

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

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA No.1829/PUN/2024

निर्धारण वर्ष / Assessment Year : 2020-21

Chintamani Nagari Sahkari Patsanstha Ltd., Bilwdal, Near Prasad Theatre, Vita – 415 311 Maharashtra PAN : AAAAC0517B	Vs.	ITO, Ward-2, Sangli
Appellant		Respondent

Assessee by : None
Revenue by : Shri B.S.Rajpurohit
Date of hearing : 17.10.2024
Date of pronouncement : 17.10.2024

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 12.07.2024 for the assessment year 2020-21.

2. Brief facts of the case are that the appellant is Cooperative Society engaged in the business of accepting deposits from its members and providing credit facilities to its members. The Return of Income for the A.Y. 2020-21 was filed on 29.03.2021 declaring total income of Rs. Nil after claiming deduction u/s.80P at Rs.41,36,360/-. Against the said return of income, the assessment was completed by the Assessing Officer vide order dated 12.09.2022 passed u/s.143(3) r.w.s.144B of the Act at a total income at Rs.41,36,360/-. While doing so, the Assessing

Officer had brought to tax the interest income of Rs.41,36,360/- earned on FDs with other Cooperative banks holding that the said interest does not qualify for deduction u/s.80P(2)(d) of the Act.

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

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

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

6. I heard the Id. Sr.DR 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.

7. In the present case, I find that admittedly the appellant society earned interest on deposits made with 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 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 Cooperative 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.

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

Order pronounced on this 17th day of October, 2024.

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 17th 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.