

IN THE INCOME TAX APPELLATE TRIBUNAL
CIRCUIT BENCH : VARANASI

BEFORE SHRI B.R. BASKARAN, ACCOUNTANT MEMBER
AND
SHRI AMIT SHUKLA, JUDICIAL MEMBER

ITA No.298/ALLD/2008
Assessment Year: 2000-01

DCIT,
Circle-1,
Gorakhpur.

Vs M/s Baroda UP Bank
(Earlier known as Kanpur Kshatriya
Gramin Bank and since
amalgamated with Baroda UP Bank)
Gorakhpur.

PAN: AABCK0383Q

(Appellant)

(Respondent)

Assessee by : Shri S.K. Garg, CA
Revenue by : Shri Robin Chaudhary, CIT-DR
Date of Hearing : 25.09.2023
Date of Pronouncement : 26.09.2023

ORDER

PER B.R. BASKARAN, AM:

The Revenue has filed this appeal challenging the order dated 02.07.2008 passed by the Id.CIT(A)-II, Kanpur and it relates to the assessment year 2000-01.

The only ground raised by the Revenue reads as under:-

“That the Id.CIT(Appeal) II, Kanpur has erred in law and on facts in deleting the entire income of the assessee as exempt and without appreciating that the addition by the AO on the points of depreciation, gratuity, P.F., penalty provisions for NPA and disallowance of share capital deposits are not covered u/s 80P(2)(a)(i) of the I.T. Act.”

2. We have heard the parties and perused the record. The assessee was earlier known as Kanpur Kshatriya Gramin Bank. It has been amalgamated into Baroda U.P. Bank. The assessee filed the return of income for the year under consideration declaring nil income after claiming deduction u/s 80P(2)(a)(i) of the Act. The AO took the view that the assessee is not eligible for the above-said deduction for the reason that the assessee had engaged itself during the year in normal banking business. Accordingly, he rejected the claim for deduction u/s 80P(2)(a)(i) of the Act. The AO also made various additions to the business income returned by the assessee. The assessee had declared a net profit of Rs.5.69 crores and the AO computed total income at Rs.10.85 crores.

3. In the appellate proceedings, the Id.CIT(A) held that the assessee shall be eligible for deduction u/s 80P(2)(a)(i) for the year under consideration. He also deleted various additions made by the AO. Aggrieved, the Revenue has filed this appeal before the Tribunal.

4. As noticed earlier, the only issue urged by the Revenue is whether the assessee is eligible for deduction u/s 80P(2)(a)(i) of the Act in respect of various additions made by the AO. In this regard, we notice that Central Board of Direct Taxes has issued a Circular No.36/2016 dated 02.11.2016 wherein it has been accepted by the CBDT that the additions made to the business income are also eligible for deduction prescribed under Chapter VIA of the Act. In the instant

case, all the additions have been made by the AO to the business income of the assessee only. In view of the above-said Circular, we hold that the assessee would be eligible for deduction u/s 80P(2)(a)(i) of the Act in respect of various additions made by the AO. Accordingly, we do not find any merit in the present appeal filed by the Revenue.

5. In the result, the appeal filed by the Revenue is dismissed.

Order pronounced in the open court on 26.09.2023.

(AMIT SHUKLA)
JUDICIAL MEMBER

(B.R. BASKARAN)
ACCOUNTANT MEMBER

Dated: 26th September, 2023

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1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asstt. Registrar