

**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH : BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE – PRESIDENT
AND
SHRI SOUNDARARAJAN K., JUDICIAL MEMBER**

ITA No. 1779/Bang/2025
Assessment Year : 2017-18

M/s. Primary Co-operative Agriculture and Rural Development (PCARD) Bank Ltd., Main Road, Opp. SBM Bank, Molakalamur – 577 535. Chitradurga District. PAN: AAAAP3455B	Vs.	The Income Tax Officer, Ward – 3, Davangere.
APPELLANT		RESPONDENT

Assessee by	:	Ms. Tarini V.Y, Advocate
Revenue by	:	Shri Subramanian .S, JCIT-DR

Date of Hearing	:	08-01-2026
Date of Pronouncement	:	11-02-2026

ORDER

PER SOUNDARARAJAN K., JUDICIAL MEMBER

This is an appeal filed by the assessee challenging the order of the NFAC, Delhi dated 13/06/2025 in respect of the A.Y. 2017-18.

2. The brief facts of the case are that the assessee is a co-operative society registered under the provisions of the Karnataka Co-operative Societies Act, 1959. The assessee is engaged in the business of giving loans to its members who are all agriculturists. The return of income was filed on 26/10/2017 declaring a loss of Rs. 24,64,779/-. Since the assessee had incurred a loss, they have not claimed the income by claiming deduction

u/s. 80P of the Act. The AO had treated the cash deposits made during the demonetisation period as unexplained cash credit u/s. 68 of the Act. The assessee submitted that the said cash deposits made during the demonetisation period was nothing but the payments made by the members towards their loan as well as pigmy collection. The assessee also submitted the details of the members from whom the amounts have been received towards the recovery of loans, pigmy collections, etc. The AO not accepted the explanation and treated the said cash deposits as unexplained cash credit on the ground that the assessee had no *locus standi* to receive the money from the members in the SB notes from 09/11/2016. It is the case of the assessee that they have not received the said assessment order but only when the assessee received a letter from the ITO communicating that the case records are transferred to the another jurisdictional AO at Chitradurga, the assessee came to know that the assessment order has already been passed. After that, the assessee immediately contacted the tax consultant and thereafter the appeal has been filed on 12/03/2020. The Ld.CIT(A) after considering the appeal and the delay condonation application for condoning the delay of 47 days had dismissed the appeal on the ground that the assessee had not explained the sufficient cause for not filing the appeal in time.

3. As against the said order, the present appeal has been filed before this Tribunal.

4. At the time of hearing, the Ld.AR submitted that by way of abundant caution, the assessee was forced to file an application to condone the delay after a period of 2 years even though till date they have not received the assessment order. The Ld.AR further submitted that without considering the reasons put forth in the application, the Ld.CIT(A) had rejected the said delay on the ground that the affidavit contains bald assertions and not substantiated by cogent evidence and also on the ground that how the present manager be aware of events pertaining to the earlier period of F.Y. 2019-20. The Ld.AR submitted that the reasons stated in the delay condonation application is the genuine reasons and there is no evidence to

show that the averments made in the affidavit is false and also the present manager, based on the documents had filed the affidavit and therefore prayed to condone the delay in filing the appeal before the Ld.CIT(A).

5. The Ld.DR submitted that the reasoning given by the assessee in the affidavit is not substantiated by any corroborative evidence and therefore the Ld.CIT(A) had correctly dismissed the appeal.

6. We have heard the arguments of both sides and perused the materials available on record.

7. We have perused the affidavit filed in support of the delay and from the said facts, we came to know that the assessee had raised a plea that they have not been served with the assessment order. By way of abundant caution, the assessee had filed an application to condone the said delay, even though there would not be any delay in filing the appeal. Further, we have considered the fact that the delay is only 47 days delay and the merits involved in the present appeal is about the cash deposits made during the demonetisation period which was deposited by the members with the assessee towards their loan account and later on, the said cash was deposited into the bank account of the assessee.

8. Considering the fact that the assessee was under confusion and also not received the assessment order till date and also considering the fact that the delay is only a minimal delay, we thought that the issue has to be decided on merits. We have also noticed that the assessee had submitted the details of all the members from whom they have received the cash towards their loan and pigmy collections and in such circumstances, it should be necessary to decide the issue on merits. In view of the rejection order passed by the Ld.CIT(A), the assessee lost an opportunity to put forth their case on merits. We, therefore of the view that the assessee should be granted an opportunity to put forth their case before the Ld.CIT(A). We, therefore set aside the order of the ld CIT(A) and condoned the delay in filing

the appeal before the Ld.CIT(A) and restore this appeal to the file of the Ld.CIT(A) for denovo consideration.

9. In the result, the appeal filed by the assessee is partly allowed for statistical purposes.

Order pronounced in the open court on 11th February, 2026.

Sd/-
(PRASHANT MAHARISHI)
Vice – President

Sd/-
(SOUNDARARAJAN K.)
Judicial Member

Bangalore,
Dated, the 11th February, 2026.
/MS /

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

By order

Assistant Registrar,
ITAT, Bangalore