

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“SMC” BENCH, COCHIN**

**Before Shri Inturi Rama Rao, Accountant Member**

ITA No.128/Coch/2025 : Asst.Year 2014-2015

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| Kolavalloor Service Co-operative<br>Bank Limited, Cheruparamba<br>Thalassery<br>Kannur – 670 693.<br><b>PAN : AACAK2696M.</b> | v. | The Income Tax Officer<br>Ward 2<br>Kannur. |
| (Appellant)   |    | (Respondent)                                |

Appellant by : Sri.Arun Raj S, Advocate  
Respondent by : Smt.Leena Lal, Senior AR

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| <b>Date of Hearing : 13.03.2025</b> | <b>Date of<br/>Pronouncement : 27.03.2025</b> |
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**ORDER**

This appeal filed by the assessee is directed against the order of the National Faceless Assessment Centre / Commissioner of Income-tax (Appeals) [“CIT(A)” for short] dated 10.12.2024 for the assessment years 2014-2015.

2. The appellant is a co-operative society registered under the Kerala Co-operative Societies Act, 1969 and it is classified as a primary agricultural credit society. It is engaged in extending credit facilities to its members. The return of income for the assessment year 2014-2015 was filed on 3<sup>rd</sup> February, 2015 declaring Nil income. Against the said return of income, the assessment was completed by the Assessing Officer (“the AO” hereinafter) vide order dated 21.12.2016 passed u/s.143(3) of the Income-tax Act, 1961 (“the Act” hereinafter) at a total

income of Rs.27,59,253. While doing so, the AO denied deduction u/s.80P of the Act by holding that the appellant is a co-operative bank and not a primary agricultural credit society.

3. Being aggrieved by the assessment order, the appellant filed an appeal before the CIT(A), who vide the impugned order confirmed the action of the AO.

4. Being aggrieved, the appellant is in appeal before me in the present appeal. The learned Counsel for the assessee submits that the lower authorities have grossly erred in holding that the appellant is a co-operative bank but not a primary agricultural credit society and not hit by the provisions of sub-section (4) of section 80P of the Act. The learned Counsel further submits that for the assessment year 2017-2018, the CIT(A) had held that the appellant-society is eligible for claiming deduction u/s.80P of the Act. It is therefore prayed that orders of the lower authorities may be set aside.

5. On the other hand, the learned Sr.AR by placing support on the orders of the authorities below submits that no interference is called for therein.

6. I heard the rival submissions and perused the material available on record. The solitary issue that arises for my consideration is whether the appellant is eligible for deduction u/s.80P of the Act or not. There is no dispute that the appellant is classified as a primary agricultural credit society and as per the certificate issued by the Registrar of Co-operative Societies, the appellant does not enjoy the license to carry on the

business of banking. Therefore, the appellant society cannot be considered or classified as a co-operative bank and it is not hit by the provisions of sub-section (4) of section 80P of the Act. The ratio of the decision of the Hon'ble Supreme Court in the case of *Mavilayi Service Co-operative Bank Ltd. & Ors. v. CIT & Anr. reported in (2021) 431 ITR 1 (SC)*, squarely applicable to the facts of the present case. Therefore, I set aside the orders of the authorities and direct the AO to allow the claim of the assessee.

7. In the result, the appeal filed by the assessee is allowed.

Order pronounced on this 27<sup>th</sup> day of March, 2025.

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

Cochin; Dated : 27<sup>th</sup> March, 2025.  
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