

**IN THE INCOME TAX APPELLATE TRIBUNAL
“SMC” BENCH : BANGALORE**

BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT

ITA No.1782/Bang/2025
Assessment year : 2017-18

Sri Krishna Credit Co-operative Society Ltd., Kumbalgodu, Bangalore South, Bangalore – 560 074. PAN: AALAS 7685E	Vs.	The Income Tax Officer, Ward 3(2)(3), Bangalore.
APPELLANT		RESPONDENT

Appellant by	:	Ms. Ema Bindu, Advocate
Respondent by	:	Shri Ganesh R. Ghale, Advocate, Standing Counsel.

Date of hearing	:	24.09.2025
Date of Pronouncement	:	30.09.2025

ORDER

1. This appeal is filed by Sri Krishna Credit Co-operative Society Ltd (the assessee/appellant) for the assessment year 2017-18 against the appellate order passed by the Addl/JCIT(A)-1, Visakhapatnam [Id. CIT(A)] dated 10.2.2025 wherein the appeal filed by the assessee against the assessment order passed u/s. 144 of the Income-tax Act,

1961 [the Act] dated 23.12.2019 by the ITO, Ward 3(2)(3), Bangalore, was dismissed.

2. Therefore the assessee is aggrieved and in appeal before me. The main grievance of the assessee is the passing of the assessment order u/s. 144 of the Act and the appellate order ex parte denying the deduction u/s. 80P of the Act of Rs.12,96,746 being bank interest.
3. Briefly stated the facts of the case show that assessee is a cooperative society registered under the Karnataka Co-operative Societies, Act, 1959, filed its return of income on 30.3.2018 declaring Nil total income and claimed deduction u/s. 80P of the Act of Rs.12,96,746. The return was picked up for scrutiny for examination of deduction claimed under Chapter VIA of the Act. Notice u/s. 143(2) was issued on 11.9.2018. Further a show cause notice was also issued asking the assessee that why deduction claimed u/s. 80P should not be disallowed. As per Id AO., The assessee did not furnish the information and therefore the Id. AO passed the assessment order on 23.12.2019 u/s. 144 of the Act denying deduction of Rs.12,96,746 u/s. 80P assessing total income at that sum.
4. Assessee aggrieved with the same preferred an appeal before the Id. CIT(A). The Id. CIT(A) issued notices and those notices were not replied and therefore the Id. CIT(A) held that assessee is not interested in prosecuting the matter. Further on the merits, he upheld the order passed by the Id. AO that as the assessee could not furnish the

deduction claimed u/s. 80P and no details are submitted, there is no infirmity in the order of the AO. He dismissed the appeal.

5. The Id. AR submitted that the Statement of Facts show that assessee has submitted all the details such as registration certificate, balance sheet, Income & Expenditure statement, statement of total income and short note on 80P deduction on 10.12.2018 before the AO and the same was not looked into at all. He submitted that as all the activities of the assessee are with the members, assessee is entitled to deduction u/s. 80P of the Act. Therefore, it was submitted that the assessee must be granted deduction u/s. 80P of the Act and both the authorities are not correct in denying the deduction without looking into the merits of the case.
6. The Id. DR vehemently supported the orders of the Id. lower authorities and submitted that when assessee has failed to provide the details of 80P deduction, the Id. lower authorities are correct in denying the same.
7. I have carefully considered the rival contentions and perused the orders of the Id. lower authorities. I find that assessee is a co-operative society registered under the Karnataka Co-operative Societies, Act, 1959, engaged in providing financial services to its members. It filed return of income claiming deduction u/s. 80P on the whole of its income of Rs.12,96,746. When questioned by the AO about the activities, the assessee filed online response on 10.12.2018 where registration certificate, balance sheet, bye laws, statement of total income and short

note on 80P deduction was submitted. The ld. AO without looking into all these passed an order u/s. 144 of the Act denying the deduction stating that assessee has failed to submit any information. This assessment order was passed on 23.12.2019, however the ld. AO did not look at the information submitted online by the assessee on 10.12.2018.

8. Before the ld. CIT(A) in the Statement of Facts itself assessee has submitted complete details and also stated that all these details are supporting the claim of assessee. It is further stated that assessee has not issue any from of shares or admitted any nominal members. In view of this, the claim of assessee u/s. 80P of Rs.12,96,746 is correct. The ld. CIT(A) without looking at even the Statement of Facts filed before him dismissed the appeal of the assessee. Thus it is apparent that both the ld. lower authorities have ignored the information submitted by the assessee and denied deduction u/s. 80P of the Act. In view of the above facts, we restore the matter back to the file of ld. AO with a direction to the ld. AO to examine the claim of the assessee for deduction u/s. 80P in view of the decision of the Hon'ble Supreme Court in the case of *Mavilayi Service Co-operative Bank Ltd.* and *Citizen Co-op. Society*. The assessee is also directed to submit the information required by the AO over and above what is submitted online. Accordingly we restore the appeal of the assessee back to the file of ld. AO and reverse the order of the ld. CIT(A).

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

Pronounced in the open court on this 30th day of September, 2025.

Sd/-

(PRASHANT MAHARISHI)
VICE PRESIDENT

Bangalore,
Dated, the 30th September, 2025.

/Desai S Murthy /

Copy to:

1. Appellant 2. Respondent 3. Pr. CIT 4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar
ITAT, Bangalore.