

The Reserve Bank Employees Co-operative Credit Society Limited v. Principal Chief Commissioner of Income Tax, Odisha Region & Others

W.P.(C) No. 7708 of 2025

2026:OHC:1214-DB | W.P.(C) No. 7708 of 2025 (Ori HC, decided 09.01.2026) | 2026-01-09

Refusal under section 119(2)(b) to condone delay in filing returns and audit reports of a cooperative credit society for AYs 2018-19 to 2022-23 quashed where delay was caused by statutory audit pendency before the state Directorate of Cooperative Audit.

Income-tax Act, 1961: sections 80AC, 80P, 119(2)(b) and 139 | Odisha Co-operative Societies Act, 1962: section 62 | CBDT Circular No. 13/2023 dated 26.07.2023

High Court of Orissa | 2-judge bench (Division Bench) | Harish Tandon, C.J. | Murahari Sri Raman, J.

Assessment years: 2018-19, 2019-20, 2020-21, 2021-22, 2022-23

Comprehensive 55-page precedent covering five assessment years (AYs 2018-19 to 2022-23)

While condoning the filing delay under section 119(2)(b), the Court clarified that the merits and computation of the section 80P deduction remain subject to verification by the Assessing Officer upon return filing.

01 FACTS OF THE CASE

The petitioner, a cooperative credit society registered under the Odisha Co-operative Societies Act, 1962 whose members are employees of the Reserve Bank of India, Bhubaneswar, filed applications on 14.03.2024 under section 119(2)(b) read with CBDT Circular No. 13/2023 dated 26.07.2023 seeking condonation of delay in filing income-tax returns and tax audit reports for AYs 2018-19 to 2022-23 so as to claim deduction under section 80P. Under section 62 of the Odisha Co-operative Societies Act, 1962, audit of the society's accounts lay exclusively within the control of the Auditor-General of Co-operative Societies, Odisha, which completed the statutory audits for FYs 2017-18 to 2021-22 only between 07.09.2021 and 25.01.2024. By common order dated 13.06.2024, the PCCIT, Odisha Region rejected the applications on the ground that the society had not pursued the Audit Directorate aggressively enough and had failed to file timely unaudited returns.

Source: [Pages 1-14 of 55 \(Paragraphs 1-4\) \(20260109_ODHCo10130642025.pdf\)](#)

02 DISCUSSION BY THE HON'BLE COURT

In an exhaustive 55-page judgment surveying judicial precedents across High Courts on section 119(2)(b), 'genuine hardship' (B.M. Malani v. CIT, (2008) 10 SCC 617; Sitaldas K. Motwani v. DGIT), and statutory cooperative audits (Subramania (Valparai) Primary Agricultural Cooperative Credit Society v. CIT;gevoel of CBDT Circular No. 13/2023), the Division Bench held that because the appointment of auditors and completion of statutory audit under the Odisha Co-operative Societies Act, 1962 were entirely beyond the petitioner's control, the delay resulted from circumstances impossible for the society to overcome unilaterally (lex non cogit ad impossibilia). Denying condonation would inflict severe financial hardship on a salaried employees' cooperative society otherwise statutorily entitled to deduction under section 80P.

Source: [Pages 15-53 of 55 \(Paragraphs 6-14\) \(20260109_ODHC010130642025.pdf\)](#)

03 JUDICIAL DECISION

The High Court quashed the PCCIT's common order dated 13.06.2024 passed under section 119(2)(b) and issued a writ of mandamus directing the authorities to condone the delay and allow the petitioner-society to file its returns of income along with audit reports for AYs 2018-19 to 2022-23 for processing its section 80P claim in accordance with law.

Source: [Pages 53-55 of 55 \(Paragraphs 15-17\) \(20260109_ODHC010130642025.pdf\)](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (The Reserve Bank Employees Co-operative Credit Society Limited); PCCIT order dated 13.06.2024 quashed and writ petition allowed.

Source: [Pages 53-55 of 55 \(Paragraphs 15-17\) \(20260109_ODHC010130642025.pdf\)](#)

05 AKHB REVIEW POINT

AKHB analysis: Where a cooperative society's accounts must statutorily be audited by the State Cooperative Audit Directorate before tax audit and return filing, delay by the State audit machinery constitutes 'genuine hardship' and a circumstance beyond the assessee's control under section 119(2)(b) and CBDT Circular No. 13/2023.

Source: [Full judgment PDF \(55 pp.\)](#)

SOURCE & VERIFICATION

[Original judgment PDF \(20260109_ODHC010130642025.pdf\)](#)

Reviewed from the complete 55-page official High Court judgment PDF (20260109_ODHC010130642025.pdf, SHA-256: 906867329b295c8d306d33bd5f056fe82e4eb0fa99953b6c85f9c046dd96b3fd).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Primary source verified page-by-page (55 physical pages, 614,795 bytes, SHA-256: 906867329b295c8d306d33bd5f056fe82e4eb0fa99953b6c85f9c046dd96b3fd). Cloud Google Drive File ID: 1rZK-5vaOazNA2fM1c-jXov_EXewQFIEN (https://drive.google.com/file/d/1rZK-5vaOazNA2fM1c-jXov_EXewQFIEN/view).

STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-18. No subsequent Supreme Court reversal or stay is recorded in the source judgment text.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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