

IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, MUMBAI
BEFORE SHRI PAWAN SINGH, JUDICIAL MEMBER
ITA No. 3401/MUM/2025 (AY: 2020-21)
(Virtual hearing)

Rekha Villa Co-Op Society Plot No. 57, Jawahar Nagar, Road No. 6, Goregaon (West), Mumbai-400062. [PAN No. AABTR4428G]	Vs	ITO, Ward – 41(4)(3), KautilyaBhavan, BKC, Bandra (East), Mumbai – 400051.
Appellant / Assessee		Respondent / Revenue

Assessee by	Shri Ketan Vajani, CA (virtually)
Revenue by	Sh. Surendra Mohan, Sr. DR
Date of Institution	14.05.2025
Date of hearing	24.07.2025
Date of pronouncement	24.07.2025

Order under section 254(1) of Income Tax Act

PER PAWAN SINGH, JUDICIAL MEMBER;

1. This appeal by assessee is directed against the order of Ld. CIT(A)/NFAC dated 11.03.2025 for assessment year (AY) 2020-21. The assessee has raised following grounds of appeal:

"1. On the facts and in the circumstances of the case, the Commissioner of Income-tax (Appeals) - NFAC, hereinafter referred to as the "CIT (A)", has erred in confirming the disallowance of Rs. 3,74,335/- u/s. 80P(2)(d) of the Income-tax Act as made by the Centralised Processing Centre (CPC) of the Income-tax department.

2. The CIT (A) has erred in confirming the impugned disallowance by wrongly observing that the deduction is not available in respect of interest income received from co-operative banks on the basis of sub-section (4) of section 80P.

3. The appellant respectfully submits that it is eligible to claim the above deduction as per the provisions of section 80P(2)(d) and the settled legal position in respect of the above claim.

4. Without prejudice to the above contentions, the appellant submits that the action of the CPC in disallowing the above deduction is beyond the scope of

section 143(1) and therefore the impugned disallowance is not justified for this reason as well.

5. The appellant, therefore, prays that the above deduction may please be allowed to it and suitable directions may please be issued in respect of the same."

2. Rival submissions of both the parties have heard and record perused. The learned Authorised Representative (Id. AR) of the assessee submits that grounds of appeal raised by assessee is covered by the series of decisions of Mumbai Tribunal wherein it has been consistently held that co-operative bank are primarily co-operative society registered under the Co-operative Societies Act and the interest income derived by co-operative society from its investment with co-operative bank is eligible for deduction under section 80(P)(2)(d). The Id. AR of the assessee relied n the following decision:

- KaliandasUdyog Bhavan Premises Co-op Society Ltd. vs ITO (2018) 94 taxmann.com 15 (Mumbai – Trib.)
- ITO vs Sangli Vaibhav Co-operative Credit Society (ITA No. 3769, 3770 & 3766/M/2023 dated 22.05.2024)

3. The Id. AR further submits that during the relevant financial year, the assessee earned interest on savings bank account with Greater Bombay Co-op. Bank Ltd. of Rs. 10,056/- interest from Maharashtra State Co-op. Bank Ltd. of Rs. 1,150/-. The assessee also earned interest from fixed deposit with the aforesaid co-operative banks of Rs. 3,08,400 and Rs. 54,729/- respectively. In addition to, the assessee also earned interest from Union Bank of India, however, such interest is not claimed as deduction under section 80P(2)(d). All details of such interest income is provided at page no. 16 & 17 of paper book.

4. On the other hand, learned Senior Departmental Representative (Id. Sr. DR) submits that he supports the order of Id. CIT(A) wherein it has been held that interest earned from co-operative banks is not eligible for deduction under section 80P(2)(d).
5. I have considered the rival submissions of both the parties and have gone through the orders of lower authorities carefully. I also deliberated on various case laws relied by Id. AR of the assessee. I find that there is no dispute about the quantum of interest earned by assessee from both the co-operative banks. I find that in a series of decision by this Tribunal as well as other benches of Tribunal, it has been consistently held that co-operative banks are primarily co-operative society and interest earned from such co-operative banks is eligible for deduction under section 80P(2)(d). Thus, respectfully following such decisions as has been relied by Id. AR of the assessee. I direct the assessing officer to allow the deduction of interest earned from Greater Bombay Co-op. Bank Ltd. and Maharashtra State Co-op. Bank Ltd. to the assessee. In the result, grounds of appeal of assessee are allowed.
6. In the result, the appeal of the assessee is allowed.

Order was pronounced in the open Court on 24/07/2025.

Sd/-

**PAWAN SINGH
JUDICIAL MEMBER**

MUMBAI, Dated 24/07/2025
Biswajit

Copy of the order forwarded to:

- (1) The Assessee;
- (2) The Revenue;
- (3) The PCIT / CIT (Judicial);
- (4) The DR, ITAT, Mumbai; and
- (5) Guard file.

By Order

Assistant Registrar
ITAT, Mumbai