

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

**Before Shri Inturi Rama Rao, Accountant Member  
&  
Shri Prakash Chand Yadav, Judicial Member**

ITA No.386/Coch/2024 : Asst.Year 2020-2021

Kadalundi Service Co-operative Bank Limited, Kadalundi Kozhikode -673 302. <b>PAN : AABK9519N</b>	v.	The Income Tax Officer Ward 2(3) Kozhikode.
(Appellant)		(Respondent)

Appellant by :--- None ---  
Respondent by : Smt.Leena Lal, Senior AR

<b>Date of Hearing : 20.11.2024</b>	<b>Date of Pronouncement : 29.11.2024</b>
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**ORDER**

**Per Prakash Chand Yadav, JM :**

The present appeal of the assessee is arising from the order of the learned Commissioner of Income-tax (Appeals) dated 22<sup>nd</sup>September, 2023 having DIN& Order No.ITBA/NFAC/S/250/2023-24/1056436817(1) dated 22<sup>nd</sup>September, 2023 and relates to the assessment year 2020-2021.

2. The facts giving rise to the filing of the present appeal are that the assessee is a primary agricultural society and engaged in the business of banking. It has filed its return of income after claiming deduction u/s.80P(2)(d) and 80P(2)(a)(i) of the Income-tax Act, 1961. The Assessing Officer disallowed the claim of the assessee by relying upon the judgment of the

Hon'ble Supreme Court in the case of *Totgars Co-operative Sales Society Ltd. v. ITO (2010)188 taxman 282 (SC)*.

3. Aggrieved with the order of the A.O., the assessee preferred appeal before the learned CIT(A), however, the ld.CIT(A) dismissed the appeal of the assessee relying on the decision of Hon'ble Karnataka High Court in the case of *Pr.CIT v. Totagars Co-operative Sale Society 395 ITR 611 (Kar.)*.

4. Still aggrieved, the assessee has come up in appeal before us and contended that the assessee is entitled for deduction of 80P(2)(d) in respect of interest and dividend income and deduction of 80P(2)(a)(i) in respect of other business income. The learned Counsel for the assessee strongly relied upon the judgment of the Hon'ble Kerala High Court in the case of *PCIT v. Peroorkada Service Co-operative Bank Ltd.and Vilappil Service Co-operative Bank Ltd.*reported in 442 ITR 141 (Ker.). The assessee also relied upon the judgment of the Hon'ble Supreme Court in the case of *Mavilayi Service Co-operative Bank Ltd. reported in 431 ITR 1 (SC)*.

5 The learned Departmental Representative relied upon the orders of the authorities below.

6. After hearing the parties, we are of the considered view that the assessee is entitled for deduction u/s.80P(2)(d) in respect of interest income and dividend income earned from co-operative bank as held in the case of *Peroorkada Service Co-operative Bank Ltd.(supra)*. The assessee would also be entitled

for the deduction of section 80(P)(2a)(i) in respect of such income which is derived from the business of cooperative society exclusively with the members of the society. Therefore, we restore this matter to the file of the A.O. with a direction to decide the issue afresh after considering the judgment of the Hon'ble Kerala High Court and Hon'ble Supreme Court in the case of *Mavilayi Service Co-operative Bank Ltd. (supra)*. We also direct the assessee to produce proper bifurcation of the income earned which is eligible for deduction u/s.80P(2)(d) and 80P(2)(a)(i) of the Act.

7. In the result, the appeal filed by the assessee is allowed for statistical purposes as indicated above.

Order pronounced on this 29<sup>th</sup> day of November, 2024.

**Sd/-**  
**(Inturi Rama Rao)**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**(Prakash Chand Yadav)**  
**JUDICIAL MEMBER**

Cochin; Dated : 29<sup>th</sup> November, 2024.  
Devadas G\*

Copy to :

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

Asst.Registrar/ITAT, Cochin