

**IN THE INCOME TAX APPELLATE TRIBUNAL,
MUMBAI BENCH "SMC", MUMBAI**

**BEFORE SHRI NARENDER KUMAR CHOUDHRY, JUDICIAL MEMBER
AND
SMT RENU JAUHRI, ACCOUNTANT MEMBER**

**ITA No.167/MUM/2024
Assessment Year: 2020-21**

**ITA No.168/MUM/2024
Assessment Year: 2018-19**

&

**ITA No.169/MUM/2024
Assessment Year: 2017-18**

M/s. Punjab National Bank Employees Co Op Credit Soc Ltd., Sir P M Road, PNB House, Fort, Mumbai - 400001 PAN: AAAAP4318B	Vs.	ITO, Ward 25(3)(1), Kautilya Bhavan, BKC, Bandra East Mumbai - 400051
(Appellant)		(Respondent)

Present for:

Assessee by : Shri Rohit Kasat, A.R.
Revenue by : Shri Nagnath Pasale, D.R.

Date of Hearing : 30. 05 . 2024
Date of Pronouncement : 28. 06 . 2024

O R D E R

Per : Narender Kumar Choudhry, Judicial Member:

These appeals have been preferred by the assessee against the orders even dated 20.12.2023, impugned herein, passed by the National Faceless Appeal Center (NFAC)/ Ld. Commissioner of Income Tax (Appeals) (in short Ld. Commissioner) under section 250 of the Income Tax Act, 1961 (in short 'the Act') for the A.Y. 2020-21, 2018-19 & 2017-18.

2. The issue involved in all the three appeals are identical, therefore for the sake of brevity the same were heard together and are disposed of by this common order and considering ITA No.169/M/2024 as a lead case and result of the same shall apply mutatis mutandis to all the three appeals under consideration.

3. **ITA No.169/M/2024**: In this case the assessee, being a cooperative society engaged in providing credit facilities to its members/employees of the Punjab National Bank, had declared its total income of Rs. "Nil" after claiming deduction to the tune of **Rs.1,39,78,588/-** under section 80P of the Act, by filing its return of income on 06.09.2017. The case of the assessee was selected for scrutiny under CASS and the Assessing Officer (AO) by examining the accounts of the assessee noticed that assessee society had earned interest income from deposits held with co-operative banks to the tune of Rs.20,91,765/- and the dividend of Rs.1,51,350/- {in total Rs.22,43,115/-} on investment made with cooperative bank and claimed the same as exempt under section 80P of the Act, however, the same was disallowed by the AO vide order dated 22.12.2019 under section 143(3) of the Act. In effect, the AO restricted the deduction to the tune of Rs.1,17,35,473/- as against the claim of the assessee to the tune of Rs.1,39,78,588/- under section 80P of the Act by disallowing the deduction of Rs.**22,43,115/-** .

3.2 The assessee, being aggrieved, challenged the said addition before the Ld. Commissioner, who vide impugned order though affirmed the aforesaid addition, however, allowed the deduction of Rs.50,000/- under section 80P(2)(c) of the Act by holding that the assessee is entitled for the deduction of Rs.50,000/- under section 80P(2)(c) of the Act, on the interest and dividend received from co-operative banks.

4. The assessee, being aggrieved, is in appeal before us. The assessee before us mainly claimed that in the previous assessment years, the Hon'ble Co-ordinate Benches of the Tribunal have allowed the identical interest and dividend earned from scheduled co-operative banks, therefore, the assessee is entitled to get the same benefit.

5. We have heard the parties and perused the material on record. We observe that the assessee during the assessment year under consideration has earned following interest/dividend:

Name of the Bank	Interest	Dividend	Total
Mumbai District Central Cooperative Bank (MDCC Bank)	Rs.20,91,765/-	Rs.1,51,350/-	Rs.22,43,115/-

6. We observe that the co-ordinate Bench of the Tribunal in the case of Rekab Co-operative Hsg. Society Ltd. ITA Nos.4481 & 4482/Mum/2023 (AYs 2013-14 & 2015-16) decided on 15.05.2024, has dealt with the identical issue as involved in the instant case and allowed the deduction claimed u/s 80P (2)(d) of the Act qua interest income earned by the assessee from Co-operative Banks by concluding as under:

7. In view of the above facts reported in the material placed as record it is evident that the assessee has received interest income of Rs.9,45,402/- (i.e. Rs.6,23,877 from FDR with Mumbai District Central Co-op. Bank and Rs.3,21,525/- from FDR with Saraswat Co-op. Bank Ltd.)

8. On the similar facts and issued in the various decisions of the ITAT Mumbai Benches it is held that claim of deduction u/s. 80P(2)(d) in respect of interest earned from investment made in the co-operative bank is allowable. Some of the decisions of the ITAT where the claim of deduction u/s. 80P(2)(d) was allowed on the interest earned from deposit with co-operative bank are as under: -

(i) Mittal Park Cooperative Housing Society Ltd. Vs. Asst. Director of Income Tax, Mum, W(125) (95) CPC,

Bengaluru, (Ld. ADIT). (ii) Mittal Park Cooperative Housing Society Vs. ITO, Ward 25 (3)(1), Mumbai.

(iii) Kaliandas Udyog Bhavan Premises Coop Society Ltd. Vs ITO 21(1)(2).

(iv) Aqua Cooperative Housing Society Limited Vs ITO 21(1)(2).

(v) Sea Green Cooperative Housing Society Ltd. Vs. ITO 21(3)(2).

(vi) Lands' End Cooperative Housing Society Ltd. Vs. ITO 16(1)(3).

(vii) The Nutan Laxmi Chs Ltd. Mumbai Vs. ITO 19(2)(4).

(viii) M/s Palmera Cooperative Housing Society Ltd. Vs. ACIT, 19(2).

9. In the case of Kaliandas Udyog Bhavan Premises Co-op. Society Ltd. vs. ITO vide ITA No. 6547/Mum/2017 dated 25.04.2018 it is held that though the cooperative bank pursuant to the insertion of subsection (4) of ITA Nos.4481 & 4482/Mum/2023 AYs 2013-14 & 2015-16 Rekab Co-operative Housing Society Ltd. v. ITO 7 Sec. 80P is no more be entitled for claim of deduction u/s 80P of the Act, but however, as a cooperative bank continued to be a cooperative society registered under the Cooperative Society Act, therefore, the interest income earned by a cooperative society from its investment held that cooperative bank would be entitled for claim of deduction u/s 80P(2)(d), therefore, we direct the AO to allow the claim of deduction to the assessee in respect of interest earned from investment made with the cooperative bank, Therefore, the appeal of the assessee is allowed.

7. Admittedly the issue involved in this case is exactly similar to the issue decided by the Co-ordinate Bench of the Tribunal in the aforesaid case, hence respectfully following the judgment passed in the aforesaid case, we are inclined to allow the claim of deduction u/s 80P(2)(d) of the Act qua interest income earned by the assessee from the co-operative banks. Consequently **ITA No.169/M/2024** is allowed.

8. In the result, all the three appeals filed by the assessee stands allowed.

Order pronounced in the open court on 28.06.2024.

**Sd/-
(RENU JAUHRI)
ACCOUNTANT MEMBER**

**Sd/-
(NARENDER KUMAR CHOUDHRY)
JUDICIAL MEMBER**

* Kishore, Sr. P.S.

Copy to: The Appellant
The Respondent
The CIT, Concerned, Mumbai
The DR Concerned Bench

//True Copy//

By Order

Dy/Asstt. Registrar, ITAT, Mumbai.