

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "SMC", PUNE

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA No.1144/PUN/2024

निर्धारण वर्ष / Assessment Year : 2020-21

Lokmangal Karmacharyanchi Sahakari Patsanstha Maryadit, Lokmangal House, 8536A/11, Murarji Peth, Old Pune Naka, Solapur-413001 Maharashtra PAN : AAAAL4388B	Vs.	Income Tax Officer, Ward-2(3), Solapur
Appellant		Respondent

Assessee by : Shri Pramod S. Shingte

Revenue by : Shri Rajesh Gawali

Date of hearing : 13.08.2024

Date of pronouncement : 13.08.2024

आदेश / ORDER

PER INTURI RAMA RAO, AM:

This is an appeal filed by the assessee directed against the order of National Faceless Appeal Centre, Delhi dated 31.03.2024 for the assessment year 2020-21.

2. Brief facts of the case are as under :

The appellant is a Primary Credit Cooperative Society registered under the Maharashtra Cooperative Societies Act, 1960. It is engaged in the business of providing credit facilities to its Members. The Return of Income for the A.Y. 2020-21 was filed on 18.09.2020 disclosing Nil income after claiming deduction u/s.80P of the Income-tax Act, 1961 (hereinafter also called 'the Act'). The case was

selected for Scrutiny under CASS for verification of Deduction from Total income under Chapter VIA. Against the said return of income, the assessment was completed by the AO vide order dated 22.09.2022 passed u/s.143(3) read with section 144B of the Act denying deduction u/s.80P of the Act. While doing so, the AO brought to tax the interest income of Rs.30,93,646/- earned from Lokmangal Bank treating the same as 'Other Income' u/s.56 of the Act.

3. Being aggrieved by the above disallowance, an appeal was filed before the CIT(A)/NFAC who vide impugned order confirmed the action of the AO.

4. Being aggrieved, the appellant is in appeal before the Tribunal.

5. I heard the rival submissions and carefully perused the material on record. The issue in the present appeal relates to the allowability of deduction u/s.80P(2)(a)(i)/80P(2)(d) in respect of interest income earned by a Cooperative Society formed with the object of accepting deposits from Members and lending money to its Members, which is no more *res integra* in view of catena of decisions passed by this Bench on this very issue.

6. In the present case, I find that admittedly the interest income was earned from Lokmangal Bank (a cooperative bank). On perusal of provisions of section 80P(2)(d), it is clear that the income derived by a cooperative society from its investment held with other cooperative societies shall be exempt from the total income of a cooperative society. Therefore, what is relevant for claiming of deduction u/s 80P(2)(d) is that interest income should have been derived from the investment made by the assessee cooperative society with any other cooperative society. This issue was considered by the Hon'ble Karnataka High Court in the case of *CIT vs. Totagars Cooperative Sale*

Society, 392 ITR 74 (Karn) wherein the Hon'ble High Court after referring to the decision of the Hon'ble Supreme Court in the case of *Totgar's Co-operative Sale Society Ltd.Vs. ITO (2010) 322 ITR 283(SC)* held that the ratio of decision of the Hon'ble Supreme Court is not to be applicable in respect of interest income on investment as same falls under the provisions of section 80P(2)(d) and not u/s 80P(2)(a)(i) of the Act. In the light of this discussion, I am of the considered opinion that the interest income earned by cooperative society on deposits made out of surplus funds with cooperative banks qualifies for deduction under the provisions of section 80P(2)(d) of the Act. Therefore, the grounds of appeal raised by the appellant stand allowed.

7. In the result, the appeal filed by the appellant is allowed.

Order pronounced on this 13th day of August, 2024.

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 13th August, 2024.

Satish

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "SMC" बेंच, पुणे / DR, ITAT, "SMC" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Senior Private Secretary
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.