

आयकर अपीलिय अधिकरण, हैदराबाद पीठ में
**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "SMC", HYDERABAD
BEFORE
SHRI K.NARASIMHA CHARY, JUDICIAL MEMBER**

आ.अपी.सं / ITA No.869/Hyd/2024
(निर्धारण वर्ष / Assessment Year: 2018-19)

Akshaya Mutually Aided
Cooperative Credit
Society Ltd., Anantapur
[PAN : AADAA6329G]

Vs. Income Tax Officer
Ward-1
Anantapur

अपीलार्थी / Appellant

प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Shri Sashank Dundu, AR
राजस्व द्वारा/Revenue by : Ms.Aditi Goyal, DR

सुनवाई की तारीख/Date of hearing: 08/10/2024
घोषणा की तारीख/Pronouncement on: 10/10/2024

आदेश / ORDER

PER K. NARASIMHA CHARY, J.M:

Aggrieved by the order dated 08/07/2024 passed by the learned Commissioner of Income Tax (Appeals)-National Faceless Appeal Centre (NFAC), Delhi ("Learned CIT(A)"), in the case of Akshaya Mutually Aided Cooperative Credit Society Limited ("the assessee") for the assessment year 2018-19, assessee preferred this appeal.

2. Brief facts of the case are that the assessee is a cooperative credit society. It filed its return of income for the assessment year 2018-19 on 27/09/2018, declaring total income of Rs.3,66,578/- after claiming deduction under section 80P of the Income tax Act, 1961 ("the Act") to the tune of Rs.28,64,994/-. Section 80P deduction was denied to the assessee on the ground that the assessee did not deposit surplus funds forming part of the circulating capital with a co-operative bank and avail deduction under

section 80P(2)(d) of the Act, but it derived the same by depositing the same in FDRs with commercial banks like City Union Bank and Lakshmi Vilas Bank etc.

3. In appeal, learned CIT(A) upheld the denial of deduction under section 80P, stating that the deposits are not in compliance with any statutory provision of law under which the assessee is registered or functioning and therefore in terms of certain decisions, the claim of the assessee for deduction under section 80P(2) on the deposits with commercial banks is misplaced.

4. Assessee filed this appeal and submitted that this issue is no longer *res integra* and is covered by the decision of the Hon'ble jurisdictional High Court in the case of Vavveru Co-operative Rural Bank Ltd. Vs. Chief Commissioner of Income Tax [2017] 88 taxmann.com 728 (Andhra Pradesh and Telangana), wherein, it is held that cooperative society is entitled for deduction under section 80P of the Act in respect of interest income from fixed deposits with nationalized banks when source of such investment was income derived from activities listed in sub-clauses (i) to (vii) of clause (a) of section 80P(2); whereas the learned DR vehemently relied upon the authorities of the authorities.

I have gone through the record in the light of the submissions made on either side. There is no dispute on the facts. Only issue involved is whether the assessee is entitled to claim deduction under section 80P in respect of the interest derived on the deposits with the Nationalized banks. According to the authorities, the assessee has to deposit such circulating capital with a cooperative Bank, whereas the assessee contends that it is entitled to the interest in respect of the deposits made with Nationalized banks also. Since there is no dispute on facts and only dispute is in respect of whether the assessee is entitled to claim deduction under section 80P of the Act on the interest derived from commercial banks or is it mandatory to circulate the capital in another cooperative society, the decision in Vavveru Co-operative Rural Bank Ltd. (supra) is applicable. Following the same, I find that the

assessee is entitled to deduction under section 80P and accordingly, allow the appeal of the assessee.

5. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on this the 10th day of October, 2024.

Sd/-
(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Hyderabad, Dated: 10 /10/2024
L.Rama, SPS

Copy forwarded to:

1. Akshaya Mutually Aided Cooperative Credit Society Ltd. 15-52-2,
S.S.Rangaiah Complex, Kamala Nagar, Anantpur
2. The ITO, Ward-1, Anantpur
3. The Pr.CIT, Kurnool
4. The DR, Hyderabad
5. Guard File

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