

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

**Before Shri George George K, Vice-President
&
Shri Inturi Rama Rao, Accountant Member**

ITA No.1062/Coch/2024 :Asst.Year 2022-2023

Mahe Service Co-operative Credit Society Limited Mahe, Kozhikode – 673310. PAN : AADAM7934K.	v.	The Income Tax Officer Ward 1 & TPS Kannur.
(Appellant)		(Respondent)

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

Date of Hearing :09.04.2025	Date of Pronouncement : 09.04.2025
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ORDER

Per George George K, Vice-President :

This appeal at the instance of assessee is directed against National Faceless Assessment Centre / Commissioner of Income Tax (Appeals)'s ["CIT(A)"] order dated 03.10.2024 passed u/s. 250 of Income Tax Act, 1961 ("the Act" hereinafter). The relevant assessment year is 2023-2024.

2. There is a delay of 18 days in filing this appeal before the Tribunal. The assessee has filed a petition for condonation of delay supported by an affidavit of the Manager of the assessee-society stating therein the reasons for the belated filing of this appeal.

2.1 We have perused the affidavit filed by Manager of the assessee. We are of the view that there is sufficient cause for belated filing of this

appeal and no laches can be attributed to the assessee. Hence, we condone the delay in filing this appeal and proceed to dispose of the same on merits.

3. The grounds raised read as follows:-

“1. The order dated 3-10-2024 passed by the CIT(Appeals), National Faceless Appeal Centre, Delhi confirming the order dated 5-3-2024 of the National e-Assessment Centre, Delhi for the AY 2022-23 is illegal, arbitrary and unjustified.

2. The CIT (Appeals) thoroughly erred in holding that the appellant is not eligible for deduction claimed under section 80P of the Act in respect of the interest/Dividend received on investments with Co-operative Banks.

3. The CIT (Appeals) erred in confirming the finding of the assessing officer that, in respect of the interest/Dividend received on investments with Co-operative Banks that the appellant is not eligible for claiming deduction under section 80 P (2) (d) of the IT Act.

4. The lower authorities ought to have held that the appellant is eligible and entitled for deduction under section 80 P(2) (d) on the interest/Dividend received on investments with Co-operative Bank, which is a co-operative Society.

5. The lower authorities thoroughly erred in not considering the judgment of the jurisdictional High Court in the case of PCIT Vs Peroorkada Service Co-operative Bank Ltd [judgment dated 1-11-2021 passed in ITA 323 of 2019 and connected cases-reported in 442 ITR 141(Kerala)] wherein the High Court of the Kerala has categorically held that a co-operative society receiving interest/dividend on investment with a Co-operative bank is eligible and entitled for deduction under section 80P (2) (d) of the Income Tax Act.

6. The CIT (Appeals) erred in holding that the appellant is not eligible for deduction claimed under section 80P (2) (d) of the IT Act following the judgment of Karnataka High Court in

Totagar Society's case [395ITR 611 and Gujarat High Court in the case of Katlary Kiryana [327 CTR 128]

7. The CIT (Appeals) ought to have granted deduction for the entire claim of Rs. 1,22,96,065/-under section 80P of IT Act in respect of the interest/Dividend received on investments with Co-operative Banks following the decision of the Kerala High Court cited supra.

9. For these and other grounds to be urged at the time of hearing, it is most respectfully prayed that this Honorable Tribunal may be pleased allow the appeal granting deduction of Rs. 1,22,96,065/-under section 80P of the Act in respect of the interest/Dividend received on investments with Co- operative Bank, which was disallowed by the assessing officer.”

4. Brief facts of the case are as follows:

The assessee is a co-operative credit society. For the assessment year 2022-2023, the return of income was filed on 18.12.2021 by declaring Nil income after claiming deduction u/s.80P of the Act. The claim of deduction u/s.80P(2)(d) of the Act was denied by the AO in the assessment completed u/s.143(3) of the Act (order dated 05.03.2024). The interest income received by the assessee co-operative society from other co-operative banks were treated as income from other sources u/s.56 of the Act and was brought to tax accordingly.

5. Aggrieved by the order of the AO denying the claim of deduction u/s.80P(2)(d) of the Act, the assessee preferred appeal before the first appellate authority. The CIT(A) confirmed the view taken by the AO and dismissed the appeal of the assessee.

6. Aggrieved by the order of the CIT(A), the assessee has filed the present appeal before the Tribunal. The learned AR submitted that the issue in question is squarely covered by the judgment of the Hon'ble

jurisdictional High Court in the case of PCIT v. Peroorkada Service Co-operative Bank Ltd. (2022) 442 ITR 141 (Ker).

7. The learned Departmental Representative supported the order of the AO and the CIT(A).

8. We have heard the rival submissions and perused the material available on record. The solitary issue which arises for our consideration is whether the interest income earned from co-operative banks by the assessee-society is entitled to deduction u/s.80P(2)(d) of the Act. The said interest income has been admittedly received by the assessee-society from two co-operative banks, viz., Kannur District Co-operative Bank and Pondicherry State Co-operative Bank. The issue is no longer *res integra*. The Hon'ble Kerala High Court in the case of PCIT v. Peroorkada Service Co-operative Bank Ltd. (supra) had held that interest income received from co-operative bank is entitled to deduction u/s.80P(2)(d) of the Act. In the light of the judgment of the Hon'ble jurisdictional High Court, we hold that the assessee is entitled to deduction u/s.80P(2)(d) of the Act with respect to the interest income received from other co-operative banks. It is ordered accordingly.

9. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced on this 9th day of April, 2025.

Sd/-
(Inturi Rama Rao)
ACCOUNTANT MEMBER

Sd/-
(George George K)
VICE-PRESIDENT

Cochin; Dated : 9th April, 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