

आयकर अपीलीय अधिकरण 'बी' न्यायपीठ चेन्नई में।  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'B' BENCH, CHENNAI**

माननीय श्री मनोज कुमार अग्रवाल ,लेखा सदस्य एवं  
माननीय श्री मनु कुमार गिरि, न्यायिक सदस्य के समक्ष।  
**BEFORE HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**  
**AND HON'BLE SHRI MANU KUMAR GIRI, JM**

आयकरअपील सं./ ITA No.612/Chny/2024  
(निर्धारणवर्ष / Assessment Year: 2016-17)

K 2038 Mangalam Primary  
Agricultural Co-operative Credit  
Society,  
1, Mangalam PACCS,  
Mangalam Post,  
Tirupur 641 663.

**Vs.** The Income Tax Officer,  
Ward 2(1)  
Tirupur.

**[PAN:AAEAK 0276D]**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by  
प्रत्यर्थी की ओर से /Respondent by

: Ms. A. Vijayalakshmi, C.A.,  
: Mr. S. Easwar, IRS, JCIT.

सुनवाई की तारीख/Date of Hearing

: 20.05.2024

घोषणा की तारीख /Date of Pronouncement

: 12.06.2024

**आदेश / ORDER**

**PER MANU KUMAR GIRI (Judicial Member)**

This appeal filed by the assessee is directed against the order No.ITBA/NFAC/S/250/2023-24/1060901378 (1), dated 14.02.2024 of the Ld. Commissioner of Income Tax(Appeals)(NFAC) Delhi [CIT(A)] for Assessment Year 2016-17. The assessment was framed by the Income Tax Officer, Ward 2(3), Tirupur vide order dated 26.12.2018.

2. The Assessee has although raised seven grounds of appeal but the sum and substance the solitary ground for adjudication is as under:-

On the facts and in the circumstances of the case, and in law, the Id. CIT(A), has erred in upholding the order of assessing officer disallowing 'Other Income' (which included Rent of Rs.20,240/-, Commission of Rs.64,502/-, Dividend of Rs.22,724/-, Release of Reserves of Rs.27,056/-, Release of NPA of Rs.83,600/-, Miscellaneous Income of Rs.1,08,578/- and Admission fees Rs.8,600/-) u/s 80P(2)(a)(i) of the Income Tax Act, 1961 (in short 'the Act').

3. Briefly, in the facts of the present case, the assessee was a Credit Cooperative Society and the no regular banking activities are done by it. For the year under consideration, the assessee had furnished return of income at Rs. Nil after claiming the deduction under section 80P(2) (Chapter VI-A) of the Act. The case was selected for Limited Scrutiny under CASS to examine the issues with respect to deduction under Chapter VI-A and Investment/ advances/ loans of the assessee. During the course of assessment proceedings, assessee contended that the assessee is providing credit facilities to its members only and the Income Tax Act does not does not categorise or differentiate between Primary Member and Nominal Members. The Assessing Officer ('AO' in short), after examination of Bylaws of the assessee society disallowed the entire claim of deduction under Chapter VI-A (not eligible for deduction u/s 80P). AO vide order dated 26.12.2018 added Rs.44,54,791/- as Profits and Gains from Business or Profession and Rs.3,35,299/- as Income from Other Sources.

4. Aggrieved against the order of AO u/s 143(3) dated 26.12.2018, assessee filed appeal before the CIT(A). Ld.CIT(A) by the order dated 14.02.2024 reversed the disallowance of Rs.44,54,791/- made by AO and directed the AO to delete the disallowance of Rs.44,54,791/- u/s 80P where as Ld.CIT(A) sustained the disallowance of Rs.3,35,299/- as 'Income from Other Sources' (which included Rent of Rs.20,240/-, Commission of Rs.64,502/-, Dividend of Rs.22,724/-, Release of Reserves of Rs.27,056/-, Release of NPA of Rs.83,600/-, Miscellaneous Income of Rs.1,08,578/- and Admission fees Rs.8,600/-) not eligible for deduction u/s 80P(2)(a)(i) of the Act.

5. Further aggrieved against the order of Ld.CIT(A) dated 14.02.2024, assessee is before us. Ld.AR, at the outset, filed assessment order u/s 143(3) of the Act dated 22.03.2021 for AY 2018-19 and submitted that AO has accepted the returned income at Nil wherein in explanation regarding these very recurring nature of 'Income from Other Sources' are accepted.

6. Per contra, Ld.DR supported the reasoning of the lower authorities.

7. We have heard the rival submissions and perused the records. We are of the considered view that the assessment order u/s 143(3) dated 22.03.2021 for AY 2018-19 explicitly solve the issues of 'Income from Other Sources' as mentioned supra. Ld.DR has not disputed the submissions of Ld.AR and factum of assessment order dated 22.03.2021. Even, the assessment order u/s 143(3) dated 22.03.2021

for AY 2018-19 is duly accepted by the revenue. In the recent judgment of Hon'ble Supreme Court in the case of *Mavilayi Service Co-op Bank Ltd & Ors Vs CIT reported in (2021) 431 ITR 1 (SC)* held that section 80P is a benevolent provision, which was enacted by parliament in order to encourage and promote the growth of the cooperative sector in the economic life of the country and must, therefore, be read liberally and in favour of the assessee. The Hon'ble Supreme Court also relied upon the 'head note' of the section by saying that the marginal note to Section 80P which reads "Deduction in respect of income of co-operative societies" is important, in that it indicates the general "drift" of the provision. Ultimately, while allowing the appeal, the Hon'ble Court held that in the instant case the assessee was eligible to get the deduction u/s 80P of the Act. (*Emphasis supplied by us*)

8. Resultantly, in the light of above factual matrix, we allow the appeal of the assessee.

Order pronounced in the open court on 12th day of June, 2024 at Chennai.

**Sd/-**

**(मनोज कुमार अग्रवाल)**

**(MANOJ KUMAR AGGARWAL)**

**लेखा सदस्य / ACCOUNTANT MEMBER**

**Sd/-**

**(मनु कुमार गिरि)**

**(MANU KUMAR GIRI)**

**न्यायिक सदस्य / JUDICIAL MEMBER**

चेन्नई Chennai:

दिनांक Dated :12-06-2024

KV

आदेश की प्रतिलिपि अग्रेषित /Copy to :

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai/Coimbatore/Madurai/Salem.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF