

IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH PANAJI

BEFORE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER
I T A. Nos.274,275 & 276/PAN/2025
(A.Y. 2015-16,2017-18 & 2018-19)

Shri Jinnappanna Chougule Lalbahadur Credit Souhard Sahakari Niyamit, 2471,Lalbahadur Akkamahadevi Chowk, Shirguppi Athani, Belagavi-591242, Karnataka.	Vs .	I T O, National e Assessment Centre, Delhi.
PAN .No. AAGAS8466F		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

Assessee by	Shri.Jaykumar Patil.AR
Revenue by	Smt.Rijula Uniyal.Sr.DR

सुनवाई की तारीख/Date of Hearing	05.01.2026
घोषणा की तारीख/Date of Pronouncement	07.01.2026

ORDER

PER PAVAN KUMAR GADALE, JM:

These three appeals are filed by the assessee against the separate orders of the National Faceless Appeal Centre (NFAC), Delhi / (CIT(A) passed u/sec250 of the Act.

2. At the time of hearing, the Ld.AR brought to the knowledge of the bench, that there is a delay of 129 days in filling these appeals before the Hon'ble Tribunal and the assessee has filed the application and affidavit for condonation of delay. Whereas, the facts mentioned in the

affidavit are reasonable and the Ld. DR has no specific objections. Accordingly, condone the delay and admit the appeals.

3. Since the issues involved in these appeals are common and identical, hence they are clubbed, heard and a consolidated order is passed. For the sake of convenience, shall take up ITA No.274/PAN/2025 for A.Y.2015-16 as a lead case and facts narrated. The assessee has raised the grounds of appeal challenging the order of the CIT(A) sustaining (i) the denial of claim of deduction u/sec80P(2)(a)(i) of the Act made by the Assessing Officer in respect of dealings with the Associate/Nominal members (ii) disallowance of prior period income tax and (iii) disallowance of provision for bad and doubtful debts.

The Ld.AR of the assessee has not pressed ground of appeal no.4&7 and made endorsement in the appeal memo, accordingly these grounds of appeal are treated as dismissed and withdrawn.

4. The brief facts of the case are that, the assessee is a cooperative credit society registered under the Karnataka Souharda Sahakari Act 1997 and is engaged in providing credit facilities to its members. The assessee has filed the return of income for the A.Y 2015-16 on 29.09.2015 disclosing a total income of Rs.Nil/- after claiming deduction u/sec80P(2)(a)(i) of the Act of Rs.22,60,074/- and the case was selected for scrutiny and the

assessment was completed u/sec143(3) of the Act dated 3.11.2017 and subsequently the revision order u/sec263 of the Act dated 25.02.2021 was passed setting aside the order u/sec143(3) of the Act. The Assessing officer (A.O) as per the directions of the revision order has issued notice u/sec 142(1) of the Act and the assessee has filed the details on 15.03.2025. The Assessing Officer (A.O) has dealt on the submissions/details of regular members and associate/nominal members and find that the assessee is not eligible for claim of deduction under section 80P(2)(a)(i) of the Act of Rs.22,60,074/- and similarly find that the assessee has debited to profit & loss account income tax paid of Rs.6,08,090/- and provision for bad and doubtful debts of Rs.8,00,000/- which is not admissible claim and made disallowance and assessed the total income of Rs.36,68,164/-and passed the order u/sec 143(3) r.w.s263 r.w.s144B of the Act dated 26.03.2022.

5. Aggrieved by the order u/sec 143(3) of the Act, the assessee has filed an appeal before the CIT(A), whereas the CIT(A) has considered the grounds of appeal, submissions of the assessee and findings of the A.O but sustained the denial of claim and disallowances and partly allowed the assessee appeal. Aggrieved by the order of the CIT(A), the assessee has filed an appeal with the Hon'ble Tribunal.

6. At the time of hearing, the Ld.AR submitted on the first disputed issue that the CIT(A) has erred in confirming the action of the A.O overlooking the facts and submissions

that the assessee is a cooperative credit society registered under the Karnataka Souharda Sahakari Act 1997 and the CIT(A) has wrongly observed that the assessee is not entitled to claim u/sec 80P(2)(a)(i) of the Act as the society is dealing with associate/ nominal members and there is violation of the provisions of the Act. The Ld.AR emphasized that the CIT(A) has erred in interpreting the provisions as the Associate/Nominal members are recognised by the governing by laws of the society and under the Karnataka Souharda Sahakari Act 1997. Further there are no dealing with non members/ outsiders by the society. The Ld.AR made alternative claim that the disallowance of the income tax paid and provision for bad and doubtful debts be granted consequential deduction u/sec80P(2)(a)(i) of the Act on account of enhanced business income. The Ld.AR supported the submissions with the paper book and judicial decisions. Per Contra, the Ld.DR relied on the order of the CIT(A).

7. Heard the rival submissions and perused the material on record. The first disputed issue envisaged by the Ld.AR on the denial of deduction u/s 80P(2)(a)(i) of the Act to the Cooperative Society which is registered under the Karnataka Souharda Sahakari Act 1997 and the CIT(A) has overlooked the provisions as the Associate/Nominal members are recognised by the governing by laws of the society and there are no dealings with outsiders. Whereas The Honble Income Tax Tribunal Panaji Bench in

ITA.No.158,159 & other 27 numbers/PAN/20223/24&25 dated 28-11-2025 –Akshaya Co-Op Credit society & others Vs ITO has dealt at Para 5 of the order on the subject matter of nominal members and associate members read as under:

“ 5. On the first disputed issue, the AO and CIT(A) has not allowed the claim of deduction under section 80P(2)(a)(i) of the Act, where the Cooperative credit society deals with the three class of members i.e Regular, Nominal and Associate Members.

The assessee is a co-operative society registered under the Goa Cooperative Societies Act 1961 and is engaged in the business of providing credit facilities to its members. The society deals with three classes of member's i.e. regular members, Nominal members and Associate members and are recognized by the governing law and the bye laws. The Ld. AR submissions are that the society deals only with its members and there are no dealings with outsiders, non-members or with public at large. The Ld. DR stated that the assessee has violated the provisions of the co-operative societies act and cooperative society's rules and the number of nominal members are exceeding more than 15% of the regular members and therefore the claim u/sec 80P (2) (a) (i) under the Income tax act 1961 is not allowed. The Ld.AR relied on the decision of the Hon'ble Supreme Court in the case of Maviyali Service Co-operative Bank Ltd v CIT reported in 123 taxmann.com 161 (SC) / 431 ITR 1 (SC) has held that ,” when nominal members are defined in the governing law dealings with them are entitled for deduction u/s 80P.”. In the present case the nominal and associate members are recognized by the governing law i.e: The Goa Co-operative Societies Act 2001 and the bye laws of the society. The Ld.DR submitted that "If the society is found to be giving loans to general public or to persons who are not its members in the strict sense, it would be acting as a co-operative bank, thereby disentitling it from deduction under Section 80P.”. We find the assessing officer has not verified these facts that the Primary members are only having voting rights and share in the surplus of the society and the Nominal members are admitted as per the provisions of the cooperative society and there are no dealings with outsiders or non-members. We considering the facts and submissions restore this disputed issue for limited purpose to the file of the assessing officer for verification and examination as discussed above and to adjudicate on merits. And we allow this ground of appeal for statistical purpose.”

both the categories of societies should be restricted to the income forming part of gross total income. And these grounds of appeal are partly allowed for statistical purpose.”

8. Therefore, considering the facts, circumstances, submissions and the ratio of the judicial decisions dealt in the above issue and also follow the judicial precedence. Accordingly, set aside the order of the CIT(A) on this issue and restore the disputed issues of nominal members and associate members to the file of the Assessing Officer to adjudicate on similar directions discussed and further the assessee should be provided adequate opportunity of hearing and shall cooperate in submitting the information. And this ground of appeal of the assessee is allowed for statistical purposes.

9. On the second and third disputed issue, The Ld.AR made alternative claim that disallowance of the income tax paid and provision for bad and doubtful debts be granted consequential deduction u/sec80P(2)(a)(i) of the Act on account of enhanced business income. The Ld.AR has demonstrated that the income tax paid pertaining to earlier year was debited to profit & loss account placed at Page 10 of the paper book but while computing the total income by oversight the income tax amount should was not added back as inadmissible expenses. Hence considering the facts and submissions, the claim is not allowable and the action of the CIT(A) is confirmed and dismiss this ground of appeal of the Assessee.

The assessee has debited provision for bad and doubtful debts in the profit & Loss account and the Ld.AR submitted that the assessee has made provision towards loans provided to members which are doubtful and has to be allowed as deduction from the business income. Whereas the Ld.DR submitted that such provisions are specific to banks and financial institutions and not to credit cooperative societies. On perusal of facts there is no finding on this disputed issue by the lower authorities and hence this issue is restored to the file of the assessing officer to verify the claim and adjudicate on merits. Accordingly this ground of appeal is allowed for statistical purpose.

ITA No.275/PAN/2025 (A.Y.2017-18)

10. As the facts and circumstances in this appeal is identical to ITA No 274/PAN/2025 (except variance in figures) and the decision rendered in above paragraph 7, 8 & 9 would apply mutatis mutandis for this appeal also. Accordingly the grounds of appeal of the assessee are partly allowed for statistical purposes.

ITA No.276/PAN/2025 (A.Y.2018-19)

11. As the facts and circumstances in this appeal is identical to ITA No 274/PAN/2025 (except variance in figures) and the decision rendered in above paragraph 7 & 8 would apply mutatis mutandis for this appeal also.

Accordingly the grounds of appeal of the assessee are partly allowed for statistical purposes.

12. In the result, the three appeals filed by the assessee are partly allowed for statistical purposes.

Order pronounced on 07/01/2026 as per rule 34(5) of the ITAT Rules 1963.

Sd/-
(PAVAN KUMAR GADALE)
JUDICIAL MEMBER

Panaji Dated: 07/01/2026

Copy of the Order forwarded to:

1. The Appellant,
2. The Respondent
3. The CIT(A)-
4. CIT
5. DR, ITAT,
6. Guard file.

//True Copy//

BY ORDER,
(Asstt. Registrar)ITAT,
Panaji

		Date	<u>Initial</u>	
1.	Draft dictated on			PS
2.	Draft placed before author			PS
3.	Draft proposed & placed before the second member			PS
4.	Draft discussed/approved by Second Member.			PS
5.	Approved Draft comes to the Sr.PS/PS			PS
6.	Kept for pronouncement on			
7.	File sent to the Bench Clerk			
8.	Date on which file goes to the AR			
9.	Date on which file goes to the Head Clerk.			
10.	Date of dispatch of Order.			
11.	Dictation Pad is enclosed			