

IN THE INCOME TAX APPELLATE TRIBUNAL
SMC BENCH, NAGPUR
(AT e-Court, PUNE)

BEFORE SHRI R.S. SYAL, VICE PRESIDENT

आयकर अपील सं. /ITA No.121/NAG/2021

निर्धारण वर्ष / Assessment Year : 2017-18

Nagpur Griha Nirman & Shetrvikas Mandal Karmachari Sahakari Patsanstha, Mhada Bhawan, Near New Aamdar Niwas, Civil Lines, Nagpur 440 001 Maharashtra PAN : AAAAN6378H	Vs.	ITO, Ward-1(3), Nagpur
Appellant		Respondent

Assessee by Shri K.P. Dewani
Revenue by Shri G.J. Ninawe

Date of hearing 17-10--2022
Date of pronouncement 18-10-2022

आदेश / ORDER

PER R.S. SYAL, VP:

This appeal by the assessee arises out of the order dated 01-09-2021 passed by the National Faceless Appeal Centre (NFAC), Delhi u/s.250 of the Income-tax Act, 1961 (hereinafter also called 'the Act') in relation to the assessment year 2017-18.

2. The assessee is aggrieved by the denial of deduction u/s.80P in respect of interest income amounting to Rs.5,55,810/- earned from deposits kept with banks.

3. Tersely stated, the facts of the case are that the assessee is a Cooperative society and is engaged in the business of accepting deposits and lending money to its members. It filed the return of income declaring total income at Nil. The case was selected for scrutiny. It was noticed by the AO that the assessee claimed deduction u/s.80P on the income earned as interest amounting to Rs.5,55,810/- on the deposits kept with financial institutions other than cooperative societies. Eventually, the AO, invoking the provisions of section 80P(2)(d), made the disallowance of deduction on such interest income. The assessee remained unsuccessful before the CIT(A), against which the assessee has approached the Tribunal.

4. I have heard both the sides and gone through the relevant material on record. The issue raised in the extant appeal is no more *res integra* by virtue of series of orders passed by the Pune Tribunal. 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 Bench in an earlier case of *Shri Laxmi Narayan Nagari Sahakari Pat Sanstha Maryadit Vs. ITO (ITA No.604/PN/2014)* has allowed similar deduction. 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 *Totagar'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)*. I, therefore, overturn the impugned order on this score and allow the deduction.

5. In the result, the appeal is allowed.

Order pronounced in the Open Court on 18th October, 2022.

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

पुणे Pune; दिनांक Dated : 18th October, 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) concerned
4. The Pr.CIT concerned
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण,
Nagpur / DR, Nagpur
6. गार्ड फाईल / Guard file

आदेशानुसार/ BY ORDER,

// True Copy //

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

		Date	
1.	Draft dictated on	17-10-2022	Sr.PS
2.	Draft placed before author	18-10-2022	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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