

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

**Before Shri Satbeer Singh Godara, Judicial Member &
Shri Amarjit Singh, Accountant Member**

ITA No.38/Coch/2024 : Asst.Year 2014-2015

ITA No.39/Coch/2024 : Asst.Year 2017-2018

Elankur Service Co-operative Bank Limited, Elankur Malappuram – 676 122. PAN : AAAAE5993M.	v.	The Assistant Commissioner of Income-tax, Circle-1 Tirur.
(Appellant/Applicant)		(Respondent)

Appellant by : Sri.O.D.Sivadas, Advocate

Respondent by : Smt.V.Swarnalatha, Sr.DR

Date of Hearing : 23.08.2024	Date of Pronouncement : 07.11.2024
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ORDER

Per Bench :

These assessee's twin appeals arise against the orders of the National Faceless Appeal Centre, Delhi [CIT(A)] in proceedings u/s.143(3) /143(3) r.w.s. 147 of the Income-tax Act, 1961; in short "the Act" hereinafter, assessment year-wise, respectively:-

Sr. No.	ITA No.	AY	DIN & Order No.	Date
1	38/Coch/2024	2014-2015	ITBA/NFAC/S/250/2023-24/1057190613(1)	18.10.2023
2	39/Coch/2024	2017-2018	ITBA/NFAC/S/250/2023-24/1057193770(1)	18.10.2023

Heard both the parties. Case files perused.

2. It emerges at the outset that the assessee's instant appeals raise its identical sole substantive ground claiming sec.80P deduction claim involving various interest income from deposits made in co-operative banks disallowed in both the lower proceedings. Learned CIT-DR vehemently argued that in the light of Totagar's Co-operative Sale Society Ltd. v. ITO reported in (2010) 322 ITR 283 (SC) and Pr.CIT & Anr. v. Totagars Co-operative Sale Society reported in (2017) 395 ITR 611 (Kar.), such an interest income has to be treated as income from "other" sources only. We note that the hon'ble jurisdictional high court in Pr.CIT v. Peroorkada SCB Ltd. [2022] 442 ITR 141 (Ker) has already decided the instant issue in assessee's favour and against the Revenue, 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.”

3. We adopt the foregoing detailed discussion mutatis mutandis to accept the assessee’s instant identical sole substantive ground of sec.80P deduction. Necessary computation shall follow as per law in very terms. Ordered accordingly.

4. These assessee’s twin appeals ITA No.38 & 39/Coch/2024 are allowed in above terms. A copy of the common order be placed in the respective case files.

Order pronounced in the open court on this 07th Day of November, 2024.

Sd/-
(Amarjit Singh)
ACCOUNTANT MEMBER

Sd/-
(Satbeer Singh Godara)
JUDICIAL MEMBER

Cochin ; Dated : 07th November, 2024.
Devadas G*

Copy to :

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