

आयकर अपीलीय अधिकरण, कोलकाता पीठ, कोलकाता

IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH KOLKATA

Before Shri Rajesh Kumar, Accountant Member and Shri Sonjoy Sarma, Judicial Member

I.T.A. No.625/Kol/2024

Assessment Year: 2018-19

Haldia Port Employees Cooperative Credit Society Ltd.....Appellant

**Operational Administrative Building,
'A' Block, 3rd Floor, Haldia Dock Complex,
Haldia, Purba Medinipur-721604.
[PAN: AAAAH1472L]**

vs.

ITO, NFAC, Ward-27(1), Haldia.....Respondent

I.T.A. No.624/Kol/2024

Assessment Year: 2014-15

Haldia Port Employees Cooperative Credit Society Ltd.....Appellant

**Operational Administrative Building,
'A' Block, 3rd Floor, Haldia Dock Complex,
Haldia, Purba Medinipur-721604.
[PAN: AAAAH1472L]**

vs.

ITO, NFAC, Ward-27(1), Haldia.....Respondent

Appearances by:

Shri P. Dey, AR, appeared on behalf of the appellant.

Shri Pradip Kumar Biswas, Addl. CIT- DR, appeared on behalf of the Respondent.

Date of concluding the hearing : November 20, 2024

Date of pronouncing the order : November 22, 2024

ORDER

Per Sonjoy Sarma, Judicial Member:

Both the captioned appeals filed by the assessee are directed against the separate orders dated 01.02.2014 & 31.01.2024 of the National Faceless Appeal Centre [hereinafter referred to as 'CIT(A)'] passed u/s 250 of the Income Tax Act (hereinafter referred to as the 'Act') for the assessment year 2018-19 & 2014-15 respectively. Since, the issues involved in both the appeals are common and relate to the same assessee, therefore, these appeals have been heard together and are being disposed of by this consolidated order.

2. First, we take up the issue in respect of ITA No.625/Kol/2024 for assessment year 2018-19.

3. The brief facts of the case are that the assessee is a cooperative society and filed its return of income for the assessment year in question by declaring total income as Nil. Thereafter, the case of the assessee was selected for compulsory scrutiny under various parameters such as low income, investment reflecting in the balance sheet and deduction claimed under Chapter VI-A. During the assessment proceedings, the Assessing Officer disallowed the net interest income of Rs.1,18,81,544/- u/s 80P(2)(a)(i) of the Act on the ground of interest from investment in fixed deposits with banks by holding that the interest income does not qualify for deduction under the said section. The Assessing Officer passed the order u/s 143(3) of the Act treating the interest income received from fixed deposits with Allahabad Bank of Rs.36,07,639/-, Punjab National bank of Rs.37,87,226/- and Tamluk Ghatal Central Cooperative Bank Ltd. of Rs.44,86,679/- (totalling to Rs.1,18,81,544/-) as 'income from other sources'.

4. Dissatisfied with the above order, the assessee filed an appeal before the Id. CIT(A), wherein, the Id. CIT(A) upheld the order of the Assessing Officer by dismissing the appeal of the assessee.

5. Aggrieved by the order of the Id. CIT(A), the assessee filed the present appeal before this Tribunal. At the time of hearing, the Id. AR argued that this issue is covered in favour of the assessee by the judgment of the Hon'ble Jurisdictional Calcutta High Court in the case of PCIT vs. Gunja Samabay Krishi Unnayan Samity Ltd. reported in [2023] 147 taxmann.com 518 (Cal), wherein, it was held that interest earned by the cooperative society on surplus funds invested in deposits with bank and Govt. securities is qualified for deduction u/s 80P(2)(a)(i) of the Act. The Id. AR also relied on the decision of Coordinate Visakhapatnam Bench of the Tribunal in the case of ITO vs. Yendagandhi Large Sized

Co-operative Society Ltd. reported in [2023] 156 taxmann.com 669 (Visakhapatnam-Trib.) wherein the Tribunal allowed the deduction for interest earned from deposits in cooperative banks and other nationalised banks.

6. On the other hand, the ld. DR objected to the claim of the assessee and supported the findings of the Assessing Officer and of the ld. CIT(A) stating that the orders of the lower authorities were passed correctly by denying the deduction u/s 80P(2)(a)(i) of the Act.

7. We, after considering the rival submissions and perusing the material available on record, find that the present issue is squarely covered by the various judicial precedents. In the decision of the jurisdictional Calcutta High Court in the case of PCIT vs. Gunja Samabay Krishi Unnayan Samity Ltd. (supra) held that interest earned by the cooperative society on surplus funds deposited in bank and Govt. securities is qualified for deduction u/s 80P(2)(a)(i) of the Act. Similarly, the Coordinate Visakhapatnam Bench of the Tribunal in the case of ITO vs. Yendagandhi Large Sized Co-operative Society Ltd. (supra) allowed the deduction for interest income from deposits with the cooperative society and nationalised banks. Following the judicial precedent settled by the Hon'ble High Court, we hold that interest income earned by the assessee from its surplus funds deposited with Allahabad Bank of Rs.36,07,639/-, Punjab National bank of Rs.37,87,226/- and Tamluk Ghatal Central Cooperative Bank Ltd. of Rs.44,86,679/- are held to be qualified for deduction u/s 80P(2)(a)(i) of the Act. Accordingly, ITA No.625/Kol/2024 of the assessee is allowed.

8. Since the facts and issues involved in both these appeals are identical, therefore, our findings/directions given above in ITA No.625/Kol/2024 will mutatis mutandis apply to ITA No.624/Kol/2024. Hence, ITA No.624/Kol/2024 is also allowed.

9. In the result, both the appeals are allowed.

Kolkata, the 22nd November, 2024.

Sd/-
[Rajesh Kumar]
Accountant Member

Sd/-
[Sonjoy Sarma]
Judicial Member

Dated: 22.11.2024.

RS

Copy of the order forwarded to:

1. Haldia Port Employees Cooperative Credit Society Ltd
2. ITO, NFAC, Ward-27(1), Haldia
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches