

**IN THE INCOME TAX APPELLATE TRIBUNAL
“SMC” BENCH, AHMEDABAD**

**BEFORE SHRI SANJAY GARG, JUDICIAL MEMBER AND
SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

**ITA No. 105/AHD/2026
Assessment Years: 2018-19**

Ratanvav Juth Vividh Karyakari Sahakari Mandali Limited, Ratanvav, Gariyadhar, Bhavnagar, Gujarat - 364505 [PAN – AABAR1763K] (Appellant)	Vs.	Income Tax Officer Ward 1(8) - Bhavnagar 364002 (Respondent)
Assessee by	Shri Chetan Agarwal, AR	
Revenue by	Smt. Ananya Kulshresth, Sr. DR	
Date of Hearing	09.04.2026	
Date of Pronouncement	21.04.2026	

ORDER

PER NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER:

This appeal is filed by the assessee against the order of National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as ‘CIT(A)’] dated 10.10.2025 for the Assessment Year (A.Y.) 2018-19 in the proceeding u/s 147 r.w.s. 144B of the Income Tax Act.

2. There was a delay of 16 days in filing of this appeal. The assessee has filed a condonation application along with an affidavit with a request to condone the delay. It has been explained that the assessee was not aware of the order of the Ld. CIT(A), which was communicated late due

to negligence of the consultant. As a result, there was a delay in filing of the appeal, which was due to default of the counsel. Considering the explanation of the assessee, the delay in filing the appeal is condoned.

3. The brief facts of the case are that the assessee did not file its return of income for A.Y. 2018-19. The AO has received an information on Insight Portal of the Department that the assessee had made cash deposit of Rs. 6,05,94,100/- and time deposit of Rs. 39,44,781/- in the bank account. On the basis of this information the AO had recorded his reason for escapement of income and issued notice u/s. 148 of the Act on 25.03.2022 after passing order u/s. 148A(d) of the Act. In response to the notice u/s. 148 of the Act, the assessee had filed return of income declaring Nil income. Before the AO, it was explained that the actual cash deposit in the bank account was Rs. 3,55,96,600/- only and not Rs.6,02,85,100/- as appearing in form 26AS. As regarding source of cash deposits, it was explained that this amount represented receipt from agriculturalist members towards various routine activities of the cooperative society. It was further explained that the assessee was eligible for deduction of Rs. 9,72,445/- u/s. 80P(2)(a)(i) of the Act and of Rs. 1,30,835/- u/s. 80P(2)(d) of the Act, and after availing these deductions the income of the assessee was Nil. The AO, however, held that the assessee could have availed deductions u/s. 80P(2)(a)(i) and u/s. 80P(2)(d) of the Act only if it had filed its return of income within the due date specified u/s. 139(1) of the Act. Since no such return was filed, the AO had disallowed the claim of Rs. 11,03,280/- made u/s. 80P of the Act. The assessment was completed u/s. 147 r.w.s. 144B of the Act on 13.02.2023 at total income of Rs. 11,03,280/-.

4. Aggrieved with the order of the AO, the assessee had filed an appeal before the first appellate authority, which was decided by the learned CIT(A) vide the impugned order and the appeal of the assessee was dismissed.

5. Now the assessee is in second appeal before us. The following grounds have been taken in this appeal:

1. *The Ld. CIT(A) has erred in law as well as on fact by upholding disallowance of deduction u/s 80P of the Act amounting to Rs. 11,03,280/- made by the Ld. AO.*
2. *The Ld. CIT(A) has erred in law as well as on fact by upholding an action of Ld. AO where re-opening was made due to cash deposit and addition was made in the assessment and CIT(A) order by disallowing deduction claimed u/s 80P. No addition can be made other than for reasons recorded while issuing notice u/s 148A and when reasons to re-open ceases to survive.*

6. Shri Chetan Agarwal, the Ld. AR of the assessee submitted that the case of the assessee was re-opened to examine the cash deposits and time deposit in the bank account. In the assessment, the AO did not make any addition in respect of time deposit/cash deposit but he had disallowed the deduction claimed u/s. 80P of the Act. The Ld. AR submitted that no addition could have been made by the AO other than for the reason recorded by the AO for issue of notice u/s. 148 of the Act. Therefore, the Ld. CIT(A) was not correct in sustaining the disallowance of deduction of Rs. 11,03,280/- as made by the AO. The Ld. AR relied upon the decision of Hon'ble Gujarat High Court in the case of **CIT Vs. Mohamed Juned Dadani (355 ITR 172)** in this regard.

7. Per Contra Smt. Ananya Kulshresth the Ld. Sr. DR, supported the order of the lower authorities.

8. We have considered the rival submissions. It is found that the case of the assessee was reopened by the AO to examine the cash deposits and time deposits in the bank account. In the assessment, no addition on account of cash deposits and time deposits was made by the AO. In essence, the explanation of the assessee regarding the source of cash deposits and the time deposits was accepted by the AO. It is a settled position of law that once the Assessing Officer accepts the objection of the assessee and does not assess or reassess the income which was the basis of the notice u/s 148, it would not be open for the AO to assess income under some other issue independently. The Hon'ble Gujarat High Court in the case of *Mohamed Juned Dadani (supra)* has upheld the principle that Assessing Officer may assess or reassess income in respect of any issue which comes to his notice subsequently in the course of proceeding, only if addition is made in respect of the issues for which the case was reopened. In the present case, no addition was made by the AO on the issue of unexplained cash deposits/time deposits for which the case was reopened by the AO. Under the circumstances, it was not open for the AO to make addition in respect of any other issue i.e. deduction u/s. 80P of the Act, which was not part of the reason as recorded by the AO. Therefore, the addition of Rs. 11,03,280/- on account of disallowance of deduction u/s. 80P of the Act, is deleted. The grounds taken by the assessee are **allowed**.

9. In the result, the appeal of the assessee is allowed.

Order pronounced in the Court on 21/04/2026 at Ahmedabad.

Sd/-
(SAJAY GARG)
Judicial Member

Dated – 21st April, 2026

Neelesh, Sr. PS

(True Copy)

Sd/-
(NARENDRA PRASAD SINHA)
Accountant Member

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण / DR, ITAT,
6. गार्ड फाईल / Guard file.

आदेशानुसार/BY ORDER,
उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad