

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

BEFORE SHRI R.S. SYAL, VICE PRESIDENT

आयकर अपील सं. / ITA No.563/PUN/2020

निर्धारण वर्ष / Assessment Year : 2017-18

Sangli Zilla Dekharekh Sahakari Society Limited, Shram Sahakar, 3 rd Floor, Revani Road, Sangli – 416 416 Maharashtra PAN : AABAS1054N	Vs.	ITO, Ward-3, Sangli
(Appellant)		(Respondent)

Appellant by

Shri Sarang Gudhate

Respondent by

Shri M.G. Jasnani

Date of hearing

01-02-2022

Date of pronouncement

01-02-2022

आदेश / ORDER

PER R.S.SYAL, VP :

This appeal by the assessee is directed against the order passed by the CIT(A) on 20-08-2020 in relation to the assessment year 2017-18.

2. Tersely, the facts of the case are that the assessee is a Co-operative Society and filed its return declaring net profit of Rs.11,50,144/- which was claimed as deduction u/s.80P(2)(a) of the Income-tax Act, 1961 (hereinafter also called 'the Act'). The AO denied the benefit of deduction u/s.80P on the ground that the amount of interest income did not qualify, which view

came to be countenanced partly in the first appeal by the Id. CIT(A) allowing proportionate deduction.

3. I 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)* has 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. It can be seen from the impugned order that the Id. CIT(A) has accepted the assessee's contention, in principle, about the eligibility of deduction u/s.80P(2) of the Act on interest income. He, however, restricted the benefit proportionately by considering the total receipts of the assessee *vis-à-vis* the amount of interest income. Once the Id. CIT(A) accepted the contention of the assessee for deduction u/s.80P(2), it was to be allowed in respect of the entire interest income. As against the interest income of Rs.1.04 crore, the assessee's amount of deduction u/s 80P stood only at Rs.11,04,044. I, therefore set-aside the impugned order and direct to grant the benefit of deduction u/s.80P(2)(a) on the full amount claimed by the assessee.

5. In the result, the appeal is allowed.

Order pronounced in the Open Court on 01st February,
2022.

Sd/-

(R.S.SYAL)

उपाध्यक्ष/ VICE PRESIDENT

पुणे Pune; दिनांक Dated : 01st February, 2022
Satish

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

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. आयकर आयुक्त(अपील) /
The CIT (Appeals)-1, Kolhapur
4. The Pr. CIT-1, Kolhapur
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, पुणे "SMC"
/ DR 'SMC', 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	01-02-2022	Sr.PS
2.	Draft placed before author	01-02-2022	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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