

**IN THE INCOME TAX APPELLATE TRIBUNAL  
BANGALORE BENCH ' A '**

**BEFORE SHRI N.V. VASUDEVAN, JUDICIAL MEMBER AND  
SHRI JASON P BOAZ, ACCOUNTANT MEMBER**

I.T. A. No.1624/Bang/2016  
(Assessment Year : 2012-13)

Income Tax Officer,  
Ward – 1, Bagalkot.

... Appellant.

Vs.

M/s. Hungund Taluka Teachers Co-op Credit Society Ltd.,  
Ward No10, Mahantesh Road,  
Hungund, Dist. Bagalkot.

..... Respondent.

Appellant By : Shri B.R. Ramesh, JCIT (D.R)  
Respondent By : None.

Date of Hearing : 23.4.2018.

Date of Pronouncement : 25.04.2018.

**O R D E R**

**Per Shri Jason P Boaz, A.M. :**

This appeal by Revenue is directed against the order of Commissioner of Income Tax (Appeals), Belgaum, dt.8.7.2016 for the Assessment Year 2012-13. Since none was present for the assessee when the case was called, we proceed to dispose off the appeal with the assistance of the learned Departmental Representative for Revenue and the material on record.

2. Briefly stated, the facts of the case are as under :

2.1 The assessee, a co-operative society engaged in providing credit facilities to its members, filed the return of income for Assessment Year 2012-13 on 15.9.2012 declaring income at NIL after claiming deduction under Section 80P(2)(a)(i) of the Income Tax Act, 1961 (in short 'the Act') amounting to Rs.46,34,333. The assessment was completed under Section 143(3) of the Act vide order dt.18.10.2014; wherein the Assessing Officer rejected the assessee's claim for deduction under Section 80P(2)(a)(i) of the Act, holding that the assessee is a 'co-operative bank' and therefore was not entitled to deduction claimed in view of the provisions of Sec. 80P(4) of the Act. On appeal, the learned CIT (Appeals), Belgaum, vide the impugned order dt.8.7.2016 allowed the as appeal and upheld the assessee's claim for being entitled to claim deduction under Section 80P(2)(a)(i) of the Act by placing reliance on the decisions of the Hon'ble Karnataka High Court in the case of –

(i) CIT Vs. Shri Biluru Gurubasava Pattina Sahakari Sangh Niyamitha (ITA No.5006/2013 dt.5.2.2014) and

(ii) CIT Vs. Bangalore Commercial Transport Credit Society Ltd. (ITA No.351/2011 dt.27.6.2014).

3.1 Revenue, being aggrieved by the order of the CIT (Appeals), Belgaum dt.8.7.2016 for Assessment Year 2012-13, has filed this appeal, wherein it has raised the following grounds :

(1) The learned CIT(Appeals) erred in law and on facts in not appreciating the fact that the assessee is a co-operative society which fulfills all the three conditions of being held a Primary Co-operative Bank as given in section 5(ccv) of the Banking Regulation Act, 1949.

(2) The learned CIT(Appeals) erred in law and on facts in not appreciating the definition of a co-operative bank which as per Explanation below section 80P(4) "the co-operative bank" shall have the meaning assigned to it in Part-V of the Banking Regulation Act, 1949.

(3) The learned CIT(Appeals) erred in law and on facts in not appreciating the fact that the assessee society being a credit co-operative society engaged in banking business is a Primary Co-operative Bank within the definition of section 5(ccv) of the Banking Regulation Act, 1949 and as such, not eligible for deduction under section 80P(2)(a)(i) of the I.T. Act, 1961.

3.2 The learned Departmental Representative was heard in support of the grounds of appeal raised (supra) and strong reliance was placed on the order of the Assessing Officer in the matter.

3.3.1 We have heard the learned Departmental Representative, perused and carefully considered the material on record. There is no dispute with respect to the fact that the assessee is a co-operative society providing credit facilities only to its members, registered under the Karnataka Co-operative Societies Act, 1959 and does not possess any license from RBI to carry on banking business. It is not any body's case that the assessee was providing banking or credit facilities to non-members. These facts have been examined and found to be true by the learned CIT (Appeals) at para 9 of the impugned order before he went on

to hold that the assessee's case is squarely covered by the decisions of the Hon'ble Karnataka High Court in the cases of Shri Biluru Gurubsava Pattina Sahakara Sangha Niyamitha (supra) and Bangalore Commercial Transport Credit Co-operative Society Ltd. (supra). The Hon'ble Karnataka High Court, in the aforesaid decisions (supra) on similar facts and identical issue, have held that a 'co-operative society' registered under the Karnataka Co-operative Societies Act, 1959 providing credit facilities to its members and not registered with the RBI as a 'co-operative bank' with license for banking activities, cannot be denied deduction under Section 80P(2)(a)(i) of the Act.

3.3.2 Respectfully following the aforesaid decisions in the cases of the Hon'ble Karnataka High Court in the case of Shri Biluru Gurubsava Pattina Sahakara Sangha Niyamitha (supra) and Bangalore Commercial Transport Credit Co-operative Society Ltd. (supra), we find no reason to deviate from or interfere with the finding rendered by the learned CIT (Appeals) in the impugned order. Consequently, grounds raised by revenue are dismissed.

4. In the result, Revenue's appeal for Assessment Year 2012-13 is dismissed.

Order pronounced in the open court on the 25th day of April, 2018.

**Sd/-**  
**(N.V. VASUDEVAN)**  
**Judicial Member**

**Sd/-**  
**(JASON P BOAZ)**  
**Accountant Member**

\*Reddy gp

Copy to :

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

Senior Private Secretary  
Income Tax Appellate Tribunal  
Bangalore.