

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH: CHENNAI**

**BEFORE HON'BLE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER AND  
SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER**

**ITA No.2801/Chny/2025  
Assessment Years: 2020-21**

**D.D.155 Athoor P.U.Public Servants  
Cooperative Thrift and Credit Society  
Limited,  
No.8-1-19 Market Road,  
Sithavankottai Athoor-TK, Dindigul  
Tamil Nadu-624 708.  
[PAN: AACAD2029F]**

**Income Tax Officer,  
Ward-1,  
Dindigul**

<b>Appellant</b>	<b>Respondent</b>
<b>Assessee by</b>	: None
<b>Revenue by</b>	: Ms.R.Anitha, Addl.CIT
<b>Date of Hearing</b>	: 14.01.2026
<b>Date of Pronouncement</b>	: 20.01.2026

**ORDER**

**PER INTURI RAMA RAO, A.M :**

This appeal filed by the assessee – Cooperative Society is directed against the order of the NFAC, Delhi (herein after called CIT(A)' in short], dated 06.08.2025 for the Assessment Year-2020-21.

2.0 Briefly, the facts of the case are that the appellant is a Cooperative Society incorporated under the provisions of the Tamil Nadu Cooperative Society Act 1983. It is formed with object providing credit facilities to its members. The return of income for the Assessment Year 2020-21 was

filed on 13.01.2020 declaring in come of Rs.6,590/- after claiming deduction of Rs. 48,99,939/- u/s 80P of the Act. Against the said return of income, the assessment was completed by National Faceless Assessment Centre (hereinafter called "AO") vide order dated 22.09.2022 passed u/s 143(3) r.w.s. 144B of the Income Tax Act at a total income of Rs.13,14,388/-. While doing so, the AO had denied deduction u/s 80P(2)(d) of the Act in respect of interest income of Rs.6,66,066/- earned by the appellant society on Fixed Deposits held with the Dindigul Central Cooperative bank and dividend income of Rs.6,41,732 earned from the Dindigul Central Cooperative bank by holding that such income does not qualify for deduction u/s 80(2)(d) of the Act. The said assessment order attained finality, as the appellant cooperative society chose to not to contest in appeal. The AO initiated penalty proceedings u/s 270A(8) of the Act for alleged under reporting of the income in consequence of misreporting of income. In response to the show cause notice, the appellant submitted that the case of the appellant falls under exceptions enumerated under the provisions of section 270A(6)(a) of the Act and no penalty was leviable. However, rejecting he above contentions, the AO levied a penalty of Rs.8,16,066/- vide order 01.03.2023. Being aggrieved by the levy of penalty, an appeal was preferred before the CIT(A) who vide impugned order confirmed the levy of the penalty. Being aggrieved the appellant is in appeal before us in the present appeal.

5.0 When appeal was called on, none appeared on behalf of the appellant despite due service of notice of hearing. After hearing the learned Sr.DR, we proceed to dispose of this appeal on merits.

5.0 We have heard the rival submissions and perused the material available on record. The issue that arises for our consideration is whether the AO is justified in levying a penalty u/s 270A of the Act. Admittedly, the disparity between returned income and assessed income had arisen on account of addition made by the AO by disallowing the claim for deduction u/s 80P(2)(d) of the Act in respect of interest, dividend income earned by the appellant society from the Dindigul Central Cooperative bank. The issue stands squarely covered in favour of the appellant society by the ratio of decisions of Hon'ble Madras High Court in the case of Thorapadi Urban Coop Credit Society Ltd 156 taxmann.com 419(Madras) Vs Income Tax Officer, and CIT Vs Salem Agricultural Producers Cooperative Marketing Society Ltd 76 taxmann.com 225 (Mad). In the light of authoritative pronouncement of law by Hon'ble Jurisdictional High Court, it cannot be said that the claim made for deduction of interest, dividend income earned from the Dindigul Central Cooperative bank is not a bona-fide. Therefore, the exception enumerated under the provisions of clause(a) of sub-section(6) of 270A is squarely applicable and therefore, no penalty can be

levied u/s 270A. Accordingly, we direct the AO to delete the penalty of Rs.8,16,066/-.

7.0 In the result the appeal of the assessee is stands allowed.

Order pronounced on 20<sup>th</sup> , January-2026 at Chennai.

**Sd/-**

**(SS VISWANETHRA RAVI)**

**Judicial Member**

Chennai, Dated 20<sup>th</sup> , January-2026.

*KB/-*

**Sd/-**

**(INTURI RAMA RAO)**

**Accountant Member**

**Copy to:**

1. Appellant
2. Respondent
3. CIT - Chennai/Coimbatore/Madurai/Salem.
4. DR
5. GF