

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH, BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND  
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No.1437/Bang/2024
Assessment Years : 2017-18

Mysor Credit Souharda SL Present Name : Mysore Credit Souharda Co-op Society Ltd., No.13, APMC Shopping Complex, Sheshadri Iyer Road, Mysore – 570 021.  <b>PAN – AAJAS 8119 A</b>	Vs.	The Income Tax Officer, Ward - 1(3), Mysore.
APPELLANT		RESPONDENT

Assessee by	:	Shri Ravishankar, Advocate
Revenue by	:	Shri Ganesh R Gale, Standing Counsel for Dept.

Date of hearing	:	05.09.2024
Date of Pronouncement	:	25.10.2024

**ORDER**

**PER WASEEM AHMED, ACCOUNTANT MEMBER :**

This is an appeal filed by the assessee against the order passed by the NFAC, Delhi dated 11/06/2024 in DIN No.ITBA/NFAC/S/250/2024-25/1065539885(1) for the assessment year 2017-18.

2. The assessee is registered under The Karnataka Souhardra Sahakari Act 1997 and primarily engaged in providing credit facilities to the members. The entire profit earned from the activity of providing

credit facility to members for Rs. 15,66,240/- was claimed as deduction u/s 80P of the Act.

3. The AO found that the deduction under section 80P of the Act is available to the cooperative societies as defined under section 2(19) of the Act whereas the assessee is registered under The Karnataka Souhardra Sahakari Act 1997 and not under The Karnataka Cooperative Societies Act 1959. Therefore, the assessee can only be considered as co-operative and not as co-operative society. The Co-operative and The Co-operative society are two different entities which are defined under section 2(e) and 2(g) of the Karnataka Souhardra Sahakari Act 1997. Similarly, the Co-operative society and the Co-operative have been defined distinctly under section 2(c) and 2(d)(2) of The Karnataka Cooperative Societies Act 1959. Hence, the AO held that the assessee is not eligible to claim deduction u/s 80P of the Act and accordingly denied the same by making an addition of Rs. 15,66,240/- to the total income of the assessee.

4. The aggrieved assessee preferred an appeal before the learned CIT(A)/NFAC. The learned CIT(A)/NFAC after placing reliance on the order this Tribunal in the case of Udaya Souharda Credit Cooperative Society Ltd vs ITO in ITA No. 2831/Bang/2017, confirmed the disallowances/addition made by the AO.

5. Being aggrieved by the order of the learned CIT(A)/NFAC, the assessee is in appeal before us.

6. The learned AR before us submitted that the issue on hand is covered in favor of the assessee by the judgment of Hon'ble Karnataka High Court in the case of M/s Swabhimani Souharda Credit Co-operative Ltd. Vs. ITO reported in 421 ITR 670.

7. On the other hand, the learned DR before us vehemently supported the order of the authorities below.

8. We have heard the rival contentions of both the parties and perused the materials available on record. The facts of the case have been elaborated in the preceding paragraph which are not in dispute, therefore we are not inclined to repeat the same for the sake of brevity and convenience. The limited question before us whether the assessee being registered under The Karnataka Souhardra Sahakari Act 1997 is eligible for deduction under section 80P of the Act in the given facts and circumstances. This issue has been resolved by the judgment of Hon'ble Karnataka High Court in the case of M/s Swabhimani Souharda Credit Co-operative Ltd. Vs. ITO reported in 421 ITR 670 wherein it was held as under:

*"23. A comprehensive reading of the Preambles of the aforesaid Acts vis-a-vis objects and reasons would indicate that both the Statutes support and promote Co-operative movement. No hyper technical view can be taken to exclude the entities registered under the Souharda Act as not falling under the definition of 'Co-operative Society' as defined in Section 2[19] of the Act. Now, it is further clarified by the Amendment Act No.35/2021 brought out to Section 2[e] of the Souharda Act by substitution whereby 'Co-operative' means a Souharda Co-operative Society including a Co-operative bank during the business of banking registered or deemed to be registered under Section 5 and which has the words 'Souharda Co-operative Society' in its name and for the purposes of the income Tax Act,*

*1961 also amongst other enactment specified therein. By substituting a11wigs the others "The income lax Act, 1961" it has been clarified that for the purpose of the Income Tax Act, Co-operative under Souharda Act is a Co-operative Society as such, the assesses are entitled for the benefit of Section 80P of the Income Tax Act, 1961. In the absence of any specified date mentioned, the Amended Act certainly relates back to the date of enactment."*

8.1 In view of the above, we hold that the assessee cannot be denied the benefit of the deduction under section 80P of the Act merely on the ground that it is registered under The Karnataka Souhardra Sahakari Act 1997. Accordingly, we hold that the assessee is entitled for deduction subject to the provisions of section 80P of the Act. Hence, the ground of appeal of the assessee is allowed.

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

Order pronounced in court on 25<sup>th</sup> day of October, 2024

Sd/-  
**(KESHAV DUBEY)**  
Judicial Member

Sd/-  
**(WASEEM AHMED)**  
Accountant Member

Bangalore  
Dated, 25<sup>th</sup> October, 2024  
/ vms /  
Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore