

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

BEFORE SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 1906/Chny/2025
(Assessment Year 2020-21)

S 1286 R Pudupalayam Primary Agricultural Co-op Credit Society, Namakkal Dt., R Pudupalayam PO, Rasipuram TK., Namakkal District-637408 (Tamil Nadu) PAN No. AAFAS 8931 C	Vs.	I.T.O., Ward 1(1), Namakkal.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri T. Vasudevan, Advocate
Department represented by	Ms. Sandhya Rani Kure, JCIT.
Date of hearing	16/09/2025
Date of pronouncement	26/09/2025

PER: RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER:

1. This appeal by the assessee is directed against the order of National Faceless Appeal Centre, Delhi (NFAC)/learned Commissioner of Income Tax (Appeals) [in short, the Id. CIT(A)] dated 12/04/2024 for the Assessment Year (AY) 2020-21 as per ground of appeal on record.
2. At the outset of hearing, we found from perusal of record that there is delay of 369 days in filing this appeal before this Tribunal for which, the assessee has filed an application for condonation of delay mentioning therein the fact that the assessee was totally unaware of the hearing posted before the CIT(A), NFAC as the portal was not seen during the period. The assessee was not aware of the order since the same was also not sent to the e-mail of the assessee. In the

month of June, 2025, the officer asked the assessed to pay the outstanding demand. Only after that, the assessee with the assistance of the Chartered Accountant checked the portal and downloaded the order. Later, the order was sent to the Id. Advocate in Chennai to prepare and file the appeal. Eventually the appeal was filed on 04/07/2025. The assessee stated that the delay was neither willful nor intentional but due to the circumstances beyond the control of the assessee. The assessee stated that the assessee had sent the order in time for preparation of the appeal. The assessee would be put to considerable hardship and injury if the delay is not condoned. He has good case on merit and is likely to succeed, if one more opportunity is provided to the assessee. The assessee prayed to condone the delay and admit the appeal for hearing.

3. On the other hand, the Id. Sr.DR for the revenue on the application of condonation of delay, submitted that the assessee has not explained the reasons of delay in proper manner and only stated that he was not aware of passing the impugned order. Therefore, the assessee does not deserve any leniency and the appeal of the assessee may be dismissed on the ground of substantial delay.
4. We have considered the rival submissions. On the issue of condonation of delay, we find that the assessee in his condonation application mentioned that assessee was totally unaware of the hearing posted before the CIT(A), NFAC since the portal was not seen during the period. The assessee was not aware of the order since the same was also not sent to the e-mail of the assessee. In the month of June, 2025, the officer asked the assessed to pay the outstanding demand. Only after that, the assessee with the assistance of the Chartered Accountant checked

the portal and downloaded the order. Later, the order was sent to the Id. Advocate in Chennai to prepare and file the appeal. Considering the above facts and circumstances of the case, we find merit in the contention of assessee that he has no knowledge about passing of the impugned order. The assessee is not got benefitted for filing the appeal belatedly before the Tribunal. Thus, we condone the delay of 369 days in filing this appeal before the Tribunal and admit the same for hearing.

5. On merit of the case, the brief facts of the case are that the assessee is a cooperative society registered under the Tamil Nadu Cooperative Societies Act, 1983. For the assessment year under consideration, the assessee society filed its return of income on 25/12/2020 on 'NIL' income and claimed deduction under Section 80P(2)(a)(i) of the Income Tax Act, 1961 (in short, the Act) of Rs. 34,87,705/-. However, the Assessing Officer denied the deduction claimed by the assessee under Section 143(3) of the Act on the ground that during the assessment proceedings, it was found on verification of IT return and other submissions furnished in response to the various notices issued by him that though, the assessee is registered as a Primary Agricultural Cooperative Credit Society, it has not carried out any activity in connection with the agricultural activities/purposes as provided under Explanation of Section 80P(4) of the Act. The deduction under Section 80P(2)(a)(i) of the Act is admissible to those cooperative societies providing credit facilities to its Members and not admissible to a society carrying on the business of banking, which is for all practical purposes, acting like of cooperative bank and its operation was not confined to

its members but outsiders as well. The activity of the society is entirely that of commercial banking and it has earned interest income at par with other commercial banks. The society has advanced loans, which includes jewel loans, deposit loans, consumer loans, short term loans, housing loans etc. which is for the purposes other than the agricultural activities and thus it is purely a commercial banking activity on which rate of interest is being charged @ 12% to 19% like any other commercial banks. For agricultural activities, the society has to charge interest at much lower rate. These facts clearly indicate that the activities of the society were never intended to help the agriculturists to provide cheap money for promotion of agriculture. The activities are clearly carried out with profit motive. Merely naming the society as "primary agriculture co-operative society" is not sufficient for claiming deduction under Section 80P(2)(a)(i) of the Act.

6. Aggrieved by the order of Assessing Officer, the assessee filed appeal before the Id. CIT(A). The Id. CIT(A) vide the impugned order, dismissed the appeal of the assessee on the ground that the assessee neither filed any written submission in response to the various notices issued by him nor submitted any response to substantiate to justify its activities as a cooperative society.
7. Aggrieved by the order of Id. CIT(A), the present appeal has been filed by the assessee before this Tribunal.
8. During the appellate proceedings before us, the Id. AR of the assessee submitted that since the issue has not been decided on merit, the matter may be restored back to the file of Id. CIT(A) where the assessee will submit all the relevant

documents to substantiate its claim that the assessee is eligible for deduction under Section 80P(2)(a)(i) of the Act. The Id. AR of the assessee also claimed that this issue is covered by the decision of the Hon'ble Supreme Court in the case of M/s The Mavilayi Service Cooperative bank Ltd.

9. The Id. Sr.DR, on the other hand, supported the orders of the lower authorities.
10. We have considered the rival submissions and we think it proper and in the interest of justice, to restore the matter back to the file of Id. CIT(A) to decide the issue afresh by providing adequate opportunity of being heard to the assessee. The assessee is also directed to undertake that it will provide all necessary submissions/documents before the Id. CIT(A) to justify its claim of deduction under Section 80P(2)(a)(i) of the Act. In the result, the grounds of appeal raised by the assessee are allowed for statistical purposes only.
11. In the result, this appeal of assessee is allowed for statistical purposes.

Order pronounced in the open court on 26/09/2025.

Sd/-
(SS VISWANETHRA RAVI)
JUDICIAL MEMBER

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Chennai, Dated: 26/09/2025

**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Chennai