

**आयकर अपीलीय अधिकरण, सी न्यायापीठ, चेन्नई**  
IN THE INCOME TAX APPELLATE TRIBUNAL, 'C' (SMC) BENCH : CHENNAI

श्री महावीर सिंह, उपाध्यक्ष के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT**

आयकर अपील सं./I.T.A. No. 1131/CHNY/2023  
निर्धारण वर्ष/Assessment year : 2017-2018

Union Bank of India Staff Co-op Thrift and Credit Society Limited,  
16A, 3<sup>rd</sup> floor, Singapore Plaza,  
Linghi Chetty Street,  
George Town,  
**Chennai 600 001.**      **Vs.**    The Income Tax Officer,  
Non Corporate Ward 12(5)  
Chennai.

[PAN AAAAU 2933K]

**(अपीलार्थी/Appellant)**

**(प्रत्यर्थी/Respondent)**

अपीलार्थी की ओर से/ Appellant by      :    Ms Ashwini Vaidialingam, Adv  
प्रत्यर्थी की ओर से /Respondent by      :    Shri D. Hema Bhupal, IRS, JCIT

सुनवाई की तारीख/Date of Hearing      :    22.02.2024

घोषणा की तारीख /Date of Pronouncement      :    22.02.2024

**आदेश/ ORDER**

This appeal by assessee is arising out of the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, 09.08.2023. The assessment was framed by the Income Tax Officer, Non Corporate Ward 12 (5), Chennai for the assessment year 2017-2018, u/s.143(3) of the Income Tax Act, 1961 (in short 'the Act') vide order dated 23.12.2019.

2. The only issue in this appeal of the assessee is with regard to order of the CIT(A) in confirming the action of the Id. Assessing Officer in disallowing the claim of deduction u/s.80P(2) (a)(i) of the Act in regard to dividend received from shares held in Chennai Central Co-operative Bank. For this, assessee has raised various grounds, which are argumentative and factual and need not be reproduced.

3. Brief facts of the case are that assessee is a Multi-State Cooperative Society, registered under the Multi State Cooperative Societies Act, 2012 at Chennai. The members of the assessee's society are all employees of Union Bank of India. Assessee extends credit facilities like surety loans, festival loans, calamity loans etc to its members. Assessee society does not provide any banking facility to its members or general public. For this assessment year 2017-2018, assessee filed its return of income claiming deduction u/s.80P(2) (a) (i) of the Act for an amount of Rs.3,77,800/- received as dividend from shares held in Chennai Central Co-operative Bank. The Id. Assessing Officer while framing the assessment noted that assessee received dividend from shares held in Chennai Central Co-operative Bank under Companies Act on dividend distribution tax u/s.115 O of the Act. According to the Id. Assessing Officer, Chennai Central Co-operative Bank is a bank and hence the assessee's claim of deduction u/s.80P(2) (a)(i) of the Act is not allowable

and accordingly he made addition. Aggrieved, assessee preferred an appeal before the Id. CIT(A).

4. The Id. CIT(A) also upheld the action of the Id. Assessing Officer by observing that Chennai Central Co-operative Bank is not a society. For this the Id. CIT(A) recorded the following findings.

*“(xiv) Further, in light of the multiple judgments of Hon'ble SC as well as judgments of various High Courts, including recent judgment of Gujarat High Court, it is clear that after insertion of Sec. 80P(4), deduction u/s 80P(2)(d) has been limited to interest / dividend received from other cooperative societies only, and not Cooperative Banks (Other than PACS or Primary co-operative Agricultural and rural development bank). Therefore, it is clear that a co-operative bank is an urban commercial bank and does not fall under the purview of a "Co-operative Society" referred in section 80P(2)(d) of the Income Tax Act, 1961, and as such, the interest/dividend income earned from such co-operative bank is not allowable for the said deduction u/s 80P(2)(d) of the Act”.*

Aggrieved, assessee preferred an appeal before the Tribunal.

5. I have heard rival contentions and gone through the facts and circumstances of the case. Admittedly, the assessee is a Multi-State Cooperative Society, registered under the Multi State Cooperative Societies Act, 2012 at Chennai. The members of the assessee's society are all employees of Union Bank of India. Assessee extends credit facilities like surety loans, festival loans, calamity loans etc to its members. Assessee received Rs.3,77,800/- as dividend from shares held in Chennai Central Co-operative Bank. Chennai Central Co-operative Bank is registered under Tamil Nadu State Co-operative Act and once it is registered under Tamil Nadu State Co-operative Act assessee is as such eligible for deduction. Since the assessee is a Co-operative Society and it has received dividend

from Chennai Central Co-operative Bank, the same is eligible for claim of deduction in view of the decision of the Hon'ble Supreme Court in the case of Mavilayi Service Co-operative Bank Ltd., & Ors. Vs. CIT, 123 Taxmann.com 161 (SC). Similar view has been taken by the Tribunal in the case of Tamilnadu Co-operative State Agriculture and Rural Development Bank Limited in ITA Nos.31 to 33/CHNY/2021 vide order dated 29.04.2022 following the decision of Hon'ble Supreme Court in the case of Mavilayi Service Co-operative Bank Ltd., *supra* and the Hon'ble Madras High Court in the case S-1308, Ammapet Primary Agricultural Co-operative Bank Ltd., in T.C.A Nos.882 and 891 of 2018. Respectfully following the same, I allow the claim of deduction u/s.80P(2)(a)(i) of the Act. Accordingly, the appeal of the assessee is allowed.

**6.** In the result, the appeal of the assessee in ITA No.1131/Chny/2023 for assessment 2017-2018 stands allowed.

Order pronounced in the open court at the time of hearing on 22nd day of February, 2024, at Chennai.

**Sd/-**

(महावीरसिंह )

**(MAHAVIR SINGH)**

उपाध्यक्ष/VICE PRESIDENT

चेन्नई/Chennai

दिनांक/Dated: 22.02.2024.

**KV**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF

