

**IN THE INCOME TAX APPELLATE TRIBUNAL
“C” BENCH: BANGALORE**

**BEFORE SHRI CHANDRA POOJARI, ACCOUNTANT MEMBER
AND
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

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| ITA No.861/Bang/2024 |
| Assessment Year: 2018-19 |

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| Shrinidhi Urban Cooperative Credit Society Ltd 01, Main Road Rabkavi 587 314 Dist. Bagalkot Karnataka PAN NO : AAAAS7029Q | Vs. | ITO Ward-1 & TPS Bagalkot |
| APPELLANT | | RESPONDENT |

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| Appellant by | : | Sri Ashok Mudnur, A.R. |
| Respondent by | : | Shri V. Parithivel, D.R. |

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| Date of Hearing | : | 06.06.2024 |
| Date of Pronouncement | : | 06.06.2024 |

O R D E R

PER KESHAV DUBEY, JUDICIAL MEMBER:

This appeal by assessee is directed against the order of NFAC for the assessment year 2018-19 dated 6.3.2024 passed u/s 250 of the Income Tax Act, 1961 (in short “The Act”).

2. Facts of the case are that assessee seeking deduction u/s 80P of the Act at Rs.96,82,827/- out of business income of the assessee. However, this amount of interest income has been assessed by ld. AO as income from other sources. Same has been confirmed by NFAC. Against this assessee is in appeal before us.

3. Now the contention of the ld. A.R. is that even if it is assessed as income from other sources u/s 56 of the Act, the assessee is entitled for expenditure incurred for earning this income u/s 57(iii) of the Act with regard to cost of funds.

4. We have heard the rival submissions and perused the materials available on record. In our opinion, there is a force in the argument of ld. A.R. even if the interest income of the assessee is from other sources, relief to be granted to the assessee towards expenditure incurred to earn this income u/s 57 of the Act. Accordingly, we remit this issue to the file of ld. AO for reconsideration in the light of order of this Tribunal in the case of Kotekar Vyavasaya Seva Sahakara Sangha Niyamitha in ITA No.452/Bang/2024 for the assessment year 2017-18 dated 1.5.2024 wherein the Tribunal held as under:

6.1 Without prejudice to the above, we make it clear that if the interest earned by assessee from the banks is considered under the head "Income from other sources", relief to be granted to the assessee u/s 57 of the Act in accordance with law. Accordingly, the issue is restored to the file of ld. AO for de-novo consideration with the above observations.

4.1 Accordingly, the issue is remitted to the file of ld. AO for reconsideration to compute the income u/s 56 of the Act. Consequently, the relief to the granted to the assessee. Ordered accordingly.

5. In the result, appeal of the assessee is partly allowed for statistical purposes.

Order pronounced in the open court on 6th June, 2024

Sd/-
(Chandra Poojari)
Accountant Member

Sd/-
(Keshav Dubey)
Judicial Member

Bangalore,
Dated 6th June, 2024.
VG/SPS

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The DR, ITAT, Bangalore.
5. Guard file

By order

**Asst. Registrar,
ITAT, Bangalore.**