

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

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA No.1803/PUN/2024

निर्धारण वर्ष / Assessment Year : 2020-21

Ashwinikunj Sahakari Gruhrachana Sanstha Maryadit, 4648/B, Shivajinagar, Pune City, Model Colony S.O., Pune 411 016, Maharashtra PAN : AAAJA2274Q	Vs.	ITO, Ward-13(2), Pune
Appellant		Respondent

Assessee by : Shri Amey Sane
Revenue by : Shri B.S.Rajpurohit

Date of hearing : 14.10.2024
Date of pronouncement : 14.10.2024

आदेश / ORDER

PER INTURI RAMA RAO, AM:

This is an appeal filed by the appellant directed against the order of National Faceless Appeal Centre (NFAC), Delhi dated 19.07.2024 for the assessment year 2020-21.

2. Brief facts of the case are that the appellant is Cooperative Society. It is engaged in the business of accepting deposits from its members and providing credit facilities to its members. The Return of Income for the assessment year 2020-21 was filed on 12.12.2020. Return was processed u/s.143(1) vide intimation dated 25.11.2021 making an adjustment of Rs.1,90,930/-, thereby disallowing the deduction of Rs.4,95,320/- claimed u/s.80P(2)(d). The appellant

society filed a rectification application u/s.154. The CPC passed order dated 28.06.2022 rejecting the said application.

3. Being aggrieved by the above rectification order, an appeal was filed before the NFAC, who vide impugned order dismissed the appeal.

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

5. I heard the rival submissions and perused the material on record. The solitary 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.

6. In the present case, I find that admittedly the appellant society earned interest on deposits made with Janata Sahakari Bank Ltd. 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 banks 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. Therefore, the grounds of appeal raised by the appellant society stand allowed.

7. The CPC ought to have allowed the rectification petition filed by the appellant society inasmuch as the issue of exemption of interest income earned by a Cooperative society on investments made with Cooperative banks is no longer *res integra* in view of several decisions passed by this Tribunal following the judgment of Hon'ble Karnataka High Court in the case of *CIT Vs. Totagars Cooperative Sale Society (supra)*.

8. In the result, the appeal filed by the appellant is allowed.
Order pronounced on this 14th day of October, 2024.

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 14th October, 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.