income Tax Act, 1961 dismissing the appeal of the assessee filed against the order of the DCIT, Circle-1(1), Jabalpur under section 144 on 15.11.2019. The grounds of appeal are as under:-

*“1. The learned Commissioner of Income tax (Appeal) NFAC was not justified in passing exparte order without appreciating that appellant was prevented with reasonable cause in not filing the response as society was not aware of fixation of case and society was at remote area and are not conversant with income tax and thus appellant was not able to file response.*

*2. The learned Commissioner of Income tax (Appeal) NFAC was not justified in confirming the addition of Rs.1,25,91,440 without appreciating that appellant is a sahakari samiti and is maintaining proper books of accounts and appellant is having income at loss and there is no question of estimating the receipt under section 44AD as appellant.*

*3. The learned Commissioner of Income tax (Appeal) NFAC was not justified in confirming the addition of Rs.1,25,91,440 without appreciating that appellant*

*is constituted and governed by the provision of Co operative Societies Act 1950 and the function of appellant is to act as Intermediary between State Government and Farmers for purchase of Wheat and Paddy on behalf of M P State Civil supply Corporation Limited and the MP State Co operative Marketing Federation Limited on commission basis Intermediary between Branches of Jila Sakhari Kendriya Bank and Farmers to provide cash loan and loans for seeds.*

*4. The learned Commissioner of Income tax (Appeal) NFAC was not justified in confirming the addition of Rs.1,25,91,440 without appreciating that appellant is a cooperative society and its Income is exempted under section 80P of the IT Act and appellant is maintaining statutory books of account and its audited by the Auditor of cooperative society and as per Audit Balance Sheet and profit and loss account appellant has incurred loss of Rs. 22,69,945 which was duly shown in the ITR and AO adopted the presumptive taxation without bringing any defect in the ITR.*

*5. The appellant craves for leave to amend, add to or omit any ground up to the time of hearing of the appeal.”*

2. The facts of the case are that the assessee, had shown a large turnover in its ITR but no audit report had been filed. In its return, the assessee's total turnover was shown as 15,73,92,985/-. The ld. AO observed that the assessee had not got its account audited. He, therefore, asked the assessee to produce its books of accounts for verification. However, the assessee did not comply with the said notice. Thereafter, the ld. AO issued a show cause notice to the assessee asking why the provisions of section 44AD of the Income Tax Act should not be applied to the assessee's case. Upon receiving no reply, the ld. AO assessed the income of the assessee at Rs. 1,25,91,440/- by taking 8% of the total turnover of Rs.15,73,92,985/- and he also initiated penalty proceedings under section 270A and 271B.

3. Aggrieved with this order, the assessee filed an appeal before the ld. CIT(A), NFAC on 14.01.2020. The ld. CIT(A) records that between 28.01.2021 and 27.06.2024, he issued six notices for compliance to the assessee, but the assessee did not make compliance to any of these notices. Therefore, applying the judgments of the Hon'ble Supreme Court in the case of CIT vs. B.N. Bhattacharjee and Another (10 CTR 354) and the judgments of various other Hon'ble High Courts, which he cited in his order, he pointed out that if the assessee did not prosecute the appeal then the ld.

CIT(A) would be justified in dismissing the said appeal. He observed that the assessee had also remained non-compliant before the Id. AO and he rejected the arguments of the assessee that the society members were not familiar with emails and electronic medium on the grounds that they had filed the appeal but not followed it up with any further material to support the grounds of appeal. Accordingly, he dismissed all the grounds of the assessee and upheld the order of the Id. AO.

4. The assessee is aggrieved at this order of the Id. CIT(A) and has accordingly come before us in appeal. Sh. Sapan Usrethe, Advocate appearing on behalf of the assessee submitted that the assessee was constituted and governed by the provisions of the Cooperative Societies Act, 1950 and the function of the assessee was to act as an intermediary between the State Government and farmers for the purchase of wheat and paddy on behalf of the M.P. State Civil Supplies Corporation and the M.P. State Cooperative Marketing Federation Limited, on commission basis and acting as an intermediary between branches of Zila Sahkari Kendriya Bank and farmers to provide cash loans and loans for seeds. The Id. CIT(A) was not justified in the confirming the addition because he had failed to appreciate that the assessee's income was exempt under section 80P of the Act. It was submitted that the assessee was maintaining statutory books of accounts which were audited by the Auditor of the Cooperative Society and as per the audited accounts, the assessee had incurred a loss of Rs. 22,69,945/-, which had duly been shown in the ITR. The Id. AO had adopted a rate of presumptive taxation without pointing out any defect in the ITR. It was argued before the Id. CIT(A), that the society members were not user friendly with emails and the notices of hearing had not been received by society members because the society was located in a small village (Majhganwa) where there was not good postal service. It was not in the business of profit but was working as an agent under a Government organization to provide facilities to farmers as per rules and regulations. However, the Id. CIT(A) had not accepted this argument but this was the reason for the failure to comply before the lower authorities and it was submitted

that if the matter was restored to the file of the ld. AO, the society would be able to furnish the relevant information and satisfy the ld. AO that no addition was called for in his case.

5. On the other hand, Sh. Alok Bhura, ld. Sr. DR submitted that the additions that had been made by the Department had been made because of total non-compliance by the assessee in both assessment and appellate proceedings. Therefore, if the Tribunal decided to send the matter back, it should issue directions to the assessee to make necessary compliance failing which adverse view should be taken.

6. We have duly considered the facts and circumstances of the case and the argument of the assessee that because of its locational disadvantage and unfamiliarity with electronic communications, it was not able to make compliance before the authorities below. We have also noted its claim that its account had been duly audited as per the provisions of section 44AB. Therefore, in the interest of justice, we restore the matter back to the file of the ld. AO with a direction to the assessee to make due compliance before the ld. AO, to establish that the additions made by him were not warranted in its case. We would also caution the assessee that under the new Faceless Assessment Scheme, all communications are necessarily electronic communications. Therefore, the assessee must make the necessary arrangements for receipt and reply of notices, otherwise an adverse view could be taken of its continued non-compliance. Accordingly, the appeal is held to be allowed for statistical purposes.

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

Order pronounced on 30.05.2025 in the open Court.

*Sd/-*  
**[KUL BHARAT]**  
**VICE PRESIDENT**  
DATED: 30/05/2025

Sh

*Sd/-*  
**[NIKHIL CHOUDHARY]**  
**ACCOUNTANT MEMBER**

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Prath Krishi Sakh Sahkari Samiti Maryadit*

Copy forwarded to:

1. Appellant –
2. Respondent –
3. CITDR , ITAT,
4. CIT,
5. The CIT(A)

By order  
Sr. P.S.