

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

**SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
SHRI RAHUL CHAUDHARY, JUDICIAL MEMBER**

**ITA No.567/COCH/2025
(Assessment Year:2020-2021)
&
ITA No. 568/COCH/2025
(Assessment Year:2022-2023)**

**Keezhuparamba Service
Co-operative Bank Ltd.**
Kuttooli, Valillapuzha Arecode,
Malappuram, Kerala-673 639
[PAN: AACAK1682P]

..... **Appellant**

Vs

**Assessment Unit, NFAC,
New Delhi**

..... **Respondent**

Appearance

For the Appellant/Assessee : Shri Raghunathan P
For the Respondent/Department : Shri Sanjit Kumar Das
Smt. Leena Lal, Sr. AR

Date

Conclusion of hearing : 21.08.2025
Pronouncement of order : 22.09.2025

ORDER

Per Rahul Chaudhary, Judicial Member:

1. These are to appeals preferred by the same Assessee pertaining to Assessment Years 2020-2021 and 2022-2023. Since the appeals involved identical issue, the same were heard together and are being disposed off by way of a common order

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2. We would first take up appeal pertaining to the Assessment Year 2022-2023 preferred by the Assessee against the Order, dated 10/06/2025, passed by the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'the **CIT(A)**'] under Section 250 of

the Income Tax Act, 1961 [hereinafter referred to as 'the **Act**'] whereby the CIT(A) had dismissed the appeal against the Assessment Order, dated 22/03/2024, passed under Section 143(3) of the Act.

3. The Assessee has raised following grounds of appeal :

- “1. *Order of the learned Assessing Authority as well as the order of Appellate Authority are both wrong, contrary to law, facts and circumstances of the case.*
2. *The Assessing Authority appears to have taken up for scrutiny Rol filed on 23.09.2022 [Ann. II] which had been revised as per Revised Rol uploaded on 29.12.2022 [Ann. I] and that too, for non-existent reasons.*

Ann III would very clearly show that the figures adopted as PAID-UP SHARE CAPITAL actually represented the total of PAID-UP SHARE CAPITAL and DEPOSITS FROM MEMBERS and therefore the allegation that "there was substantial increase in capital" was factually incorrect:

- 3: *In any event, the NFAC erred in holding that the alleged increase in CAPITAL represents "unexplained income" and "bogus". As submitted the NFAC has treated "Deposits from Members" as part of share capital without any basis:*
- 4: *First Appellate Authority erred in observing that the Appellant had "failed to furnish the essential and bare minimum documents needed to decide the appeal". It ought to have been noticed that the Balance Sheet as at 31.03.2022 filed along with the Rol would itself show that the allegation that the PAID UP SHARE CAPITAL as on 31.03.2022 was Rs. 361726,790/= while the actual figures were Rs. 8413,100/- and Rs. 332666,141/= represented Deposits from Members:*
- 5: *Authorities below erred in disregarding the claim of the Appellants that they are entitled to deduction u/s 80P of the Act. In fact, claim of exemption had been specifically raised in the Return of Income as well as the Grounds of Appeal as also detailed notes of arguments filed during the hearing of the Appeal. Both lower authorities erred in not referring to the submissions in this regard.*
- 6: *Authorities below ought to have noticed that a Co-Operative Society registered as Primary Agricultural Society is entitled to exemption u/s 80P of the Act and hence the entire income of the appellant ought to have been considered as "exempt" u/s 80P:*

7: *The First Appellate Authority erred in holding that the appellant had not substantiated the ground raised in appeal and also failed to furnish the essential and bare minimum documents needed to decide the appeal. It ought to have been noticed that even before the AO, Certificate of Registration as well as P & L and Balance sheet had been produced.*

8: *In any event, when it is found that the appellant is entitled to exemption u/s 80P[2][a][i], even if increase in capital are to be treated as unexplained and treated as income of the appellant, the same would be entitled to exemption u/s 80P of the Act:*

9: *It is further submitted that under the IT Act, assessment order is to be framed by one assessing Authority and not by a "consortium of officers" and also that NFAC is not an "assessing authority" as defined u/s 2 of the Act:*

It is therefore prayed that the assessment order as confirmed by First Appellate Authority may be set aside and the RoI filed may be directed to be accepted."

4. The relevant facts in brief are that the Assessee, a co-operative society registered under Kerala Co-Operative Societies Act, filed a revised return of income on 29/12/2022 for the Assessment Year 2022-2023 declaring 'Nil' income after claiming deduction under Section 80P of the Act in respect of entire income. The case of the Assessee was selected for scrutiny for the following reasons recorded in Paragraph 1 of the Assessment Order:

"1. Reasons for selection of the Case and Type of Case and background facts:-

The assessee is an AOP filed his return of income on 23.09.2022 declaring total income of Rs. 39,58,940/-. The case of the assessee is selected for scrutiny for verification of genuineness of transaction and identity and creditworthiness of depositors as there are reasons that:

1" the assessee has substantial increase in the capital during the year. The source of capital introduced needs to be verified along with its creditworthiness and genuineness."

5. In response to notice issued during the assessment proceedings the Assessee filed reply and supporting documents. After considering the same the Assessing Officer completed the assessment under Section 143(3) read with Section 144B of the Act for the Assessment Year

2022-2023 vide Assessment Order, dated 22/03/2024. According to the Assessing Officer there were the differential increase of INR.35,05,14,136/- in the share capital of the Assessee-Company and the Assessee had failed to explain the same during the assessment proceedings. Therefore, the Assessing Officer made an addition of INR.35,05,14,136/- holding the same to be unexplained cash credit under Section 68 of the Act. The appeal preferred by the Assessee on this issue before the CIT(A) did not yield any favourable results as the CIT(A) confirmed the aforesaid addition holding that the Assessee had failed to furnish '*bare minimum documents*'. Therefore, being aggrieved, the Assessee has preferred the present appeal before the Tribunal on the ground reproduced in Paragraph 2 above.

6. We have heard both the sides and have perused the material on record. We note that the finding returned by the CIT(A) that the Assessee had failed to furnish the '*bare minimum documents*' is contrary to the material on record. We note that in paragraph 4.3 of the Assessment Order the Assessing Officer has recorded as under:

"4.3 Synopsis of all submission of the assessee relating to the issue and indicating the dates of submission: -

During the course of assessment proceedings the assessee has submitted reply on dated 06.11.2023, in which the assessee has submitted copy of return of income, computation of income, balance sheet, Profit and Loss account and copy of registration certificate"

7. It is admitted position that the case was selected for scrutiny to scrutinize the increase in share capital and deposits from the members during the relevant previous year. It was contended on behalf of the Assessee that the Assessing Officer had proceeded to make the addition on the basis of incorrect understanding of facts by clubbing the share capital and deposits received from the members with the alleged opening share capital. On perusal of material on record we find merit in the aforesaid submission advanced on behalf

of the Assessee. We note that in appeal, the CIT(A) dismissed the appeal recording lack of documentary evidence furnished by the Assessee. During the course of hearing it was submitted by the Learned Authorised Representative for the Assessee that the relevant documents were submitted before the Assessing Officer. Opposing the aforesaid submission, it was submitted by the Learned Departmental Representative that the no documents relating to increase in deposits were furnished by the Assessee. On perusal of the orders passed by the authorities below and on giving thoughtful consideration to the rival submissions we are of the view that interest of justice would be served in case the issue is remanded back to the file of the Assessing Officer for denovo adjudication. Therefore, the impugned order passed by the CIT(A) is set aside and the Assessing Officer is directed to adjudicate the issue denovo. The Assessing Officer shall scrutinize the increase in share capital and deposits received by the Assessee during the relevant previous year by taking into consideration the figures as disclosed in the financial statements of the Assessee for the relevant previous year. Since we have restored the issue back to the file of the Assessing Officer, all the rights and contentions of both the sides are left open. While the Assessing Officer would be at liberty to carry out such inquiry/verification as the Assessing Officer may deem fit for adjudication of the issue under consideration, the Assessee would be at liberty to place before the Assessing Officer such submission/documents/details to provide genuineness of the transaction and identity/creditworthiness of parties from which share capital and deposits have been received during the relevant previous year. In terms of the aforesaid, Ground No. 1 to 4 are treated as allowed for statistical purposes while rest of the grounds are dismissed as having been rendered infructuous.

8. In terms of paragraph 2 above, the present appeal is treated as allowed for statistical purposes.

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9. Now we will take up appeal pertaining to the Assessment Year 2020-2021 preferred by the Assessee against the Order, dated 09/06/2025, passed by CIT(A), under Section 250 of the Act whereby the CIT(A) had dismissed the appeal against the Assessment Order, dated 07/09/2022, passed under Section 143(3) of the Act.
10. During the course of hearing both sides had agreed that our findings and adjudication pertaining to appeal for the Assessment Year 2022-2023 shall apply mutatis mutandis to appeal for the Assessment Year 2020-2021. Accordingly, for the Assessment Year 2020-2021, the order, dated 09/06/2025 passed by the CIT(A) is set aside with directions to the Assessing Officer to adjudicate the issue afresh in terms of directions contained in paragraph 7 above. Accordingly, appeal for the Assessment Year 2020-2021 is treated as allowed for statistical purposes.
11. In the conclusion, both appeals preferred by the Assessee are treated as allowed for statistical purposes.

Order pronounced on 22.09.2025.

Sd/-
(Inturi Rama Rao)
Accountant Member

Sd/-
(Rahul Chaudhary)
Judicial Member

मुंबई Mumbai; दिनांक Dated : 22.09.2025

Disha Raut, Stenographer

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त/ The CIT
4. प्रधान आयकर आयुक्त / Pr.CIT
5. विभागीय प्रतिनिधि ,आयकर अपीलीय अधिकरण ,मुंबई / DR,
ITAT, Mumbai
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

उप/सहायक पंजीकार / (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, मुंबई / ITAT, Mumbai