



**IN THE INCOME TAX APPELLATE TRIBUNAL, PANAJI BENCH, GOA  
BEFORE HON'BLE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER**

**AND**

**SHRI G. D. PADMAHSHALI, ACCOUNTANT MEMBER**

**ITA Nos. 277/PAN/2025**

**Assessment Year : 2020-21**

Shri Jinnappa Chougule Lalbahadur  
Credit Souharda Sahakari Sangh Niyamit  
2471, Lalbahadur Akkamahadevi Chowk,  
At Post: Shirguppi Tal.:Athani  
Dist.:Belgaum.  
PAN : AAGAS8466F

*..... Appellant*

V/s

Income Tax Officer  
Ward-(521)(1), Karwar.

*..... Respondent*

**Appearances**

Assessee by : Mr Jaykumar Patil ['Ld. AR']

Revenue by : Ms Rijjula Uniyal ['Ld. DR']

Date of conclusive Hearing : 05/01/2026

Date of Pronouncement : 06/01/2026

**ORDER**

**PER G. D. PADMAHSHALI, AM;**

The assessee is in appeal against DIN & Order No. ITBA/NFAC/S/250/2024-25/1073446535(1) dt. 19/02/2025 passed u/s 250 of the Income-tax Act, 1961 ['the Act' hereafter] by the National Faceless Appeal Centre, Delhi ['Ld. CIT(A)/NFAC' hereafter] which in turn arisen out of order of assessment dt. 26/09/2022 passed u/s 143(3) of the Act by the National Faceless e-Asstt. Centre, Delhi ['Ld. AO' hereafter] for assessment year 2020-21 ['AY' hereafter].



2. First thing first, there is delay of 123 days as endorsed by the Registry. The said delay is supported by well-reasoned affidavit dt. 22/08/2025 executed by the appellant showing the absence of negligence on their part in filing the present appeal in time. The undeliberate reason as explained in the sworn affidavit is supported by application to that effect. The reason explained in our considered view is enough to pass the test of sufficiency laid in '*Vijay V Meghani Vs. DCIT & Anr*' [2017, 398 ITR 250 (Bom)] and '*Collector, Land Acquisition, Anantnag and Anr. Vs Ms Katiji and Others*' [1987, 167 ITR 5 (SC)]. Therefore, the delay occurred in filing this appeal is condoned and advanced for adjudication on merits.

3. **The long and short of the case is that;** the assessee is a credit co-operative Sangh/society which filed its revised return of income ['ITR' hereafter] on 10/02/2021 declaring NIL income after claiming chapter VI-A deduction of ₹53,28,613/- u/s 80P(2) of the Act. The said return subjected to scrutiny u/s 143(2) of the



Act, in the course of assessment proceeding, Ld. AO noted that, the assessee had earned an interest on investment representing Fixed/Term Deposits, Saving A/cs & Recurring Deposits etc., held with various financial institutions. Placing reliance on landmark decision of Hon'ble Supreme Court in '*Totgar's Co-operative Sale Society Vs ITO*' [2010, 322 ITR 283] and Karnataka High Court '*CIT Vs Totgar's Co-operative Sale Society*' [2017, 295 ITR 611] after confronting the negative findings, the assessee was asked to showcase as to why such interest amount not to treated as non-business income and brought to tax without allowing deduction u/s 80P(2)(a) and u/s 80P(2)(d) of the Act. The assessee's submission & explanation could hardly inspire to the Ld. AO. As a result the Ld. AO treated the entire surplus of income/interest as received from non-business activities. Further in the absence of bifurcation showcasing the interest income earned from eligible institutions, the Ld. AO also denied the claim for deduction u/s 80P(2)(d) of the Act, and thus assessed income total income accordingly u/s 143(3) of the Act.



4. Aggrieved assessee filed an appeal before first appellate forum, however being unsuccessful the assessee before us with a sole, substantive but twofold ground against action of the tax officer below in treating the interest income as non-business & in denying the deduction 80P(2) of the Act.

5. We have heard the rival party's submissions; and subject to rule 18 of ITAT-Rules, 1963 perused material placed on record, case laws relied by them. At the outset we note that, neither in the course the assessment proceeding nor in the course of first appellate proceedings the details of interest income were adduced. From the statement of income placed on page 07 (P/B-1) it revealed that, the entire surplus after meeting expenditure claimed to have been earned/received as 'interest income' from eligible financial institution thus treated as business income. However the details of such interest received from co-operative institutions/society, other than co-operative society and commercial bank were never placed on record for verification.



6. The details of interest/income earned by the appellant on fixed/term/recurring deposits, and saving a/c etc., are placed first time in the present proceedings (pg-41 P/B-2). The reasons for not adducing them before both the tax authorities below have been drawn from the condonation affidavit & found explained satisfactorily. Therefore we find merits in appellant's plea that deductibility of claim u/s 80P(2)(a)/(d) of the Act since solitarily dependent upon nature & source of interest/income received, former details necessitates detailed & profound verification. *Per contra*, the Ld. DR candidly seconded detailed verification.

7. We note that similar facts found came for consideration in '*CIT Vs Jansampark Advertising & Marketing (P) Ltd.*' [2015, 231 Taxman 384 (DHC)] wherein the Hon'ble Court held that, where assessment/adjudication is completed without adequate verification, enquiry or in the absence of evidences or submissions etc., the appellate authorities as having noticed such inadequacy in inquiries, written submission or evidences etc., are duty bound to remit the issue for proper verification to the file of assessing officer.



8. At threshold details of income produced in the proceedings being vital for the assessment as it shall ultimately decide the very '*nature of income*' and its *taxability vis-à-vis* '*deductibility*' u/s 80P(2) of the Act, therefore same needs to be admitted first u/r 29 (supra) for its consideration. And the assessment/adjudication since culminated without such evidences & verification in view of the former judicial precedents (supra) deserves to set-aside for its remand for detailed verification of admitted evidences.

9. Respectfully following the former judicial precedent (supra) we set-aside impugned order for its remittance to the file of Ld. AO with a direction to deal therewith & decide taxability *vis-à-vis* deductibility *de-novo* in accordance with law.

**10. In result, the appeal stands allowed for statistical purposes.**

In terms of rule 34 of ITAT Rules, 1963 the order pronounced in the open court on date mentioned herein before.

**-S/d-**

**PAVAN KUMAR GADALE  
JUDICIAL MEMBER**

**-S/d-**

**G. D. PADMAHALI  
ACCOUNTANT MEMBER**

Panaji/Dt: 06th January 2026.

**Copy of the Order forwarded to :**

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|-------------------|-----------------------------------|------------------------------|
| 1. The Appellant. | 2. The Respondent.                | 3. The CIT(A)/NFAC Concerned |
| 4. PCIT Concerned | 5. DR, ITAT, Panaji Bench, Panaji | 6. Guard File                |

By Order,  
Sr. Private Secretary / AR ITAT, Panaji.