

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

Before Shri Satbeer Singh Godara, Judicial Member and  
Shri Amarjit Singh, Judicial Member

**ITA Nos. 82 to 84/Coch/2024**

(Assessment Years: 2017-18, 2018-19 & 2020-21)

Chakkittapara Service Co-op. Bank Ltd. Chakkittapara P.O. Koyilandi, Kozhikode 673526 [PAN: AAAAC2050K]	vs.	The Income Tax Officer Ward - 2(1), Kozhikode
(Appellant)		(Respondent)

Appellant by:	Shri T.P. Paul, CA
Respondent by:	Dr. S. Pandian, CIT-DR

Date of Hearing:	19.08.2024
Date of Pronouncement:	23.10.2024

**ORDER**

Per Bench

These assessee's three appeals ITA.Nos.82 to 84/Coch/2024, arise against orders of the National Faceless Appeal Centre , Delhi [CIT(A)] in proceedings u/s. 250 of the Income Tax Act, 1961 (the Act) as under : -

Sr. No.	ITA No.	AY	DIN & Order No.	Date
1	82/Coch/2024	2017-18	ITBA/NFAC/S/250/2023-24/10580585566(1)	20.11.2023
2	83/Coch/2024	2018-19	ITBA/NFAC/S/250/2023-24/1058922765(1)	20.12.2023
	84/Coch/2024	2020-21	ITBA/NFAC/S/250/2023-24/1058058630(1)	20.11.2023

Heard both the parties. Case files perused.

2. It emerges at the outset that both the learned lower authorities have, inter alia, rejected the assessee's section 80P claim deduction(s) pertaining to its interest income derived from nominal/associate members and deposits made in co-operative bank u/s. 80P(4) of the Act; involving varying sums by quoting case law Citizen Co-op Society Ltd., vs. ACIT [2017] 397 ITR 1 (SC); Totgar's Co-operative Sale Society Ltd. v. ITO [2010] 322 ITR 283 (SC); respectively.

3. Learned CIT-DR's foremost argument seeking to draw a distinction between assessee's nominal/associate vis-à-vis regular members hardly deserves to be accepted in light of case law Mavilayi Service Co-operative Bank Ltd. v. CIT [2021] 431 ITR 1 (SC) holding that such a stand is no more admissible in section 80P deduction claim once the interest income is derived from various categories of members recognised under the state co-operative law. We make it clear that there is no material in the case file indicating the assessee having transacted with non-members for the purpose of deriving interest income.

4. So far as the assessee's latter category of interest income derived from deposits made in co-operative banks is concerned, we find that the hon'ble jurisdictional high court has settled the issue against the department in the case of Pr. CIT vs. Peroorkada Service Co-op. Bank Ltd. [2022] 442 ITR 141 (Ker) 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 to accept assessee's latter argument regarding interest income derived from co-operative bank is allowable u/s. 80P of the Act. Ordered accordingly.

6. Delay of 14 days in filing these appeals is condoned in light of assessee's condonation averments and as per Collector Land Acquisition vs. Mst. Katiji & Ors (1987) 167 ITR 471 (SC) settling the issue long back that that all such technical aspects must make way for the cause of substantial justice.

7. These assessee's three appeals ITA.Nos.82 to 84/Coch/2024 are allowed in above terms. A copy of this common order be placed in the respective case files.

Order pronounced in the open court on 23<sup>rd</sup> October, 2024.

Sd/-  
(Amarjit Singh)  
Accountant Member

Sd/  
(Satbeer Singh Godara)  
Judicial Member

Cochin, Dated: 23<sup>rd</sup> October, 2024

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar  
ITAT, Cochin