



IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCHES "B", PUNE

BEFORE DR.MANISH BORAD, ACCOUNTANT MEMBER
AND SHRI VINAY BHAMORE, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.1749/PUN/2025
Assessment Year : 2022-23

Swa Ashokrao Bankar Nagari Sahakari Patsanstha Maryadit, 1 Sanskruti, Pimpalgaon Basawan, Niphad, Nashik - 422209, Maharashtra PAN : AAAAAA2084K	Vs.	Income Tax Officer, Ward-1(1), Nashik
Appellant		Respondent

Appellant by	:	Shri Pramod S Shingte
Respondent by	:	Shri Pramod Shahakar
Date of hearing	:	04.11.2025
Date of pronouncement	:	28.11.2025

आदेश / ORDER

PER DR. MANISH BOARD, ACCOUNTANT MEMBER :

The captioned appeal at the instance of assessee pertaining to A.Y. 2022-23 is directed against the order dated 23.05.2025 framed by National Faceless Appeal Centre, Delhi arising out of Assessment Order dated 26.03.2024 passed u/s.143(3) r.w.s.144B of the Act.

2. Assessee has raised following grounds of appeal :

"1. On the facts and in the circumstances of the case and in law learned AO erred in rejecting deduction under section 80P(2)(a)(i) without appreciating the fact that the said profit is attributable to providing credit facilities to its members and without appreciating the facts of the case. It is your appellant's contention that appellant has disclosed correct profit in the return of income filed wherein, a loss from sugar business was disclosed correctly and appellant is entitled for deduction u/s 80P as claimed.



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2. On the facts and in the circumstances of the case and in law learned AO erred in not allowing deduction under section 80P(2)(a)(i) for a sum of Rs. 50,10,957/-, being proportionate business income from sugar mill, without rejecting the audited books of accounts and without finding any defects in the books of accounts, the action of working out such proportionate profit is beyond the provisions of law. Further Ld. AO also erred in not granting deduction u/s 80P on finally assessed profit. Your appellant prays for the same.

Your appellant prays for deletion of entire addition. Your appellant craves for to add, alter amend, modify, delete any or all grounds of appeal before or during the course of hearing in the interest of principle of natural justice.”

3. Brief facts of the case are that the assessee is a Cooperative Society and during the year under consideration apart from carrying out activity of providing credit facilities to its Members it also took on lease sugar factory and carried out the business activity for A.Y. 2022-23. Nil income declared in the return furnished on 20.10.2022 after having claimed deduction u/s.80P of the Act at Rs.65,25,467/-. Case selected for scrutiny for the following reasons :

- (i) Large turnover from transaction in securities (Depository accounts) and Mutual Funds in comparison to sale turnover shown in P&L Account and sale consideration shown in Schedule.
- (ii) Taxable receipts from Other Sources shown in Schedule TDS2 is higher than the receipts shown in ITR.
- (iii) Claim of deduction u/s.80P by entities that have received large amount of interest from a Banking Company.
- (iv) High liabilities as compared to low income/receipts.

4. Subsequently, after serving of valid statutory notices, ld. Assessing Officer (AO) carried out assessment proceedings and noticed that the assessee has earned profit from the business of providing credit facilities to its Members and on the other hand has incurred loss on account of business of sugar



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manufacturing. Ld. AO based on his observations that assessee has not maintained separate books of account for each of the activities, the income from each business activity is estimated in proportion to credits made in profit and loss account and accordingly made addition of Rs.50,10,957/-.

5. Aggrieved with the addition made by ld. AO assessee preferred appeal before ld.CIT(A) but again failed to succeed. Now the assessee is in appeal before this Tribunal.

6. Ld. Counsel for the assessee submitted that separate books of accounts are maintained. Even Audited Balance sheets have also been filed in the paper book running into 45 pages. He further submitted that assessee has only claimed the net income left after setting off of the loss from sugar business and has claimed deduction u/s.80P(2)(a)(i) of the Act and the same deserves to be allowed.

7. On the other hand, ld. Departmental Representative supported the order of ld.CIT(A).

8. We have heard the rival contentions and perused the record placed before us. We note that the assessee which is a Cooperative Society carrying on the business of providing credit facilities to its Members. During the year under consideration from the business of providing credit facilities to its Members having gross receipt of Rs.14,99,38,292/-, net profit is earned at Rs.4,17,52,214/-. On the other hand in the business of sugar manufacturing, on the total turnover of Rs.7,92,75,333/- assessee has incurred loss of Rs.3,64,48,176/-. After setting off loss from sugar business against the profit from business of providing credit facilities to



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its Members, the net profit is shown at Rs.52,64,040/-. Further after making certain adjustments towards bonus disallowance in the credit facility business and claimed depreciation as per Income Tax Act, gross total income at Rs.65,25,467/- is arrived and the same has been claimed as deduction u/s.80P(2)(a)(i) of the Act.

9. Ld. CIT(A) has affirmed the action of the ld.AO solely on the pretext that the assessee is not maintaining separate books of account and only the consolidated profit and loss account has been referred by both the lower authorities.

10. Before us, assessee has furnished audited statement of both the lines of business and separate audited profit and loss accounts of the business of credit facilities to the Members as well as sugar manufacturing business which are placed at pages 37 to 45 of the paper book and the same clearly indicates that the assessee has earned net profit from business of credit facilities to the Members at Rs.4,17,52,214/- and has incurred loss of Rs.3,64,48,176/- from the sugar factory and all details of relating to direct and indirect expenses are separately mentioned and genuineness of profit from credit facility to Members and loss from sugar business has not been controverted by ld. DR. We are therefore of the view that the working of ld. AO estimating the profits and then making addition of Rs.50,10,957/- is unjustified and uncalled for. Finding of ld.CIT(A) is set aside and the impugned addition made by Assessing Officer is deleted. Grounds of appeal raised by the assessee are allowed.



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

Order pronounced on this 28th day of November, 2025.

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 28th November, 2025.
Satisfy

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "B" बेंच,
पुणे / DR, ITAT, "B" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.