

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

**BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
AND
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

ITA No. 452/Coch/2025
Assessment Year : 2017-18

M/s. Vazhappally Service Co-operative Bank Ltd. K 108, Vazhappally, Changanacherry, Kottayam – 686 103. Kerala PAN: AAAAV1562B	Vs.	The Income Tax Officer, Ward – 3, Thiruvalla, Kerala.
APPELLANT		RESPONDENT

Assessee by	:	Shri P M Veeramani, CA
Revenue by	:	Smt. Leena Lal, Snr. AR

Date of Hearing	:	04-08-2025
Date of Pronouncement	:	26-08-2025

ORDER

PER SOUNDARARAJAN K., JUDICIAL MEMBER

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi dated 16/11/2023 in respect of the A.Y. 2017-18.

2. The brief facts of the case are that the assessee is a co-operative society registered under the provisions of the Kerala Co-operative Societies Act and filed their return of income claiming a deduction u/s. 80P of the Act. The return was selected for scrutiny for examining the deduction claimed u/s. 80P, investments / advances / loans and cash deposits during

the demonetisation period. To the notices issued u/s. 143(2) and 142(1), the assessee filed all the details before the AO. The assessee also appeared before the AO and explained the facts to him. The AO had treated the cash deposited during the demonetisation period as unexplained investment u/s. 69 of the Act. As against the said order, the assessee filed an appeal before the Ld.CIT(A). The assessee submitted before the Ld.CIT(A) that the cash received from its members, as against the various accounts maintained by them, were deposited into the bank accounts of the assessee and therefore it could not be treated as unexplained investment u/s. 69 of the Act. The Ld.CIT(A) had decided the appeal ex-parte on merits and confirmed the addition made u/s. 69 of the Act. As against the said order, the present appeal has been filed before this Tribunal.

3. The assessee filed this appeal with a delay of 600 days and also filed an application explaining the reasons for condoning the said delay. In the said application, the assessee submitted that due to the change of auditors, all the notices were sent to the email ID of the erstwhile auditors and therefore the appeal could not be filed in time. Only after the new auditor has logged into the portal of the department, they came to know that already the Ld.CIT(A) had passed an ex-parte order. Therefore the assessee through the new auditor had filed the appeal, hence there is a delay of 600 days.

4. We have considered the said submissions and the fact that the assessee was not heard before passing the appellate order, in the interest of justice, we are deciding to give one more opportunity by condoning the said delay of 600 days.

5. At the time of hearing, the Ld.AR submitted that even though all the details of the members who had deposited the cash with the assessee were furnished before the AO, the AO had treated the said deposits as unexplained investment u/s. 69 of the Act which is not correct. The Ld.AR further submitted that the source for the said deposits were properly explained before the AO and therefore the assessment is bad in law. The

Ld.AR further submitted that unfortunately the said facts were not furnished before the Ld.CIT(A) since the erstwhile auditors have not informed about the various hearing dates and therefore prayed an opportunity to place all the materials before the Ld.CIT(A).

6. The Ld.DR relied on the orders of the lower authorities and prayed to dismiss the appeal.

7. We have heard the arguments of both sides and perused the materials available on record.

8. It is the case of the revenue that the assessee had deposited cash into their bank account during the demonetisation period and therefore the said deposits are to be treated as unexplained investment u/s. 69 of the Act. The AO also was of the view that since the old currencies have no value, the receipt of the same from the members and deposited into the bank accounts of the assessee also not in accordance with the law.

9. We have also perused the findings of the AO and found that the assessee had submitted all the details about the members from whom they have received cash during the demonetisation period which was subsequently deposited into the bank accounts of the assessee. The assessee had received monies from its members and not from any third parties. When the said fact is accepted, the question of deeming it as unexplained investment u/s. 69 would not arise. When the assessee was able to establish the source for the receipt of cash, which was duly recorded in the books of accounts of the assessee and it was also remitted into the bank account of the assessee, the same should not be treated as unexplained investment u/s. 69 of the Act. The members of the society had decided to deposit the old currencies available with them to their various accounts maintained with the assessee and therefore we are of the view that the source for the said deposits by the assessee has been properly explained.

10. But the said documents were not made available before the Ld.CIT(A) while deciding the appeal. In such circumstances, we deem it fit to grant an opportunity to assessee to appear before the Ld.CIT(A) and produce all the details about the source for the deposit of such cash into their bank account and claim the benefit under the provisions of the Act. In the event that the assessee had explained the facts with documentary evidences, it is open to the Ld.CIT(A) to decide the appeal on merits by taking note of the observations made by us in this order. With the above observation we set aside the order of the Ld.CIT(A) and remit the issue to the file of the Ld.CIT(A) by passing an order after hearing the assessee and also after perusing the various documents to be filed by the assessee. In the said process, the assessee may also be granted an opportunity to appear before the Ld.CIT(A).

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

Order pronounced in the open court on 26th August, 2025.

Sd/-
(INTURI RAMA RAO)
Accountant Member

Sd/-
(SOUNDARARAJAN K.)
Judicial Member

Cochin,
Dated, the 26th August, 2025
/MS /

Copy to:

- | | |
|---------------|---------------------|
| 1. Appellant | 2. Respondent |
| 3. CIT | 4. DR, ITAT, Cochin |
| 5. Guard file | 6. CIT(A) |

By order

Assistant Registrar,
ITAT, Cochin