

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH, COCHIN**

**Before Shri Satbeer Singh Godara, Judicial Member &
Shri Amarjit Singh, Accountant Member**

ITA No.548/Coch/2023 : Asst.Year 2014-2015

ITA No.549/Coch/2023 : Asst.Year 2015-2016

ITA No.550/Coch/2023 : Asst.Year 2016-2017

Kottayam Service Co-operative Bank Limited, Kottayampoil Kannur – 670 691. PAN : AACAK4280D.	v.	The Income Tax Officer Ward - 2 Kannur.
(Appellant)		(Respondent)

Appellant by : Sri.Arun Raj S, Advocate

Respondent by : Smt.V.Swarnalatha, Sr.DR

Date of Hearing : 13.08.2024	Date of Pronouncement : 25.09.2024
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ORDER

Per Bench :

These assessee's three appeals ITA Nos.548/Coch/2023, 549/Coch/2023 & 550/Coch/2023, arise against the CIT(A)/NFAC, as many DIN & Order Nos.ITBA/NFAC/S/250/2023-24/1053312555(1) dated 30.05.2023 (for asst.year 2014-2015), ITBA/NFAC/S/250/2023-24/1052792907(1) dated 12.05.2023 (for asst.year 2015-2016), ITBA/NFAC/S/250/2023-24/1052793590(1) (for asst.year 2016-2017), dated 12.05.2023, in proceedings u/s.143(3) of the Income-tax Act, 1961; in short "the Act" hereinafter, assessment year-wise, respectively.

Heard both the parties. Case files perused.

2. It emerges at the outset that the assessee's identical sole substantive grievance raised in these appeals seeks to reverse the action of the lower authorities disallowing section 80P(2)(a)(i) deduction claim representing interest income from deposits made in co-operative Banks, as eligible for tax deduction.

3. Learned Sr. DR vehemently argued in the course of hearing that such interest income could have hardly be held even derived from assessee's regular credit facilities made available to the members concerned. She further quotes PCIT & Anr. v. Totagars Co-operative Sales Society reported in (2017) 395 ITR 611 (Kar.) and submitted that the impugned disallowance has been rightly made in assessee's hand.

4. We notice in this background that the very issue stands adjudicated in Hon'ble Jurisdictional High Court's recent decision in ITA No. 323 of 2019 in the case of PCIT v. Peroorkada Service Co-op. Bank Ltd. [2022] 442 ITR 141 (Ker) wherein their Lordships have rejected the Revenue's identical stand as under: -

"12.2 Section 80P deals with Co-operative Societies' computation of income. As already noted, it has four sections and several sub-sections and clauses. The Parliament has considered the various situations in which the exigible income and the deductible income of the assessee is considered while computing the income of the assessee. For getting deduction, in our considered view, the assessee must also establish that the interest income earned by the assessee is from a Co-operative Society. As a matter of fact, in the case on hand, there is no dispute that it is not from a Co-operative Society registered under Kerala Co-operative Societies Act. The interest income earned from District Co-operative Bank/State Co-operative Bank, in the facts and circumstances of the case, do come within Section 80P(2)(d). Therefore, the income constitutes income from other sources and the only eligible deduction is covered by Section 80P(2)(d) viz. Interest or dividend derived by the assessee from its investments with any other Co-operative Society. The source of interest income is from Bank and Treasury, interest income received from Treasury be included in the computation of total income of the assessee. In other words, interest earned from Treasury is inadmissible for deduction and interest income from Co-operative Societies registered under the Kerala Co-operative Societies Act are eligible for deduction.

The contra consideration of Commissioner of Income Tax (Appeals) and the Tribunal is incorrect and liable to be modified as stated above. Hence, it is held that the interest income earned by the assessee does not come within the ambit of Section 80P(2)(a)(i) and permissible deduction of interest income is limited to Co-operative Societies/Banks registered under Kerala Co-operative Societies Act under clause (d) of the Act and effect order on the above lines is made by the Assessing Officer. The questions are accordingly answered.”

5. We adopt the above detailed discussion mutatis mutandis in the case of assessee's identical submission on section 80P deduction. Necessary computation shall follow as per law in very terms. These assessee's three appeals ITA Nos. 548 to 550/ Coch/2023 succeed. A copy of this common order be placed in the respective files.

Order pronounced in the open court on this 25th September, 2024.

Sd/-
(Amarjit Singh)
A CCOUNTANT MEMBER

Sd/-
(Satbeer Singh Godara)
JUDICIAL MEMBER

Cochin ; Dated : 25th September, 2024.
Devadas G*

Copy to :

1. The Appellant.
2. The Respondent.
3. The CIT(A), Concerned.
4. The CIT Concerned.
5. The DR, ITAT, Cochin.
6. Guard File.

Asst.Registrar/ITAT, Cochin