

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

**BEFORE SHRI INTURI RAMA RAO, AM&
SHRI RAHUL CHAUDHARY, JUDICIAL MEMBER**

**ITA Nos. 577/Coch/2025
Assessment Years :2017-18**

Avinissery Service Co-op. Bank Ltd., Appellant
Anakallu P.O. Avinissery,
Thrissur, Kerala-680309
[PAN: AACAA 0093 Q]

vs.

Income Tax Officer Respondent
Ward-2(1), Thrissur.

Appellant by: Shri Alan P. Dev, CA
Respondent by: Smt. Leena Lal, Sr. DR

Date of Hearing: 22.08.2025
Date of Pronouncement: 28.08.2025

ORDER

Per Inturi Rama Rao, AM:

This is an appeal filed by the Assessee-cooperative society directed against the order passed by the learned Commissioner of Income Tax (Appeals)/ NFAC, Delhi [for short, 'Ld. CIT(A)] dated 27.09.2024, u/s.250 of the Income Tax Act, 1961 (for short, 'the Act') for Assessment Year (AY) 2017-18.

2. Brief facts of the case are that appellant is a cooperative society registered under the Kerala Co-operative Societies Act, 1969. It is classified as primary agricultural credit cooperative society. It is engaged in the business of accepting deposits from

member and providing credit facilities to its member. The return of income for the A.Y. 2017-18 was filed on 30/03/2018 disclosing nil income after claiming deduction under section 80P of the Act. Against the said return of income, the assessment was completed by the ITO, Ward-2(1), Thrissur (for short, 'AO') vide order dated 17/12/2019 passed under section 143(3) of the Act at a total income of Rs. 3,29,44,690/-. While doing so, the AO denied the deduction claimed under section 80P of the Act following various judicial precedents of Hon'ble Kerala High Court.

3. Being aggrieved by the above assessment order, an appeal was filed by the appellant before the Ld. CIT(A), who vide impugned order dismissed the appeal placing reliance on the decision of Hon'ble Supreme Court in the case of Totgars' Cooperative Sale Society Ltd. vs. ITO [322 ITR 283 (SC)].

4. Aggrieved by the order of Ld. CIT(A), the appellant is in appeal before this Tribunal.

5. We heard rival contentions and perused the material on record. The solitary issue that arises for our consideration is that whether the appellant society is eligible for deduction under section 80P of the Act or not. Admittedly, the appellant is a cooperative society, duly registered under the Kerala Cooperative Society Act, 1969. It is classified as Primary Agricultural Credit Cooperative Society and it does not enjoy any banking licence. Therefore, the provisions of sub-section (4) of section 80P have no application to the appellant

society. The ratio laid down by the Hon'ble Supreme Court in the case of *Mavilayi Service Co-Operative Bank Ltd. v. CIT* [(2021) 431 ITR 01 (SC)] is squarely applicable to the facts of the present case. The ratio of the decisions relied upon the lower authorities, had been overruled by the Hon'ble Supreme Court in the case of *Mavilayi Service Co-Operative Bank Ltd* (supra). Therefore, we direct the AO to allow deduction claimed by the Assessee under section 80P of the Act. Thus, the grounds raised by the appellant stand allowed.

5. In the result, appeal filed by the assessee stands allowed.

Order pronounced in open Court on 28th August, 2025.

Sd/-
(RAHUL CHAUDHARY)
JUDICIAL MEMBER

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Cochin, Dated: 28th August, 2025

vr/-

Copy to:

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

By Order

Assistant Registrar
ITAT, Cochin