

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

**BEFORE SHRI INTURI RAMA RAO, AM**

**ITA No. 428/Coch/2025  
Assessment Year: 2008-09**

Nattika Service Co-op. Bank Ltd. ..... Appellant  
No.308, Nattika (PO),  
Thrissur, Kerala  
[PAN: AAAAN 6270 A]

vs.

ITO, Ward-1 & TPS, ..... Respondent  
Guruvayoor.

Appellant by: Shri M. Ramdas, CA  
Respondent by: Smt. Leena Lal, Sr.DR

Date of Hearing: 13.06.2025  
Date of Pronouncement: 31.07.2025

**ORDER**

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi [CIT(A)] dated 02.04.2025 for Assessment Year (AY) 2008-09.

2. Brief facts of the case are that assessee is a cooperative society registered under Kerala Co-operative Societies Act, 1969. It is classified as primary agricultural credit cooperative society and is engaged in the business of accepting deposits from members and providing credit facilities to the members for agriculture and allied

activities. No regular return of income has been filed for the A.Y. 2008-09, however, the AO issued notice u/s. 148 of the Income Tax Act, 1961 (for short, 'the Act') and completed the assessment u/s. 143(3) r.w.s. 147 of the Act on 16/12/2016 by disallowing deduction claimed u/s. 80P(2)(a)(i) of Rs. 6,99,137. Being aggrieved, assessee filed an appeal before the Ld. CIT(A), which was allowed by the assessee, however, subsequently, Ld. CIT(A) has confirmed the addition vide order dated 15/11/2019 passed u/s. 154 of the Act. Aggrieved by the order passed u/s. 154, the assessee filed appeal before this Tribunal. The Tribunal vide its order dated 24/02/2020 set aside the issue to the file of the AO. In pursuant to the order of this Tribunal, the AO passed the assessment order u/s. 147 r.w.s. 254 r.w.s 144B of the Act dated 22/03/2022. While doing so, the AO treated the interest income earned on the fixed deposits held with cooperative bank as income from other sources and brought to tax.

3. Being aggrieved, an appeal was filed before the CIT(A), who vide the impugned order confirmed the action of the AO.
4. Being aggrieved, the assessee is in appeal before the Tribunal in the present appeal.
5. I have heard the rival submissions and perused the material on record.

6. The issue in the present appeal relates to allowability of interest income earned by the assessee on the investments made with cooperative banks. The issue no more *res-interage* as is covered in favour of the assessee by the Jurisdictional High Court in the case of *PCIT v. Peroorkada Service Co-op. Bank Ltd.* [2022] 442 ITR 141 (Ker) wherein their Lordships have rejected the Revenue's identical stand as under: -

*“12.2 Section 80P deals with Co-operative Societies' computation of income. As already noted, it has four sections and several sub-sections and clauses. The Parliament has considered the various situations in which the exigible income and the deductible income of the assessee is considered while computing the income of the assessee. For getting deduction, in our considered view, the assessee must also establish that the interest income earned by the assessee is from a Co-operative Society. As a matter of fact, in the case on hand, there is no dispute that it is not from a Co-operative Society registered under Kerala Co-operative Societies Act. The interest income earned from District Co-operative Bank/State Co-operative Bank, in the facts and circumstances of the case, do come within Section 80P(2)(d). Therefore, the income constitutes income from other sources and the only eligible deduction is covered by Section 80P(2)(d) viz. Interest or dividend derived by the assessee from its investments with any other Co-operative Society. The source of interest income is from Bank and Treasury, interest income received from Treasury be included in the computation of total income of the assessee. In other words, interest earned from Treasury is inadmissible for deduction and interest income from Co-operative Societies registered under the Kerala Co-operative Societies Act are eligible for deduction. The contra consideration of Commissioner of Income Tax (Appeals) and the Tribunal is incorrect and liable to be modified as stated above. Hence, it is held that the interest income earned by the assessee does not come within the ambit of Section 80P(2)(a)(i) and permissible deduction of interest income is limited to Co-operative Societies/Banks registered under Kerala Co-operative Societies Act under clause (d) of the Act and effect order on the above lines is made by the Assessing Officer. The questions are accordingly answered.”*

7. Respectfully following the above decision of the Hon'ble Jurisdictional High Court, we hold that the assessee is entitled for deduction under section 80P(2)(d) of the Act on account of interest received from District Co-operative Bank and Treasury.

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

Order pronounced in the open court on 31<sup>st</sup> July, 2025.

Sd/-  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Cochin, Dated: 31<sup>st</sup> July, 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