

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

माननीय श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं माननीय श्री इंटूरी रामा राव, लेखा सदस्य के समक्ष
BEFORE HON'BLE GEORGE GEORGE K, VICE PRESIDENT AND
HON'BLE INTURI RAMA RAO, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.59/Chny/2025
Assessment Years: 2018-19

Tamil Nadu Cooperative Union,
No.170 N.V.Natarajan Maaligai,
Periyar EVR High Road, Kilpauk,
Chennai-600 010.
[PAN: AAAA58731G]

Assistant Commissioner of
Income Tax, Exemption,
Chennai.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Assessee by
प्रत्यर्थी की ओर से /Revenue by

: Mr.Reddy Prakash, CA
: Mr.Bipin C.N, CIT

सुनवाई की तारीख/Date of Hearing

: 09.12.2025

घोषणा की तारीख /Date of Pronouncement

: 10.12.2025

आदेश / O R D E R

PER INTURI RAMA RAO, A.M :

This appeal filed by the assessee – Cooperative Society against the order of the Ld. Commissioner of Income Tax (Appeal) / NFAC, [‘CIT(A)’ in short], Delhi dated 26.11.2024 for AY-2018-19.

2.0 Briefly the facts of the case are that the appellant is an Cooperative Society incorporated under the provisions of the Tamil Nadu Cooperative Society Act 1983. It is formed with object of imparting Cooperative Education and training to members of registered societies. The return of income for AY-2018-19 was filed on 22.02.2019

disclosing nil income after claiming exemption u/s 10(23C)(iiiab) of the Income Tax Act. Against the said return of income, the assessment was completed by the NFAC vide order dated 29.09.2021 passed u/s 143(3) of the Income Tax Act r.w.s. 144B of the Income Tax Act at a total income of Rs.57,71,30,30/-. While doing so, the assessing officer denied the claim for exemption u/s 10(23C)(iiiab) by holding that the conditions laid down under the provision of 10(23C)(iiiab) were not satisfied, as it is not an educational institution and secondly it was not wholly and substantially financed by the government. Being aggrieved by the above assessment order, an appeal was filed before the Ld.CIT(A) contending, inter-alia, that the findings of assessing officer finds that the funds collected by the society belong to the appellant since they are managed by the committee of the appellant society. It is further contended that the action of the assessing officer in denying the claim for exemption u/s.10(23C)(iiiab) is contrary to the law and facts of the case. The appellate authority, considering the above submissions, confirmed the action of the assessing officer in denying the claim for exemption u/s 10(23C)(iiiab) of the Income Tax Act. However, no findings were rendered by the NFAC with regard to the ground of appeal challenging the findings of the assessing officer that the funds collected by the society belongs to the appellant and to be taxed. Being aggrieved, the appellant is in appeal before us in the present appeal.

3.0 The grounds of appeal Nos. 1 & 9 are general in nature and do not require any adjudication.

4.0 The grounds of appeal nos. 2 to 7 challenges the action of the Ld.CIT(A) confirming the action of the assessing officer denying the exemption claim for exemption u/s 10(23C)(iiiab) of the Income Tax Act. The Ld.AR submits that the funds received by the appellant society from Cooperative Education fund amounts to substantially financed by the government and it is running educational institution imparting cooperative education, management. Therefore the conditions laid down u/s 10(23C)(iiiab) stands satisfied, and therefore the lower authority had grossly erred in denying the claim for exemption u/s 10(23C)(iiiab) of the Income Tax Act.

5.0 The Ld.CIT(A) opposed the above submissions and submits that the appellant is not eligible for exemption u/s 10(23C)(iiiab) of the Act as it is not running educational institution and the appellant society was not wholly and substantially financed by the government.

6.0 We have heard the rival submissions and perused the material available on record. The issue that arises for our consideration is whether the appellant society is eligible to claim deduction u/s 10(23C)(viiiab) or not. Admittedly, the appellant society is a union of Cooperative societies registered under Tamil Nadu Cooperative Act 1983. It is not engaged in running educational institutions. It collections contribution from cooperative education fund from all

cooperative societies incorporated under Tamil Nadu Cooperative Act 1983 and managing funds. These facts clearly establishes that it is neither an educational institution nor was financed wholly or substantially by the government so as to be entitled to exemption u/s. 10(23C)(viiiab) of the Income Tax Act, thus, the conditions laid down and the provisions of 10(23C)(iiiab) does not stand satisfied. The ratio of decision of Hon'ble Supreme Court in the case of Visvesvaraya Technological University Vs Asst.CIT(2016) 384 ITR 37 and reiterated again in 389 ITR 10 squarely applicable to the facts of the case. Thus, we do not find any merit in the ground of appeal filed by the appellant assessee. Accordingly, the grounds of nos.2 to 7 raised by the assessee stands dismissed.

7.0 The ground of appeal no.8 challenge the action of the Ld.AO in treating the entire gross receipts as income of the appellant assessee without appreciating the facts. The appellant assessee is only entitled 15% of gross receipts for administrative purposes. This issue was raised before the Ld.CIT(A) vide ground no.7 of the appeal which reads as under:

"..7. In the submission dated 29.09.2021, the appellant along with supporting evidences has explained before the LD AO that the funds received by the appellant from the cooperative societies is on the strength of the section 72 of the said Act and the assessee is only holding and disbursing the funds as per the directions of the

Committee. It was explained before the LD. AO that those funds are not belonging to the appellant and it is not surplus of the appellant...".

However, NAFC failed to adjudicate this ground of appeal, therefore, we remit back to the file of NFAC for de novo adjudication in accordance with law after affording reasonable opportunity of being heard to the assessee. Therefore, the ground of appeal no.8 is allowed for statistical purposes.

8.0 In the result the appeal of the assessee is partly allowed.

Order pronounced on 10th , December-2025 at Chennai.

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष / vice president

Sd/-

(इंटूरी रामा राव)

(INTURI RAMA RAO)

लेखा सदस्य /Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 10th , December-2025.

KB/-

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT - Chennai/Coimbatore/Madurai/Salem.
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF