

आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ 'SMC' अहमदाबाद ।
IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, AHMEDABAD

BEFORE SHRI PRADIP KUMAR KEDIA, ACCOUNTANT MEMBER
& SHRI MAHAVIR PRASAD, JUDICIAL MEMBER

आयकर अपील सं./I.T.A. No. 144/Ahd/2017

(निर्धारण वर्ष / Assessment Year : 2013-14)

Kaival Credit Co.Op. Society Ltd., In Bazar, At. Sarsa, Anand - 388365	बनाम/ Vs.	Income – tax Officer, Ward-2, Anand
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AABAK1957A		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)

अपीलार्थी ओर से /Appellant by :	Arti N. Shah, A.R.
प्रत्यर्थी की ओर से / Respondent by :	Dr. Anupama Singia, Sr.D.R.

सुनवाई की तारीख / Date of Hearing	29/06/2018
घोषणा की तारीख /Date of Pronouncement	03/07/2018

आदेश/ORDER

PER PRADIP KUMAR KEDIA - AM:

The captioned appeal has been filed at the instance of the assessee against the order of the CIT(A)-4, Vadodara ('CIT(A)' in short), dated 30.09.2016 arising in the assessment order dated 29.10.2015 passed by the Assessing Officer (AO) under s. 143(3) of the Income Tax Act, 1961 (the Act) concerning AY 2013-14.

2. The grounds of appeal raised by the assessee reads as under:

"1. The Learned Commissioner of Income Tax, (Appeals)-4, Vadodara has erred in law and on facts of the case in not allowing

interest of Rs.3,00,250/- received from nationalized bank u/s.80P(2)(a)(i) of the I.T.Act, 1961.

2. Without prejudice to above, while disallowing interest of Rs.3,00,250/-, the C.I.T.(Appeals) has not deducted therefrom interest paid to depositors in respect of the same, and accordingly, disallowing only net interest of Rs.1,26,132/- u/s.80P(2)(a)(i) of the I.T.Act, 1961.”

3. When the matter was called for hearing, the learned AR for the assessee pleaded for allowability of interest of Rs.3,00,250/- received from nationalized bank under s.80P(2)(a)(i) of the Act. In the alternative, she contended that the expenditure attributable to earning of such income requires to be deducted from the gross interest earned from the nationalized bank.

4. The learned AR also pleaded that the assessee is entitled to deduction of Rs.50,000/- against the interest income so earned under s.80P(2)(a)(i) of the Act.

5. The learned DR relied upon the order of the lower authorities.

6. We do not find any merit in the principle plea lead by assessee for allowability of interest derived on deposits under s. 80P(2)(a)(i) of the Act of surplus funds with the nationalized bank, in view of several decisions including the decision of Hon’ble Gujarat High Court in the case of SBI Employees Co-credit & Supply Society v. CIT(A) (2016) 389 ITR 578. Thus, we decline to interfere with the action of the Revenue on this score. However, we find merit in the alternative plea of the assessee for allowability of expenditure attributable to the earning of such income, if any. This aspect will require factual verification and accordingly remitted back to the file of the AO for deciding the allowability of expenditure attributable to interest earned on deposits, if any, with nationalized banks.

6.1 We also remit the issue towards eligibility of standard deduction contemplated under s.80P(2)(c)(ii) of the Act in the light of the facts of the case, to the file of AO. The AO shall decide the issue in accordance with the law after giving fair opportunity to the assessee.

7. In the result, appeal of the assessee is partly allowed.

This Order pronounced in Open Court on 03/07/2018

Sd/-
(MAHAVIR PRASAD)
JUDICIAL MEMBER

Ahmedabad: Dated 03/07/2018

Sd/-
(PRADIP KUMAR KEDIA)
ACCOUNTANT MEMBER

True Copy

S. K. SINHA

आदेश की प्रतिलिपि अद्योषित / Copy of Order Forwarded to:-

1. राजस्व / Revenue
2. आवेदक / Assessee
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त- अपील / CIT (A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद /
DR, ITAT, Ahmedabad
6. गार्ड फाइल / Guard file.

By order/आदेश से,

उप/सहायक पंजीकार
आयकर अपीलीय अधिकरण, अहमदाबाद ।