

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "A", PUNE

BEFORE SHRI MANISH BORAD, ACCOUNTANT MEMBER
AND
SHRI VINAY BHAMORE, JUDICIAL MEMBER

आयकर अपील सं. / ITA Nos.1099 & 1100/PUN/2025
निर्धारण वर्ष / Assessment Years : 2018-19 & 2020-21

ITO, Ward-2(2), Pune.	Vs.	The Ammunition Factory Co-op. Credit Society Limited, Nehru Marg, Khadki, Pune- 411003. PAN : AAAJT0095N
Appellant		Respondent

Revenue by : Shri Amit Bobde &
Shir Shashank Ojha

Assessee by : Shri Rohit C. Kasat

Date of hearing : 20.08.2025

Date of pronouncement : 12.11.2025

आदेश / ORDER

PER VINAY BHAMORE, JM:

Both the above captioned appeals filed by the Revenue are directed against the separate orders dated 12.02.2025 and 28.02.2025 passed by Ld. CIT(A)/NFAC for the assessment years 2018-19 and 2020-21 respectively.

2. Since identical facts and common issues are involved in both the above captioned appeals of the Revenue, therefore, we proceed to dispose of the same by this common order.

ITA No.1100/PUN/2025, A.Y. 2020-21 :

3. The Revenue has raised the following grounds of appeal :-

“1. Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in allowing the deduction u/s 80P of the Income Tax Act, 1961, without properly verifying whether the assessee fulfilled all conditions prescribed under the said section.

2. Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in allowing deduction u/s 80P(2)(d) on income amounting to Rs.2,33,90,432/- earned from investment in co-operative Banks without considering the decision of the Hon’ble Supreme Court in Totgar’s Co-operative Sale Society Limited vs. ITO (2010) 322 ITR 283 (SC) and Hon’ble Karnataka High Court in PCIT Vs. Totgar’s Co-op Sale Society (2017) 395 ITR 611 which held that such interest income is taxable under Income from Other sources.

3. The appellant craves leave to add, amend, modify, or withdraw any of the above grounds of appeal before or at the time of the hearing.”

4. Facts of the case, in brief, are that the assessee is a primary credit cooperative society duly registered under Maharashtra Cooperative Society Act, 1960 and engaged in the activity of providing credit facility to its members and also accepting deposits from them as per the bye-laws of the society. The assessee furnished its return of income declaring NIL income after claiming

deduction u/s 80P(2) of the IT Act. The return of income was accepted and processed by CPC u/s 143(1)(a) of the Act. The case was selected for scrutiny through CASS and notices u/s 143(2) and 142(1) were issued to the assessee. The assessee in response furnished various details, documents, bye-laws list of investments and decisions passed by coordinate bench of this Tribunal in support of claim of assessee with regard to deduction u/s 80P(2)(a)(i) & 80P(2)(d) of the Act. The assessee submitted that as per Maharashtra State Cooperative Societies Act it was obligatory on the part of the assessee society to invest certain amount of funds with other cooperative banks and therefore the income arising from its compulsory investments with other cooperative banks is attributable to the business activities carried on by the assessee society and therefore entitled for deduction u/s 80P(2)(a)(i) of the Act. Alternatively, it was also contended before the Assessing Officer that the interest and dividend income was earned from other cooperative banks which are cooperative society, & therefore the same qualifies for deduction u/s 80(P)(2)(d) of the Act. The Assessing Officer was of the view that the assessee cooperative society has earned interest income of Rs.2,33,88,432/- from its

investment [fixed deposits] made with Pune District Central Co-operative Bank Ltd. and also earned dividend income of Rs.1,795/- which is neither deductible u/s 80P(2)(a)(i) since it was not business income of the assessee society, nor deductible u/s 80P(2)(d) of the Act since it was earned from cooperative bank which is not a co-operative society and was therefore liable to be taxed u/s 56 of the Act as income from other sources. For this purpose the Assessing Officer relied on the judgement passed by Hon'ble Supreme Court & also by Hon'ble Karnataka High Court in the case of Totgar Cooperative Sale Society Ltd. and consequently denied the claim made by the assessee u/s 80P(2)(d) of the Act. Accordingly, vide order dated 16.09.2022 the Assessing Officer completed the assessment u/s 143(3) r.w.s. 144B of the Act and determined the taxable income at Rs.2,33,90,227/- as against the income returned by the assessee at Rs.Nil. The above assessed income includes an addition of Rs.2,33,90,230/- on account of disallowance of deduction of interest income and dividend income claimed by the assessee u/s 80P(2)(d) of the Act.

5. Being aggrieved with the above assessment order, the assessee cooperative society preferred an appeal before the Ld.

CIT(A)/NFAC. After considering the reply and various decisions passed by coordinate bench of this Tribunal, Ld. CIT(A)/NFAC deleted the addition of Rs.2,33,90,227/- and allowed the appeal filed by the assessee by observing as under :-

“6.2 I have gone through the facts of the case, the submissions made by the appellant and various judgements of the courts on the issue. It is admitted fact that appellant received interest income and dividend from investment with the cooperative bank amounting to Rs. 2,33,90,227/-.

6.3 On a similar issue the decision of INCOME TAX APPELLATE TRIBUNAL, MUMBAI in the case of Mittal Court Premises Co-op Society in I.T.A. Nos.1535 to 1537/Mum/2022

“ 4. Brief facts the AO noted was that the assessee is Co-operative Society constituted by members (office tenement owners) for maintaining the Mittal Court Building. The assessee society returned income declaring in its return of income taxable income of Rs.3,34,640/-. The AO noted that the assessee had invested funds as FDR with the Saraswat Co-op. Bank Ltd, Abhudaya Co-op Bank Ltd. National Co-op Bank Ltd. and the Shamrao Vithal Co-op Bank Ltd. The AO noted that the assessee had received interest income from the deposit made with the aforesaid Co-op. Bank to the tune of Rs.2,04,21,374/- on which it claimed deduction u/s 80P(2)(d) of the Act. So the AO issued notice and asked for justification for the claim of deduction u/s 80P(2)(d) of the Act. Pursuant to the same, the assessee submitted detailed explanation before the AO. However, the AO being not satisfied with the reply of the assessee disallowed deduction.

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7. Having heard both parties and after perusal of the records, we note that the assessee is Co-operative Society and claimed deduction u/s 80P(2)(d) of the Page 7 of 9 AAAJT0095N- THE AMMUNITION FACTORY CO OP CREDIT SOCIETY LIMITED A.Y. 2020-21 ITBA/NFAC/S/250/2024-25/1073832767(1) Act to the tune of Rs.2,04,21,374/-on the interest received from deposit at four Co. operative banks which was disallowed by AO. On appeal, the Ld. CIT(A)/NFAC allowed the claim of the assessee by relying on the decision of this

Tribunal. The Ld. DR assailing the action of the Ld. CIT(A)/NFAC relied on the decision of the Hon'ble Karnataka High Court in the case of PCIT Vs. Totagar's Co-operative Sales Society (395 ITR 611 (Kar) which according to her was in revenue's favour. Per contra, the Ld. AR of the assessee brought to our notice that the Hon'ble Karnataka High Court has passed another order which is in favour of the assessee in PCIT Vs. Totagar's Co-operative Sales Society (392 ITR 74). Therefore, according to him, when there is no decision of the Hon'ble Jurisdictional High Court on this issue, then by applying the principle laid down by the Hon'ble Supreme Court in the case of CIT Vs. Vegetables Products Ltd. 88 ITR 192, the decision in favour of assessee may be adopted by the Tribunal. And therefore according to Ld. AR since there is a decision in favour of the assessee by the Hon'ble Karnataka High Court in the case of PCIT Vs. Totagar's Co-operative Sales Society (supra), the action of the Ld. CIT(A)/NFAC adopting the same is a plausible view and should not be disturbed."

6.4 *The issue has been duly considered . In this regard, it is pertinent to note that in the following decisions, including the decisions of the jurisdictional Mumbai Bench of the 'Hon'ble ITAT , it has been held that a Cooperative Bank is a Cooperative Credit Society and interest income earned by the Cooperative Society from the investments made with the Cooperative Banks is eligible for claim of deduction u/s 80P(2)(d) of the Act:-*

1. *Pr.CIT VS. Totagars Co-operative Sale Society (2017) 392ITR 74 (Karn)*
2. *State Bank of India vs. CIT (2016) 389 ITR 578 (Guj)*
3. *Lady Ratan Tower Cooperative Housing Society Ltd. vs. ITO in ITA No. 1152/Mum/2018 in decision dated 09.08.2018.*
4. *Shree Mahadeshwar Sahakari Patpedhi Maryadit vs. ITO in ITA No. 374/Mum/2018 dated 06.03.2019.*
5. *Kaliandas Udyog Bhavan Premises Co-operative Society vs. ITO in ITA No. 6547/Mum/2017 dated 25.04.2018.*
6. *ITO vs. M/s Oberoi Spring Co-operative Housing Society in ITA no. 786/Mum/2019 .*

6.5 *Further in the case of Kaliandas Udyog Bhavan Premises Co-operative Page 8 of 9 AAAJT0095N- THE AMMUNITION FACTORY CO OP CREDIT SOCIETY LIMITED A.Y. 2020-21 ITBA/NFAC/S/250/2024-25/1073832767(1) Society vs. ITO [2018] 94 taxmann.com 15 (Mumbai) [25-04-2018], the Jurisdictional Mumbai*

Bench of the ITAT held that a co-operative bank continues to be a co-operative society registered under Co-operative Societies Act, 1912 or under any other law for time being in force in any State for registration of co-operative societies, and, therefore, interest income derived by a co-operative society from its investments held with a co-operative bank, would be entitled for claim of deduction under section 80P(2)(d) of the Act.

In light of the above stated judgements and after considering the submission of appellant , I am of the considered opinion that the income amounting to Rs 2,33,90,227/- which has been treated as Income from other source is eligible for deduction under 80P(2)(d) and accordingly I direct the Assessing Officer to delete the addition of Rs. 2,33,90,227/ as Income from other source.

7. In the result the appeal of the appellant is allowed.”

6. It is the above order against which the Revenue is in appeal before this Tribunal.

7. In this regard, we find that the claim of the assessee is that the interest and dividend income amounting in all to Rs.2,33,90,227/- earned by the assessee cooperative society from its investments with other cooperative bank i.e. Pune District Central Co-operative Bank Ltd. is deductible u/s 80P(2)(d) of the Act is accepted and allowed by the Ld. CIT(A)/NFAC by relying on various decisions passed by coordinate benches of this Tribunal. On the other hand, the Revenue by relying on the judgement passed by Hon'ble Supreme Court in the case of Totgars Cooperative Sale Society Ltd. vs. ITO, (2010) 322 ITR 283 (SC) and also by Hon'ble Karnataka High Court in the case of PCIT vs. Totgars Cooperative Sale Society

(2017) 395 ITR 611 is challenging the order passed by Ld. CIT(A) wherein deduction u/s 80P(2)(d) is allowed to the assessee.

8. We have heard Ld. counsels from both the sides and perused the material available on record including the case law furnished by Ld. DR. In this regard, we find that in a number of decisions passed by coordinate benches of this Tribunal it has been held that a primary credit cooperative society is entitled to claim deduction u/s 80P(2)(d) of the Act on interest and dividend income earned from its investment with other cooperative banks which are also cooperative societies duly registered under Maharashtra State Cooperative Societies Act. In this regard, following decisions are relevant :-

- (i) Gurudatta Gramin Bigersheti, ITA No.502/PUN/2025 order dated 28-07-2025.
- (ii) Pune Jila Madhyawarti Sahkari Bank Sevakanchi Sahkari Patsanstha Maryadit, ITA No.1086/PUN/2025 order dated 23-06-2025.
- (iii) Sharadchandra Nagari Sahakari Patsanstha Maryadit, ITA No.1041/PUN/2025 order dated 04-06-2025.

9. Respectfully following the above decisions passed by coordinate benches of this Tribunal, we are of the considered opinion that the interest and dividend income earned by the assessee

cooperative society on its investments with other cooperative bank is entitled for deduction u/s 80P(2)(d) of the Act. We further find that the facts of the case of Totagars Cooperative Sale Society Ltd. are not applicable to the facts of the instant case since the assessee cooperative society is not engaged in the business of sale of agricultural & other products, instead it is engaged in the activity of providing credit facilities to its members and also accepting deposits from them and during the course of above activities certain funds were mandatorily required to be deposited with other cooperative banks as per the Maharashtra State Cooperative Societies Act. In this regard, we also find support from judgement passed by Hon'ble High Court of Bombay in the case of Annasaheb Patil Mathadi Kamgar Sahkari Pathpedhi Ltd. in ITA No.933/2017 order dated 14-10-2019 wherein deduction u/s 80P2(d) of the Act was allowed to the assessee cooperative society.

10. Considering the totality of the facts of the case & in view of our above discussion & also in the light of various decisions passed by coordinate bench of this Tribunal (supra) & also in the light of judgement passed by Hon'ble Bombay High Court in the case of

Annasaheb Patil Mathadi Kamgar Sahkari Pathpedi Ltd. (supra) we dismiss the appeal filed by the Revenue.

11. In the result, the appeal filed by the Revenue in ITA No.1100/PUN/2025 for A.Y. 2020-21 is dismissed.

ITA No.1099/PUN/2025, A.Y. 2018-19 :

12. The Revenue has raised the following grounds of appeal :-

- “1. Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in allowing deduction u/s 80P of Rs.6,98,98,950/- which includes interest of Rs.1,29,63,890/- earned from investment in co-operative banks without considering the decision of Hon’ble Supreme Court in Totgar’s Co-operative Sale Society Ltd vs. ITO (2010) 322 ITR 283 (SC) and Hon’ble Karnataka High Court in PCIT Vs. Totgar’s Co-op Sale Society Ltd (2017) 395 ITR 611 which held that such interest income is taxable under Income from other sources.*
- 2. Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in not to direct the AO to conduct an appropriate enquiry or obtain a remand report before granting benefit under section 80P, thereby violating principles of natural justice.*
- 3. The appellant craves leave to add, amend, modify, or withdraw any of the above grounds of appeal before or at the time of the hearing.”*

13. With regard to ground no.1, we find that since the facts and issues involved in this ground are identical to the facts of the case for assessment year 2020-21, therefore, our decision in ITA No.1100/PUN/2025 for A.Y. 2020-21 shall apply *mutatis mutandis* to this ground no.1 raised by the Revenue in ITA

No.1099/PUN/2025 for A.Y. 2018-19. Thus, ground no.1 raised by the Revenue is dismissed.

14. With regard to ground no.2 raised by the Revenue in this appeal, we find that the core issue of allowance of deduction u/s 80P(2) to the assessee cooperative society was already decided by Hon'ble Jurisdictional Bombay High Court in the case of Annasaheb Patil Mathadi Kamgar Sahkari Pathpedhi Ltd. in ITA No.933/2017 order dated 14-10-2019 and also decided by coordinate benches of this Tribunal in various cases wherein deduction u/s 80P2(a)(i) and also u/s 80P(2)(d) of the Act was allowed to the assessee cooperative society. Therefore, we are of the considered opinion that since the issue of allowance of deduction u/s 80P(2) in favour of primary credit cooperative society was already decided by Jurisdictional High Court therefore, there was no need to call for any remand report from the Assessing Officer in this regard. Respectfully following the above judgement of Hon'ble Bombay High Court in the case of Annasaheb Patil Mathadi Kamgar Sahkari Pathpedhi Ltd. (supra) as well as various decisions of coordinate benches of this Tribunal, we do not find any error in the order passed by Ld. CIT(A)/NFAC wherein the

deduction u/s 80P(2) was allowed to the assessee cooperative society. Thus, ground no.2 raised by the Revenue is also dismissed.

15. In the result, the appeal of the Revenue in ITA No.1099/PUN/2025 for A.Y. 2018-19 is also dismissed.

16. To sum up, both the above captioned appeals filed by the Revenue are dismissed.

Order pronounced on this 12th day of November, 2025.

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

पुणे / Pune; दिनांक / Dated : 12th November, 2025.

Sujeet

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr.CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "A" बेंच, पुणे / DR, ITAT, "A" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

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Senior Private Secretary
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.