IN THE HIGH COURT OF ORISSA AT CUTTACK

W.P.(C) No.25028 of 2026

CNR No.ODHC010589692026

Kendrapara Urban Cooperative Bank Ltd., Kendrapara …. ***Petitioner***

Mr. Jagabandhu Sahoo, Senior Advocate assisted by Ms. Kajal Sahoo, Advocate

-Versus-

Deputy Commissioner of Income Tax Circle, Bhubaneswar and others …. ***Opposite Parties***

Mr. Avinash Kedia, Junior Standing Counsel

CORAM:
HON'BLE DR. JUSTICE SANJEEB K PANIGRAHI
AND
HON'BLE MR. JUSTICE MURAHARI SRI RAMAN

ORDER

Order No. **28.10.2026**

02. ***1.*** This matter is taken up through hybrid arrangement.

2. The petitioner prays for an opportunity to submit necessary documents which came to its possession later on before the Assessing Authority so that the demand raised by the department shall be drastically reduced or reduced to *NIL*.

3. Heard Sri Jagabandhu Sahoo, learned Senior Advocate along with Ms. Kajal Sahoo, learned Advocate and Sri Avinash Kedia, learned Junior Standing Counsel appearing for the Income Tax Department.

4. Perusal of record reveals that assailing the assessment framed under Section 143 pertaining to assessment year 2017-18 *vide* order dated 10th December, 2019 of the DCIT, Circle 1(1), Cuttack, the petitioner approached the appellate authority by way of filing appeal under Section 250 of the Income Tax Act, 1961, wherein the following order was passed on 18th November, 2022:

> *"6.1. The Assessing Officer noticed that the assessee Urban Cooperative Bank paid interest on deposits to the tune of Rs.1,68,22,374/- to 587 customers (more than Rs.10,000/- in each case) on their deposits without deducting TDS u/s 194A. Assessee stated that the customers submitted either Form 15G or Form 15H but did not furnish evidence for the same. Hence the AO disallowed Rs.50,46,712/- (being 30% of Rs.1,68,22,374/-) u/s 40(a)(ia) r.w.s. 194A of the I.T. Act.*
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> *6.5. In the present case, regarding the payment of interest of Rs.1,68,22,374/- on deposits to 587 customers (more than Rs.10,000/- in each case) on their deposits without deducting TDS u/s 194A, the appellant stated that the*

customers submitted either Form 15G or Form 15H but due to huge number of the 15G/15H, it could not upload all the forms.

However, the appellant – (i) did not furnish any evidence in support of having filed those forms to the Commissioner of Income Tax within prescribed period and (ii) did not furnish the date on which the forms were filed to Commissioner of Income Tax. Hence, the AO cannot verify the genuineness of the explanation of the appellant that the customers submitted either Form 15G or Form 15H.

Hence, respectfully following the above stated decisions of the Hon'ble High Court of Karnataka and Hon'ble ITAT Bangalore, the AO is directed to allow the assessee to furnish the relevant Forms 15G or Forms 15H and verify the same and compute the disallowance u/s.40(a)(ia) with respect to the interest payments for which Form 15G or Form 15H were not obtained."

5. On 4th March, 2024 the Assessing Authority proceeded to give effect to order dated 18th November, 2022 passed by the CIT (Appeal), National Faceless Appellate Centre, Delhi with the following observation:

"6. However, in response to letter dated 14.07.2023, the assessee had furnished on 01.08.2023 the list of 587 no. depositors to whom/which interest amounting to Rs.1,68,22,374/- had been paid during the previous year relevant to A.Y. 2017-18. Perusal of such list revealed that 15 number of depositors had been paid interest below

Rs.10,000/- which were not subject to TDS u/s.194A of the Act. The total amount of interest paid to such depositors was Rs.69,624/-.

7. Taking such interest into consideration; the amount of disallowance u/s.40(a)(ia) of the Act is recomputed at Rs.50,25,825/- (30% of interest amounting to Rs.1,67,52,750/- (Rs.1,68,22,374-Rs.69,624) as against Rs.50,46,712/- disallowed u/s 40(a)(ia) in the assessment u/s 143(3) made on 10.12.2019."

6. Sri Jagabandhu Sahoo, learned Senior Advocate appearing for the petitioner submitted, on instruction received from the petitioner, that as voluminous documents were to be furnished before the Authority concerned, all the 587 Forms could not be uploaded in the portal. However, Ms. Kajal Sahoo, learned Advocate filed a Memo in Court today, eliciting the following:

"That the petitioner most humbly submits that pursuant to order passed by Ld. First Appellate Authority vide order dt. 18.11.2022 wherein it was observed that all 587 forms could not be uploaded as they were huge in number, the petitioner uploaded Form 15G/15H with respect to 325 number of customers. On instruction received from the petitioner over telephone, the petitioner will now be able to upload all forms for the purpose of interest u/s.40(a)(ia) of Income Tax Act.

The petitioner may therefore be granted liberty to produce the said forms before the Ld. Assessing Authority."

7. Sri Avinash Kedia, learned Junior Standing Counsel appearing for the Income Tax Department submitted that if all the Forms are brought on record by the assessee, the Assessing Authority may be directed to examine the genuineness of the claim of the petitioner and pass appropriate orders thereon.

8. Faced with such situation, this Court feels it apt to set aside the order dated 4th March, 2024 passed by the Deputy Commissioner of Income Tax, Circle-2(1), Bhubaneswar (Annexure-3). This Court grants one opportunity to the petitioner by directing it to appear before the said Authority on or before 13th November, 2026 along with certified copy of this order and furnish the documents undertaken to be produced by the petitioner before the Assessing Authority. In such eventuality, the Authority shall consider such documents and examine the same *qua* the claim of the assessee and pass fresh orders in compliance of the order dated 18th November, 2022 passed under Section 250 of the Income Tax Act, 1961 by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi. Entire exercise is expected to be concluded within a period of four weeks from the date of appearance of the petitioner, as stated above.

9. With the aforesaid observation and direction, this writ petition along with pending Interlocutory Application(s), if any, stands disposed of.

(Dr. Sanjeeb K Panigrahi)
Judge

(Murahari Sri Raman)
Judge

MRS/Laxmikant

Signature Not Verified
Digitally Signed
Signed by: LAXMIKANT MOHAPATRA
Designation: Senior Stenographer
Reason: Authentication
Location: High Court of Orissa, Cuttack
Date: 29-Oct-2026 10:26:30