

**IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA 'B' BENCH AT KOLKATA**

Before

**SHRI GEORGE MATHAN, JUDICIAL MEMBER
&
SHRI RAKESH MISHRA, ACCOUNTANT MEMBER**

**ITA No(s). 1593/KOL/2025
Assessment Year(s) 2018-19**

Itahar Consumers Cooperative Stores Limited (Appellant)	Vs.	I.T.O., Karnajora (Respondent)
PAN: AAAAI4873Q		

Appearances:

Assessee represented by : None.

Department represented by : Sandeep Kumar Mehta, Addl. CIT, Sr. DR.

Date of concluding the hearing : 25-March-2026

Date of pronouncing the order : 08-April-2026

ORDER

PER RAKESH MISHRA, ACCOUNTANT MEMBER:

This appeal filed by the assessee is against the order of the Commissioner of Income Tax (Appeals)-NFAC, Delhi [hereinafter referred to as Ld. 'CIT(A)'] passed u/s 250 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') for AY 2018-19 dated 13.06.2025.

2. The assessee is in appeal before the Tribunal raising the following grounds of appeal:

"1. That the Ld. CIT(A) erred in law and facts in confirming the addition of ₹2,71,850/- as income from business, ignoring the factual nature of the receipts and without appreciating the role of the appellant as an intermediary (M.R. Dealer) distributing material to sub-dealers (M.R. Distributors).

2. That the Ld. CIT(A) erred in confirming the addition of ₹1,11,52,180/- under section 69A of the Act without appreciating that the cash deposited represented sale proceeds collected on behalf of M.R. Distributors, details of whom with PAN and mobile numbers were submitted during appellate proceedings.



3. That the Ld. Authorities below failed to consider the explanation and documentary evidence furnished by the appellant to establish the identity of payers and the nature of cash transactions.

4. That the assessment order passed u/s 144 r.w.s. 147 and confirmed by CIT(A) is bad in law and void ab initio as it is based on non-application of mind and violation of principles of natural justice.

5. That the initiation and completion of proceedings under section 147 r.w.s. 144B without proper opportunity and mechanical approval is invalid and liable to be quashed.

6. That the addition u/s 69A and invoking of section 115BBE without any incriminating material or valid reason is arbitrary, unjustified, and contrary to settled judicial principles.

7. That the appellant craves leave to add, amend, or alter any of the above grounds of appeal before or at the time of hearing.”

3. Brief facts of the case are that as per the information available on Insight portal of the Income Tax Department in the category of NMS, the assessee, Itahar Consumers Co-operative Store Ltd. was found to have received contractual payment of ₹2,71,850/- from Uttar Dinajpur Zilla Parishad and had also deposited cash amounting to ₹1,11,52,180/- in its bank account maintained with State Bank of India, Raiganj branch, MG Road, Uttar Dinajpur, West Bengal during the FY 2017-18 relevant to the AY 2018-19. The assessee had not filed the return of income for the year under consideration; therefore, the transactions were not reported which also indicated that due taxes had not been paid against the income. Accordingly, a show cause notice u/s 148A(b) of the Act was issued to the assessee, which the assessee did not comply. Since, the assessee did not furnish any reply to the notice, the assessment was reopened u/s 147 of the Act. Subsequently, notices 142(1) of the Act were issued to the assessee but the assessee failed to respond to the notices. The Assessing Officer (hereinafter referred to as Ld. 'AO') accordingly added a sum of ₹2,71,850/- on account of contract receipt and also added another sum of ₹1,11,52,180/- treating the same as



unexplained money u/s 69A of the Act to the income of the assessee and assessed the total income at ₹1,14,24,030/- u/s 147 r.w.s. 144 r.w.s. 144B of the Act. Aggrieved with the assessment order, the assessee filed an appeal before the Ld. CIT(A), before whom the assessee stated that no opportunity was provided to produce the audit report of relevant year audited by the Dept. of Government Audit, Govt. of West Bengal and submitted as under:

“RE: ITAHAR CONSUMERS COOPERATIVE STORES LTD (PAN AAAAI4873Q), Vill, Post & PS-Itahar. Appeal against the order dated 02/03/2023 U/S 147 of Income Tax Act. 1961 for the Assessment Year 2018-19 as Framed by the E Assessment Unit.

Sir, Assessee is a cooperative society registered under West Bengal Cooperative Society Act 2006 having registration NO 01-WD dated 08/07/1970 and act as a distributor of West Bengal Public Distribution System.

The Books of accounts are subject to audit under west Bengal cooperative society act 2006. The main problem arises due to non-receipt of email notice.

Request to accept Department Audit Report for FY 2017-18 along with licence to serve as PDS DISTRIBUTOR”

3.1 The Ld. CIT(A) called for the remand report. However, the Ld. CIT(A) on the basis of the comments of the assessee on the remand report dismissed the appeal of the assessee by holding as under:

“8. Decision: I have considered the facts of the case, written submission and case laws relied upon by the appellant as against the observations and findings of the AO in the penalty order. The submissions and contentions of the appellant are discussed and decided as under:

8.1 Ground No.1: In this ground the appellant has challenged the additions worth Rs. 11152180/- u/s. 69A of the Income Tax Act, 1961 and Rs. 271850/- on account of undisclosed contract receipt. The appellant is a cooperative store and the cash was deposited worth Rs. 11152180/-. The AO taxed it as unexplained money u/s. 69A of the Income Tax Act, 1961 and Rs. 271850/- on account of undisclosed contract receipt.



8.1.1 Now before me in the appellate proceedings, the appellant has filed written submission. The appellant has mentioned that it is a cooperative society and the account is audited by West Bengal Govt. The appellant has filed additional evidences and on the basis the Remand report was called from the AO. The appellant was provided opportunity to appear before the AO in the remand proceedings. Proper details and books of accounts were not produced before the AO in the assessment and also in the remand proceedings. Hence the appellant has not been able to explain the source of the cash worth Rs. 11152180 /- in two rounds, assessment and in the remand proceedings. Hence both the additions of the AO are confirmed and appeal of the appellant is dismissed.

9. The appeal of the appellant is Dismissed.

4. Aggrieved with the order of the Ld. CIT(A), the assessee has filed the appeal before the Tribunal.

5. None appeared on behalf of the assessee and the case was heard with the assistance of the Ld. DR. The Bench was of the view that since the assessee is a cooperative Society and the audit report for the statutory audit under the relevant West Bengal Cooperative Society Act 2006 was obtained later, the Ld. CIT(A) ought to have considered the additional evidences filed which were not filed before the Ld. AO as the assessment order was *ex parte*. Therefore, in the interest of justice and fair play it was considered that the request of the assessee to set aside the case before the Ld. AO may be allowed so that a proper opportunity of being heard may be provided. Hence, after examining the facts of the case, we deem it appropriate to set aside the order of the Ld. CIT(A) and remit the matter back to the Ld. AO to examine the audit report and for making the reassessment *de novo*. Needless to say, the assessee shall be given a reasonable opportunity of being heard to make any further submission it wants to make in support of its grounds of appeal and shall not seek unnecessary adjournments. Accordingly, the grounds



taken by the assessee in the appeal are partly allowed for statistical purposes.

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

Order pronounced in the open Court on 8th April, 2026.

Sd/-

[George Mathan]
Judicial Member

Sd/-

[Rakesh Mishra]
Accountant Member

Dated: 08.04.2026

Bidhan (Sr. P.S.)



Copy of the order forwarded to:

- 1. Itahar Consumers Cooperative Stores Limited, Itahar Uttar
Dinajpur, Raiganj, West Bengal, 733128.**
- 2. I.T.O., Karnajora.**
3. CIT(A)-NFAC, Delhi.
4. CIT-
5. CIT(DR), Kolkata Benches, Kolkata.
6. Guard File.

// True copy //

By order

Assistant Registrar
ITAT, Kolkata Benches
Kolkata