

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "B", PUNE – VIRTUAL COURT

BEFORE SHRI R.S. SYAL, VICE PRESIDENT AND
SHRI PARTHA SARATHI CHAUDHURY, JUDICIAL MEMBER

ITA No. 265/PUN/2019

निर्धारण वर्ष / Assessment Year : 2011-12

DCIT, Central Circle-2(3), Pune	Vs.	Shree Parshwanath Nagari Sah. Pat Sanstha Ltd., 75/76, Guruwar Peth, Karad, Dist. Satara – 415 110 PAN : AAAAP0511C
Appellant		Respondent

Assessee by
Revenue by

Shri B.C. Malakar
Shri Piyush Kumar Singh Yadav

Date of hearing

25-01-2022

Date of pronouncement

27-01-2022

आदेश / ORDER

PER R.S. SYAL, VP :

This appeal by the Revenue arises out of the order dated 27-11-2018 passed by the CIT(A)-2, Pune in relation to the assessment year 2011-12 allowing the benefit of deduction u/s.80P(2)(a)(i) of the Income-tax Act, 1961 (hereinafter also called 'the Act') on interest income earned by the assessee.

2. Briefly stated, the facts of the case are that the assessee is a Co-operative Society engaged in providing credit facilities to its members. It claimed deduction u/s.80P(2)(a)(i) and 80P(2)(d) in respect of interest earned on deposits made with banks. The AO

refused deduction u/s.80P on such interest income, which came to be allowed in the first appeal. Aggrieved thereby, the Revenue has approached the Tribunal.

3. We have heard the rival submissions in Virtual Court and gone through the relevant material on record. The Pune Benches of the Tribunal in *Sureshdada Jain Nagari Sahakari Patsanstha Maryadit Vs. The Pr.CIT (ITA No.713/PUN/2016)* decided the question of availability of deduction u/s 80P on interest income by noticing that the Pune ITAT in an earlier case of *Shri Laxmi Narayan Nagari Sahakari Pat Sanstha Maryadit Vs. ITO (ITA No.604/PN/2014)* had allowed the deduction in similar circumstances. In the said case, the Tribunal discussed the contrary views expressed by the Hon'ble Karnataka High Court in *Tumkur Merchants Souharda Credit Cooperative Ltd. Vs. ITO (2015) 230 Taxman 309 (Kar.)* allowing deduction u/s. 80P on interest income and that of the Hon'ble Delhi High Court in *Mantola Cooperative Thrift Credit Society Ltd. Vs. CIT (2014) 110 DTR 89 (Delhi)* not allowing deduction u/s.80P on interest income earned from banks. Both the Hon'ble High Courts took into consideration the *ratio* laid down in the case of *Totgar's Cooperative Sale Society Ltd. (supra)*. No direct judgment from

the Hon'ble jurisdictional High Court on the point having been pointed out, the Tribunal in *Shri Laxmi Narayan Nagari Sahakari Pat Sanstha Maryadit (supra)* preferred to go with the view in favour of the assessee by the Hon'ble Karnataka High Court in the case of *Tumkur Merchants Souharda Credit Cooperative Ltd. (supra)*. The position continues to remain the same before this Bench also.

4. Reliance of the ld. DR in the case of *Pr. CIT and Another Vs. Totagars Cooperative Sales Society (2017) 395 ITR 611 (Kar.)* is not relevant. The issue in that case was the eligibility of deduction u/s.80P(2)(d) of the Act on interest earned by the assessee co-operative society on investments made in co-operative banks. In that case, the assessee was engaged in the activity of marketing agricultural produce by its members; accepting deposits from its members and providing credit facility to its members; running stores, rice mills, live stocks, van section, medical shops, lodging, plying and hiring of goods and carriage etc. It was in that background of the facts that the Hon'ble High Court held that the assessee could not claim deduction u/s.80P(2)(d) of the Act. When we consider the effect of this decision, it turns out that the same is not germane to case under consideration in view of the

position that the primary claim of the extant assessee is directly about the eligibility of deduction u/s.80P(2)(a)(i) of the Act. In view of the foregoing discussion, we uphold the conclusion drawn by the Id CIT(A) in the impugned order by allowing deduction u/s.80P(2)(a)(i) of the Act.

5. In the result, the appeal is dismissed.

Order pronounced in the Open Court on 27th January, 2022.

Sd/-
(PARTHA SARATHI CHAUDHURY)
JUDICIAL MEMBER

Sd/-
(R.S.SYAL)
VICE PRESIDENT

पुणे Pune; दिनांक Dated : 27th January, 2022

Satish

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. The CIT(A)-2, Pune
4. The Pr.CIT-3, Pune
विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे "B" /
5. DR 'B', ITAT, Pune
6. गार्ड फाईल / Guard file

आदेशानुसार/ BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune

		Date	
1.	Draft dictated on	25-01-2022	Sr.PS
2.	Draft placed before author	27-01-2022	Sr.PS
3.	Draft proposed & placed before the second member		JM
4.	Draft discussed/approved by Second Member.		JM
5.	Approved Draft comes to the Sr.PS/PS		Sr.PS
6.	Kept for pronouncement on		Sr.PS
7.	Date of uploading order		Sr.PS
8.	File sent to the Bench Clerk		Sr.PS
9.	Date on which file goes to the Head Clerk		
10.	Date on which file goes to the A.R.		
11.	Date of dispatch of Order.		

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