

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

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA No.1398/PUN/2024

निर्धारण वर्ष / Assessment Year : 2021-22

Sahyadri Bhaujan Vidya Prasarak Samajachya Sevakanchi Patsanstha Maryadit, 1 College Road, Near ADCC Bank, Sangamner, Ahmednagar - 422 605, Maharashtra PAN : AAHTS0052K	Vs.	ITO, Ward-1, Ahmednagar
Appellant		Respondent

Assessee by : None  
Revenue by : Shri Ratnakar Shelake  
Date of hearing : 28.08.2024  
Date of pronouncement : 28.08.2024

**आदेश / ORDER**

**PER INTURI RAMA RAO, AM:**

This is an appeal filed by the appellant directed against the order of National Faceless Appeal Centre, Delhi dated 29.04.2024 for the assessment year 2021-22.

2. Briefly, the facts of the case are that the appellant is an Employees' Credit Cooperative Society registered under the Maharashtra Cooperative Societies Act. It is engaged in the business of providing credit facilities to its Members. The appellant society filed the Return of Income for the A.Y. 2021-22 on 26.12.2021 declaring total income of Nil claiming deduction of Rs.34,38,520/- on the interest earned out of deposits made with Cooperative Banks u/s.80P of the

Act. Return was processed u/s.143(1) vide intimation dated 12.12.2022 disallowing the deduction claimed u/s.80P(2)(d) of Rs.34,38,520/-.

3. Being aggrieved by the above intimation order, an appeal was filed before the NFAC who vide impugned order confirmed the action of the intimation by holding that the appellant society is not eligible for deduction u/s.80P(2)(d) in respect of interest income of Rs.34,38,520/- earned out of fixed deposits made with Cooperative Banks.

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

5. When the appeal was called on, none appeared on behalf of the appellant society despite due service of notice of hearing, I therefore proceed to dispose of the appeal after hearing the Id. Departmental Representative.

6. I heard the Id. Sr. DR and perused the material on record. The issue in the present appeal relates to the allowability of deduction u/s.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.

7. In the present case, I find that admittedly the appellant society earned interest on deposits made with a Cooperative Banks. 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 qualify for deduction under the provisions of section 80P(2)(d) of the Act. I, therefore, direct CPC to amend intimation passed u/s.143(1), by allowing deduction claimed u/s.80P(2)(d) of Act. Therefore, the grounds of appeal raised by the appellant society stand allowed.

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

Order pronounced on this 28<sup>th</sup> day of August, 2024.

**Sd/-**  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

पुणे / Pune; दिनांक / Dated : 28<sup>th</sup> 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.