

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

BEFORE SHRI R. K. PANDA, VICE PRESIDENT  
AND  
SHRI VINAY BHAMORE, JUDICIAL MEMBER

आयकर अपील सं. / ITA Nos.1696 & 1698/PUN/2025  
निर्धारण वर्ष / Assessment Years : 2020-21 & 2017-18

|                                                                                                                                             |     |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------|
| Agriculture College Farm Co-operative Credit Society Ltd.,<br>Agricultural College Pune,<br>Shivajinagar, Pune- 411005.<br>PAN : AADAA3783A | Vs. | ITO, Ward-2(1), Pune. |
| Appellant                                                                                                                                   |     | Respondent            |

Assessee by : Shri C. V. Deshpande  
Revenue by : Smt. N. C. Shilpa

Date of hearing : 19.11.2025  
Date of pronouncement : 26.11.2025

**आदेश / ORDER**

**PER VINAY BHAMORE, JM:**

Both the above captioned appeals filed by the assessee are directed against the separate orders dated 22.05.2025 and 06.06.2025 passed by Ld. CIT(A)/NFAC for the assessment years 2017-18 and 2020-21 respectively.

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

**ITA No.1698/PUN/2025, A.Y. 2017-18 :**

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

- “1. *On the facts and circumstances of the case and in law the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC) has erred in confirming the disallowance of deduction of Rs. 10,65,462/- u/s 80P(2)(d) of the Income Tax Act made by the Assessing Officer in respect of the interest of Rs. 9,99,936/- and Dividend of Rs. 65,526/- earned by the assessee Co-operative Society from deposits with Co-operative Banks.*
- 1.1 *On the facts and circumstances of the case and in law the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC) has failed to appreciate that Co-operative Bank, even though it is engaged in the banking business, remains a Co-operative Society and as such the assessee is eligible for deduction u/s 80P(2)(d) of the Income Tax Act in respect of the interest earned on deposits with Co-operative banks.*
2. *The appellant craves leave to add to or amend/modify or delete any or all of the above grounds of appeal.”*

4. Facts of the case, in brief, are that the assessee is a cooperative credit society engaged in the business of providing credit facilities to its members and also accepting deposits from its members and has furnished the return of income on 09.11.2017 declaring total income at Rs.Nil, after claiming deduction u/s 80P(2)(d) of the IT Act. The case was selected for scrutiny under CASS and the assessment u/s 143(3) of the IT Act was completed on 27.06.2019 by accepting the returned income. Subsequently, proceedings u/s 263 of the IT Act were initiated and the

assessment order passed u/s 143(3) dated 27.06.2019 was set-aside to the file of the Assessing Officer to pass assessment order afresh to decide the issue of deduction of Rs.10,65,462/- u/s 80P(2)(d) of the IT Act. Accordingly, the Assessing Officer issued notice u/s 142(1) and asked the assessee to justify the deduction claimed u/s 80P(2)(d) of the IT Act with regard to interest and dividend income of Rs.10,65,462/- earned on its investments from PDCC Bank. The assessee in response to above notice relied on the decision passed in the case of Shri APD Jain Pathshala Sevekanchi Sahakari Patsanstha Limited, since according to the assessee the facts of above case were identical to the facts of the case of the assessee. However, the Assessing Officer by relying on Hon'ble Supreme Court's decision in the case of Totgars Cooperative Sales Society Limited vs. ITO, 322 ITR 283 (SC) disallowed the deduction of Rs.10,65,462/- claimed by the assessee u/s 80P(2)(d) of the IT Act and vide order dated 29.03.2023 passed the assessment order u/s 143(3) r.w.s. 263 of the Act by determining taxable income at Rs.10,65,460/- as against Rs.Nil income returned by the assessee.

5. Being aggrieved with the above assessment order, an appeal was preferred before Ld. CIT(A)/NFAC. After considering the submission furnished by the assessee and by relying on the decision of Hon'ble Supreme Court in the case of Mavilayi Service Co-operative Bank Ltd. vs. CIT, 123 taxmann.com 161 (SC), Ld. CIT(A)/NFAC dismissed the appeal filed by the assessee.

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

7. Ld. AR appearing from the side of the assessee submitted before us that the order passed by Ld. CIT(A)/NFAC is unjustified. Ld. AR further submitted that an identical issue came up before this Tribunal in assessee's own case for assessment year 2018-19 in ITA No.1697/PUN/2025 order dated 01.09.2025 and the Tribunal following the recent decision of coordinate bench of this Tribunal in the case of Annapurna Nagari Sahkari Pathsanstha Maryadit Yawal vs. ITO in ITA No.313/PUN/2025 order dated 07.05.2025 has allowed the appeal of the assessee. Accordingly, Ld. AR requested before the Bench to set-aside the order passed by Ld. CIT(A) and further requested the Bench to pass an appropriate order in the light of earlier decision passed by coordinate Bench of

this Tribunal in assessee's own case for assessment year 2018-19 (supra).

8. Ld. DR appearing from the side of the Revenue relied on the orders passed by subordinate authorities and requested to confirm the same.

9. We have heard Ld. Counsels from both the sides and perused the material available on record including the copy of case laws furnished by the assessee. In this regard, we find that an identical issue came up before this Tribunal in assessee's own case for assessment year 2018-19 in ITA No.1697/PUN/2025 and the Tribunal vide order dated 01.09.2025 following the recent decision of coordinate bench of this Tribunal in the case of Annapurna Nagari Sahkari Pathsanstha Maryadit Yawal vs. ITO in ITA No.313/PUN/2025 order dated 07.05.2025 has allowed the appeal of the assessee by observing as under :-

*“5. We have heard rival contentions and perused the record placed before us. In the assessment proceedings of assessee which is a co-operative society for A.Y. 2018-19 completed on 23.02.2021, Ld. AO has disallowed the deduction u/s 80P(2)(d) of the Act at Rs. 10,89,512/- claimed by the assessee towards income from Co-operative Banks. The account of the Assessing Officer (AO) has been affirmed by Ld. CIT(A). We however find that the instant issue is no longer “res integra” by virtue of catena of decisions taking consistent view that interest income erred from deposits with Co-operative Banks is eligible for deduction u/s 80P(2)(d) of the Act. Recently this Tribunal in the case of M/s Maharashtra JPAHPECCS Limited*

*(Supra) dealing with the similar issue has allowed the deduction u/s 80P(2)(d) of the Act observing as follows:-*

4. *We have heard the rival contentions and perused the record placed before us. It is an admitted fact that impugned addition is regarding denial of deduction u/s.80P(2)(d) of the Act for the interest income earned from Cooperative Bank namely PDCC at Rs.17,51,124/-. Lower authorities have denied the deduction as PDCC is not a Cooperative Society. Before us, assessee has furnished paper book and referring to page 12 of the paper book our attention has been drawn to Certificate of Registration as per which Registrar of Cooperative Societies, Bombay Presidency has certified that PDCC Ltd, has been registered u/s.9 of the Act, 1992 and assessee is basically a Cooperative Bank registered under Maharashtra Cooperative Societies Act, 1960.*

5. *This issue is no longer res integra by virtue of catena of decisions taking consistent view that interest income earned from deposits with Cooperative Banks is eligible for deduction u/s.80P(2)(d) of the Act. Recently, this Bench in the case of Annapurna Nagari Sahkari Pathsanstha Maryadit Yawal Vs. ITO in ITA No.313/PUN/2025, order dated 07.05.2025 has allowed the deduction claimed by the assessee u/s.80P(2)(d) of the Act observing as under :*

*“5. We have heard the rival submissions and perused the record placed before us. There is no dispute to the fact that assessee has earned interest income of Rs. 1,02,95,103/- from deposits/investments twith Cooperative Banks. This fact has been accepted by the Assessing Officer in the assessment onter also. Admittedly, assessee has not filed the requisite detala before Id. CITIA). We however considering the fact That the issue regarding allowability of deduction u/s.80P(2)(d) of the Act for the interest earned from Cooperative Banks is no longer res integra as the very same issue has been decided by this Tribunal in catena of decisions and in assessee's own case for A.V. 2020-21 holding that the assessee is eligible for deduction u/s.80P(2)(d) of the Act as the Cooperative Banks are basically Cooperative Societies. For the sake of brevity, the finding given in ITA No.2471/PUN/2024 is reproduced below*

*“7. We have heard both the sides and perused the record placed before us. In the instant case, the Assessing Officer disallowed the interest income of*

*Rs.1,63,98,998/ earned out of the Fixed deposits/Investments made with Cooperative Banks treating the same as Income from Other Source. Ld.CIT(A) dismissed the appeal in limine without discussing anything on merits of the issues and on the ground that the assessee has not provided plausible explanation for admission of additional evidences,*

8. *Section 80P(2)(d) of the Act provides that the sum received in respect of any income by way of interest or dividend derived by Cooperative Society from its investment with any other Cooperative Society, the whole of such income is eligible for deduction u/s.80P of the Act. we find that this issue is no more res integra as the Coordinate Benches of this Tribunal has been consistently holding that the interest income earned out of the FDs/Investments kept with Cooperative Banks is allowable u/s.80P(2)(d) of the Act. We find that this Tribunal in case of Kolhapur District Central Co-op. Bank Kanista Sevakanchi Sahakar Pat Sanstha Ltd., Vs. ITO in ITA No. 1365/PUN/2023, dated 01.01.2024 dealing with similar issue after placing reliance on another decision of this Tribunal in the case of The Ugar Sugar Works Kamgar & Dr. Shirgaokar Shaikshantik Trust Nokar Co-op Credit Society vs. ITO in IIA No.84/PAN/2018, dated 27.05.2022 has held that the interest earned from deposits with Cooperative Banks are also eligible for deduction u/s.80P(2)(d) of the Act as Cooperative Banks are basically Cooperative Societies only but have turned into Bank on getting necessary banking license.*

9. *Respectfully following the above referred decisions taking consistent view along with considering the facts of the case, where the assessee made investment with the Cooperative Banks we hold that the assessee is eligible for deduction u/s.80P(2)(d) of the Act for the interest income earned from Cooperative Banks at Rs. 1,63,98,998/ Findings of the Id. CIT(A) is set aside and the Assessing Officer is directed to allow the claim made by the assessee. Effective grounds of appeal raised by the assessee are allowed."*

6. *Respectfully following the same, we hold that deduction of Rs. 1,02,95,103/-u/s.80P(2)(d) of the Act claimed by the assessee on the interest earned from deposits/Investments with Cooperative Banks deserves to be allowed. Relevant finding of ld.CIT(A) on merits is set*

*aside and grounds of appeal No.5 to 8 raised by the assessee are allowed."*

*6. Respectfully following the same, we hold that deduction claimed by the assessee on the interest income earned from deposits/Investments with PDCC u/s.80P(2)(d) of the Act at Rs.17,51,124/- deserves to be allowed. Impugned finding of ld.CIT(A) is set aside and effective Grounds of appeal raised by the assessee are allowed.*

*7. In the result, appeal of the assessee is allowed.*

*6. Respectfully following the above decision we are inclined to hold that the assessee's claim of deduction u/s 80P(2)(d) of the Act for income earned from PDCC Bank (Cooperative Bank) is allowable. We thus set aside the finding of Ld. CIT(A) and direct the AO to allow the deduction u/s 80P(2)(d) of the Act at Rs. 10,89,512/- to the assessee for the income earned from Co-operative Banks. Effective grounds of appeal raised by the assessee are allowed.*

*7. In the result appeal of the assessee is allowed."*

10. Respectfully following the above decision of the Tribunal in assessee's own case for assessment year 2018-19 (supra), we are of the considered opinion that the interest income and dividend income received from cooperative bank are entitled for deduction u/s 80P(2)(d) of the Act. Accordingly, we set-aside the order passed by Ld. CIT(A)/NFAC and direct the Assessing Officer to allow the deduction u/s 80P(2)(d) of the Act of Rs.10,65,460/- (pertaining to interest income of Rs.9,99,336/- and dividend income of Rs.65,526/- both received from cooperative bank i.e. PDCC Bank). Thus, the grounds of appeal raised by the assessee are allowed.

11. In the result, the appeal filed by the assessee in ITA No.1698/PUN/2025 for A.Y. 2017-18 is allowed.

**ITA No.1696/PUN/2025, A.Y. 2020-21 :**

12. Since the facts and issues involved in the appeal of the assessee for the assessment year 2020-21 are identical to the facts of the case for assessment year 2017-18, therefore, our decision in ITA No.1698/PUN/2025 for A.Y. 2017-18 shall apply *mutatis mutandis* to the appeal of the assessee in ITA No.1696/PUN/2025 for A.Y. 2020-21.

13. In so far as the issue of deduction of interest income of Rs.1,46,885/- earned from State Bank of India is concerned, we find that before Ld. CIT(A)/NFAC the assessee has raised ground with regard to deduction of Rs.14,31,535/- only, which represents interest income of Rs.13,28,074/- & dividend income of Rs.1,03,461/- both received from PDCC Bank & no ground was raised regarding interest income of Rs.1,46,885/- received from State Bank of India. Even before us also, Ld. Counsel of the assessee has not argued anything in support of this issue and only relied on the decision of coordinate bench of this Tribunal passed in its own case for Asstt. Year 2018-19 (supra), wherein the

Tribunal has not said anything about the deduction of interest income earned from nationalized bank/SBI. Accordingly, the issue of deduction of interest income of Rs.1,46,885/- earned from State Bank of India is dismissed. Accordingly, the appeal of the assessee in ITA No.1696/PUN/2025 for A.Y. 2020-21 is partly allowed.

14. To sum up, the appeal in ITA No.1698/PUN/2025 for A.Y. 2017-18 is allowed and the appeal in ITA No.1696/PUN/2025 for A.Y. 2020-21 is partly allowed, as indicated above.

Order pronounced on this 26<sup>th</sup> day of November, 2025.

Sd/-  
**(R. K. PANDA)**  
**VICE PRESIDENT**

Sd/-  
**(VINAY BHAMORE)**  
**JUDICIAL MEMBER**

पुणे / Pune; दिनांक / Dated : 26<sup>th</sup> 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,

// True Copy //

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