

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

**BEFORE SHRI INTURI RAMA RAO, AM
AND SHRI SONJOY SARMA, JM**

**ITA No. 958/Coch/2024
Assessment Year: 2019-20**

Thrikkalangode Vanitha Co-op. Society Ltd. Appellant
Thrikkalangode, Malapuram 676123
[PAN: AAFAT1812K]

vs.

The Income Tax Officer, Ward-1., Tirur Respondent

Appellant by: Shri Arjun Nedungadi, CA
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 09.06.2025
Date of Pronouncement: 31.07.2025

ORDER

Per: Inturi Rama Rao, AM

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi [CIT(A)] dated 30.09.2024 for Assessment Year (AY) 2019-20.

2. Brief facts of the case are that the appellant is a co-operative society registered under the Kerala State Co-operative Societies Act, 1969. It is classified as a primary agricultural credit co-operative society. It is engaged in the business of accepting deposits from members and providing credit facilities to members. No regular

return of income under the provisions of section 139(1) of the Income Tax Act, 1961 (the Act) was filed for AY 2019-20. Based on the information that the appellant co-operative society made cash deposit aggregating to Rs. 2,14,71,001 in the bank account maintained with the Manjari Co-operative Urban bank Ltd. formed an opinion that income escaped assessment to tax.

3. Accordingly, issued a notice u/s. 148 of the Act on 24.03.2023. In response to the notice u/s. 148, the appellant filed return of income on 13.09.2023 disclosing Nil income. Against the said return of income, the assessment was completed by the ITO, Ward-1, Tirur (hereinafter called "the AO") vide order dated 06.03.2024 passed u/s. 147 r.w.s. 144B of the Act at a total income of Rs. 1,52,24,965/-. While doing so, the AO made addition of cash deposit of Rs. 1,24,56,550/- made in the account maintained with Manjari Co-operative Urban bank Ltd. as unexplained money of the appellant. Also made addition of unexplained cash credit of Rs. 26,03,873/- and interest income of Rs. 3,62,465/- for the failure of the assessee to explain and substantiate the source of the said cash deposits and credits.

4. Being aggrieved, an appeal was filed before the CIT(A), contending that the appellant is eligible for deduction u/s. 80P of the Act and the cash deposits were made out of funds received by the appellant society from the members. It is further submitted that the interest income was earned out of investment made of funds

received from members. Therefore, the interest income qualifies for deduction u/s. 80P of the Act. The CIT(A), however, dismissed the appeal by holding that in the absence of claim in the return of income no deduction u/s. 80P can be allowed and the addition made u/s. 69A of the Act of Rs. 1,50,60,423/- was also confirmed by holding that the appellant had failed to prove the source of cash deposits and credit entries of Rs. 26,03,873/-.

5. Being aggrieved, the appellant is in appeal before this Tribunal in the present appeal.

6. The learned counsel for the assessee submits that the AO ought not have made and on account of unexplained credits and cash deposits disregarding the books of account maintained by the appellant. It is further submitted that all the cash deposits were duly reflected in the books of account maintained by the appellant. It is submitted that all the cash deposits are made out of the money received from its members. It is further submitted that the addition, if any, made u/s. 68 of u/s. 69 partake the character of business income, which is eligible for deduction u/s. 80P of the Act.

7. On the other hand, the learned Sr. DR, placing reliance on the orders of the learned lower authorities submits that no interference is called for as the appellant had failed to discharge the onus of proving the source of cash deposits and also the appellant is not eligible to claim deduction u/s. 80P, as no return of income was filed

within the due date prescribed u/s. 139(1) of the Act in view of provisions of section 80AC introduced w.e.f. 2018-19.

8. We have heard the rival contentions and perused the material available on record. Admittedly, the appellant society is co-operative society classified as a primary agricultural credit co-operative society. No regular return of income under the provisions of section 139(1) of the Act was filed by the appellant. The Parliament had enacted the provisions of section 80AC vide Finance Act, 2018 in order to claim deduction under Chapter VIA. The return of income for such assessment years should be furnished on or before the due date specified under sub-section (1) of section 139 w.e.f. 01.08.2019. Since in the present case the appellant had not filed the return of income for assessment year under consideration, i.e. AY 2019-20, the appellant is not entitled to claim deduction u/s. 80P of the Act. As regards the and u/s. 69 of the Act, the material on record clearly indicates that the appellant had not discharged the onus of proving and substantiating the source of the cash deposits or the entries made. Before us the appellant had filed explanation stating that these cash deposits were made from deposits received from members and also the credit entries represents the money received from other banks on maturity of FDs. The appellant had also filed copy of cash book showing the source of cash deposits. In view of these facts, we are of the considered opinion that the matter requires remand to the file of AO for due verification of the cash

deposits and credits and pass fresh assessment order after affording reasonable opportunity of hearing to the appellant.

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

Order pronounced in the open court on 31st July, 2025.

Sd/-
(SONJOY SARMA)
JUDICIAL MEMBER

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Cochin, Dated: 31st July, 2025

n.p.

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