

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND  
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA Nos.:**596, 597 & 598/CHNY/2025**  
निर्धारण वर्ष/Assessment Years:2015-16, 2017-18 & 2018-19

**M/s. K274 Uthukuli Primary  
Agricultural Cooperative Credit  
Society Ltd.,**  
4, Easwaran Kovil Street,  
Tirupur Road,  
Uttukuli Post, Uttukuli,  
Tirupur – 638 751

**The Income Tax Officer,**  
Vs. Ward 1(2),  
Tiruppur.

**PAN: AABAK 4347E**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Ms. G. Vardini Karthik, Advocate  
प्रत्यर्थी की ओर से/Respondent by : Shri Kumar Chandran, JCIT

सुनवाई की तारीख/Date of Hearing : 23.06.2025  
घोषणा की तारीख/Date of Pronouncement : 24.06.2025

**आदेश / O R D E R**

**PER GEORGE GEORGE K, VICE PRESIDENT:**

These three appeals at the instance of the assesseees are directed against different orders of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, all dated 30.09.2024 passed under section 250 of the Income Tax Act, 1961

(hereinafter called 'the Act'). The relevant assessment years are 2015-16, 2017-18 & 2018-19.

2. The issues involved in all these appeals are common and hence, by way of this common order, these appeals are being disposed off. The facts and circumstances are exactly identical in all these appeals. Hence, we will take the facts from assessment year 2015-16 in ITA No.596/CHNY/2025.

3. Brief facts of the case are as follows: The assessee is a primary agricultural co-operative society registered under the TamilNadu Co-operative Societies Act, 1983. For the assessment years 2015-16 the assessee filed its return of income admitting 'Nil' income after claiming deduction u/s.80P of the Act. The assessment was completed u/s.147 and 144B of the Act vide order dated 19.03.2022. In the said assessment order, the AO disallowed the claim of deduction 80P(2)(d) of the Act. The reason for the AO to disallow the claim of deduction u/s.80P(2)(d) of the Act was that the interest income was derived from deposits / investments in co-operative bank.

4. Aggrieved by the assessment order, the assessee filed an appeal before the First Appellate Authority (FAA). The FAA dismissed the appeal of the assessee by upholding the order of the AO.

5. Aggrieved by the order of the FAA, the assessee has filed the present appeal before the Tribunal. The Ld.AR for the assessee submitted that the deposits were made with EDCC bank, which is a co-operative society registered under the Tamil Nadu Co-operative Societies Act. The Ld.AR submitted that issue of deduction for interest income received from the Co-operative Bank is covered in favour of assessee by various decisions. She placed her reliance on the decisions of the Chennai Bench of the Tribunal in the case of Erode Municipal Corporation Emp.Co-op T & C Limited in ITA Nos.509 & 510/CHNY/2024 (order dated 22.07.2024) and Pallipalayam Farmers Service Cooperative Society in ITA No.964/CHNY/2024 (order dated 21.08.2024)

6. The Ld.DR supported the orders of the AO and FAA.

7. We have heard rival submissions and perused the material on record. The AO had denied the claim of deduction u/s.80P(2)(d) of the Act for the reason that interest income was earned from deposits

/ investments made in co-operative bank. We find that interest income was derived from deposits made with EDCC bank, which is a co-operative society registered under the Tamil Nadu Co-operative Societies Act. We also note that the issue of deduction for interest income received from the Co-operative Bank is covered in favour of the assessee by the decision of the Chennai Bench of the Tribunal in the case of The Erode City Municipal Corporation in ITA Nos.509 & 510/CHNY/2024 wherein the Tribunal by following the judgment of the Hon'ble Jurisdictional High Court in the case of Thorapadi Urban Co-op Credit Society Ltd. & Another vs. ITO in WP Nos.11172, 1174, 11177 and 11180 of 2023 (order dated 10.10.2023) held as follows:

*13. We have heard both the parties, perused the materials available on record and gone through orders of the authorities below. We find that the issue 'whether the assessee Co-operative Society is entitled for a deduction for the interest income received from the Co-operative Bank' is covered in favour of the assessee by a judgment of the Hon'ble Jurisdictional High Court of Madras in the case of Thorapadi Urban Co-op Credit Society Limited & Another Vs ITO [WP. Nos.11172, 11174, 11177 and 11180 of 2023 and WMP Nos. 11034, 11038, 11044 and 11048 of 2023 dated 10.10.2023. The judgment of the Hon'ble Jurisdictional High Court of Madras reads as under:*

“8. The main issue is to decide in the present case is as to whether the petitioner Co-operative Society is entitled for a deduction for the interest income received from the Co-operative Bank?

9. It would be appropriate to extract hereunder the relevant portion of Section 80P(2)(d).

80 P. Deduction in respect of income of co-operative societies:

(1) ..... ..

(2) The sums referred to in sub-section (1) shall be the following, namely :—

(a) to (c) ..... ..

(d) “in respect of any income by way of interest or dividends derived by the co-operative society from its investment with any other co-operative society, the whole of such income”

9. A reading of the above said provision makes it clear that in the event if any Co-operative Society derived income by way of interest from investment made in any other Co-operative Society the whole such interest is eligible for deduction. Now the issue is as to whether the Co-operative Bank would fall within the purview of the term Co-operative Society-. In the present case, the petitioner produced a document to show that the Co-operative Bank, where they have made investments was registered under the Tamil Nadu Co-operative Societies Act, 1983 on 20.5.2003. In this regard, he also produced a copy of the Certificate of Incorporation of the said Co-operative Bank. Therefore, it is clear that the investment made by the petitioner is a Co-operative Bank registered under the Co-operative Societies Act. The Income Tax Act, 1961 has also defined –Co-operative Society- under Section 2(19) as follows:

*“2(19). “Co-operative society” means a co-operative society registered under the Co~ operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any State for the registration of co~ operative societies.*

10. A reading of the above definition would make it clear that Cooperative Society- means a Co-operative Society registered under Co-operative Societies Act, 1912. Thus, a Co-operative Society referred therein is only a co-operative society as defined under the Act, be it a Co-operative Society carrying on banking business or Co-operative Society carrying on the other businesses or a Co-operative bank.

11. The learned counsel for the respondent referred to the judgment of the Hon-ble Supreme Court rendered in Totgars Cooperative Sale Society Ltd., v. Income-tax Officer, Karnataka, wherein the issue came up for consideration as to whether the interest income received by a Co-operative Bank from its members by way of providing the credit facilities to its members is eligible for deduction or not.

Ultimately the Hon-ble Supreme Court found that under Section 80P(2)(a)(i), the same is eligible for deduction. Therefore, the law laid down by the Hon-ble Supreme Court is not applicable for in the present case as the eligibility of deduction of interest has to be decided under Section 80P(2)(d) and not under Section 80P(2)(a)(i). The learned counsel has also relied upon other judgments which are not applicable for the present facts of the present case.

12. At this juncture, it would be appropriate to refer a judgment passed by a Division Bench of this Court in Commissioner of Income Tax Salem v. The Salem Agricultural Producers Cooperative Marketing Society Ltd” in Tax Case Appeal No.5 of 2015, wherein, apart from other substantial issues, the following issue has been framed for consideration, which reads as under:

*“ Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the assessee is to be treated as primary agricultural society and is carrying on the business of banking or providing credit facilities to its members and is entitled for deduction under Section 80P(2)(a)(i) of the Income Tax Act, 1961 with respect to the interest received from Class B members who were involved in non-agricultural society? ”.*

While answering to the above, the Division Bench held that the respondent therein, which is a Co-operative society, is entitled to avail the benefit under 80P(2)(d) of the Act. The judgment was rendered on 10.08.2016, where the judgement rendered by the Hon-ble Supreme Court in 2010 was considered”.

*14. Hence considering byelaw and respectfully following the judgment of Hon’ble Jurisdictional High Court of Madras, we allow the appeal (ITA No.510/Chny/2024 for AY 2020-21) of the assessee.*

8. In view of the above judicial precedent, we direct the AO to allow the claim of deduction u/s.80P(2)(d) of the Act. Since the facts and circumstances in assessment years 2017-18 & 2018-19 are

identical and the AO had denied the deduction of interest earned from deposits made in co-operative bank on the same reasoning, taking a consistent view, we direct the AO to allow the deduction claimed u/s.80P(2)(d) of the Act. Accordingly, the appeals filed by the assessee are allowed.

9. In the result, the appeals filed by the assessee in ITA Nos.596 to 598/CHNY/2025 are allowed.

Order pronounced in the open court on 24<sup>th</sup> June, 2025 at Chennai.

Sd/-

(एस.आर. रघुनाथा)

**(S.R. RAGHUNATHA)**

लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 24<sup>th</sup> June, 2025

**RSR**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Coimbatore
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.

Sd/-

(जॉर्ज जॉर्ज के)

**(GEORGE GEORGE K)**

उपाध्यक्ष /VICE PRESIDENT