

**IN THE INCOME TAX APPELLATE TRIBUNAL
LUCKNOW BENCH 'SMC', LUCKNOW**

BEFORE SHRI T. S. KAPOOR, ACCOUNTANT MEMBER

ITA No.70/Lkw/2019
Assessment Year:2013-14

M/s Zila Parishad Employees Co-operative Credit Society Ltd., Zila Parishad Compound, Raebareli. PAN:AAA AZ 0282 G (Appellant)	Vs.	Income Tax Officer-II, Raebareli. (Respondent)
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Appellant by	Shri Akhilesh Pratap Singh, F.C.A.
Respondent by	Shri R. K. Vishwakarma, D. R.
Date of hearing	25/07/2019
Date of pronouncement	31/07/2019

ORDER

This appeal has been filed by the assessee against the order of learned CIT(A)-2, Lucknow dated 05/12/2018 pertaining to assessment year 2013-14.

2. The only issue involved in this appeal relates to the sustenance of the disallowance in respect of the interest received from employees amounting to Rs.2,54,060/- as income from other sources u/s 80P(2)(a)(i) of the I.T. Act.

3. I have heard the rival submissions, carefully considered the same along with the orders of the tax authorities below. I noted from the provisions of section 80P(1) read with section 80P(2)(a)(i) of the Act that a co-operative society engaged in carrying on the business of banking or providing credit facilities to its members is entitled for deduction. Before

me, Learned A. R. of the assessee vehemently contended that whatever interest has been received by the co-operative society from its employees amounting to Rs.2,54,060/- on the credit facilities advances to these employees are in fact related to the income earned by the co-operative society providing the credit facilities to its members and all these employees are the members of the co-operative society. It was further submitted that in a similar issue in the case of the assessee itself in assessment year 2012-2013, the issue was set aside to Assessing Officer.

4. Learned D. R., on the other hand, relied on the orders of the authorities below and contended that this case can also be set aside to the Assessing Officer.

5. I have heard the rival parties and have gone through the material placed on record. The Hon'ble Tribunal, in the case of the assessee itself in assessment year 2012-13, had set aside the similar issue to Assessing Officer by holding as under:

"3. I have heard the rival submissions, carefully considered the same along with the orders of the tax authorities below. I noted from the provisions of section 80P(1) read with section 80P(2)(a)(i) of the Act that a co-operative society engaged in carrying on the business of banking or providing credit facilities to its members is entitled for deduction. Before me, Learned A. R. of the assessee vehemently contended that whatever interest has been received by the co-operative society from its employees amounting to Rs.73,365/- on the credit facilities advances to these employees are in fact related to the income earned by the co-operative society providing the credit facilities to its members and all these employees are the members of the co-operative society. Learned D. R. on the other hand relied on the orders of the authorities below. In the interest of justice and fair play to both the parties, I am of the view that the matter be restored to the file of the Assessing Officer with the direction that the Assessing Officer shall look into the matter afresh. In case the Assessing Officer finds that the interest earned by the co-operative society from the employees relates

to the members of the co-operative society, the assessee should be allowed deduction u/s 80P(2)(a)(i) of the Act. For availing of the deduction 80P(2)(a)(i), it is necessary that all the employees must be the members of the co-operative society. The assessee is also directed to submit the necessary evidence in this regard as may be desired by the Assessing Officer to prove his claim that all the employees are the members of the co-operative society. Thus, the appeal filed by the assessee stands allowed for statistical purposes."

5.1 Keeping in view the facts and circumstances of the case and in the interest of justice and fair play to both the parties and keeping in view the earlier order of the Tribunal dated 11/11/2016, I am of the view that the matter be restored to the file of the Assessing Officer with the same directions as contained in the Tribunal order dated 11/11/2016. Thus, the appeal filed by the assessee stands allowed for statistical purposes.

6. In the result, the appeal of the assessee stands allowed for statistical purposes.

(Order pronounced in the open court on 31/07/2019)

Sd/.
(T. S. KAPOOR)
Accountant Member

Dated:31/07/2019

*Singh

Copy of the order forwarded to :

1. The Appellant
2. The Respondent.
3. Concerned CIT
4. The CIT(A)
5. D.R., I.T.A.T., Lucknow