

IN THE INCOME TAX APPELLATE TRIBUNAL, SURAT BENCH (SMC), SURAT  
BEFORE SHRI PAWAN SINGH, JUDICIAL MEMBER  
ITA No. 711/Srt/2023 (AY: 2018-19)  
(Physical hearing)

Navapura Co Op Credit Consumer Society Ltd., 9/572 Siddhi Kotsafil, Main Road, Surat (Gujarat)-395002. <b>PAN No. AAAAN 0539 N</b>	Vs.	I.T.O., National e-Assessment Centre, Delhi.
Appellant/ assessee		Respondent/ revenue

ITA No. 712/Srt/2023 (AY: 2020-21)

Navapura Urban Co Op Credit and Consumer Society Ltd., 9/572 Siddhi Kotsafil, Main Road, Surat (Gujarat)-395002. <b>PAN No. AAAAN 0539 N</b>	Vs.	I.T.O. Assessment Unit, Delhi.
Appellant/ assessee		Respondent/ revenue

Assessee represented by	Shri Hiren Vepari, CA
Department represented by	Shri Vinod Kumar, Sr. DR
Date of institution of appeals	19/10/2023
Date of hearing	20/12/2023
Date of pronouncement	20/12/2023

**Order under Section 254(1) of Income Tax Act**

**PER: PAWAN SINGH, JUDICIAL MEMBER:**

1. These two appeals by the assessee are directed against the separate orders of National Faceless Appeal Centre, Delhi (NFAC)/Commissioner of Income Tax (Appeals), (in short, the Id. CIT(A)) both dated 22/09/2023 for the Assessment Year (AY) 2018-19 and 2020-21 respectively. In both these appeals, the assessee has raised similar grounds of appeal. Certain facts in both these years are common, therefore, with the consent of parties both these appeals were clubbed, heard together and are being decided by this consolidated order to avoid the conflicting decision. For appreciation of facts, the appeal for the A.Y.

2018-19 in ITA No. 711/Srt/2023 is treated as a "lead case". In this appeal, the assessee has raised following grounds of appeal:

"(I) Non-granting of deduction u/s 80P(2)(d)

- (1) *The CIT(A) was not justified in confirming denial of benefit u/s 80P(2)(d) from interest and dividend derived from a co-op bank to the appellant co-op society particularly when the AO reclassified the interest and dividend under the "Income from other sources.*
- (2) *With prejudice to the above, the Id. CIT(A) was not justified in denying relief u/s 80P(2)(a)(i) by holding that interest and dividend earned from co-op bank was from "Business or Profession".*
- (3) *In any case, the appellant is entitled to the benefit u/s 80P(2)(a)(i) if interest and dividend derived from co-op bank is held to be business income.*
- (4) *On the facts of the case and law, the appellant ought to be granted deduction u/s 80P(2)(d)*

(II) Miscellaneous:

- (1) *All of the above grounds are prejudice to one another.*
- (2) *The appellant craves leave to add, alter or vary any of the grounds of appeal."*

2. Rival submission of both the parties have been heard and record perused. The learned Authorised Representative (Id. AR) of the assessee submits that the assessee has raised multiple grounds of appeal, still he pressed for seeking relief of deduction under Section 80P(2)(d) of the Income Tax Act, 1961 (in short, the Act). The Id. AR of the assessee further submits that the assessee is a cooperative credit and consumer society. The assessee received interest income on deposit with cooperative bank and with nationalized bank. The assessee is confining his claim for deduction under Section 80P(2)(d) of the Act in respect of interest income earned from cooperative banks. The cooperative banks i.e. Surat District Cooperative Bank and Sutex Cooperative Bank. The Id.

AR of the assessee submits that the cooperative banks are primary cooperative society and interest income earned from such banks are eligible for deduction under Section 80P(2)(d) of the Act as has been held in a series of decisions by this Tribunal as well as Hon'ble Jurisdictional High Court in Surat Vankar Sahakari Sangh Ltd. 72 taxmann.com 169 (Guj). The Id. AR of the assessee submits that in assessee's own case, similar relief was allowed in A.Y. 2017-18 in ITA No. 353/Srt/2022 order dated 02/02/2023.

3. On the other hand, the learned Senior Departmental Representative (Id. Sr. DR) for the revenue supported the orders of lower authorities.
4. I have considered the submissions of both the parties and have gone through the orders of the lower authorities carefully. I have also perused the record carefully. I have also deliberated on the various case laws relied upon by the Id. AR of the assessee. I find that a very limited prayer is made by the Id. AR of the assessee about eligibility of deduction under Section 80P(2)(d) of the Act i.e. interest income from cooperative bank. I find that the Hon'ble Jurisdictional High Court in Surat Vankar Sahakari Sangh Ltd. (supra) has held that the assessee cooperative societies are eligible for deduction under Section 80P(2)(d) of the Act in respect of gross interest receipt from cooperative bank without adjusting interest paid to said bank. I find that by following the said decision, the Division Bench of Surat Tribunal in a number of cases have allowed similar deduction in favour of different cooperative societies, therefore, I direct

the Assessing Officer to allow deduction under Section 80P(2)(d) of the Act. In the result, grounds of appeal raised by assessee are allowed.

5. In the result, this appeal of assessee is allowed.

**ITA No. 712/Srt/2023 for A.Y. 2020-21**

6. I find that in this appeal, the assessee has raised similar ground of appeal.

I also find that the facts of this appeal is identical to the facts and grounds as raised in ITA No. 711/Srt/2023 for A.Y. 2018-19, which I have allowed.

Therefore, keeping in view the principle of consistency on similar set of facts, this appeal of assessee is also allowed with similar direction. In the result, grounds of assessee's appeal are allowed.

7. In the result, both the appeals of assessee allowed.

Order pronounced in the open court on 20<sup>th</sup> December, 2023.

Sd/-  
**(PAWAN SINGH)**  
**JUDICIAL MEMBER**

Surat, Dated: 20 /12/2023

*\*Ranjan*

Copy to:

1. Assessee –
2. Revenue -
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Surat