

IN THE INCOME TAX APPELLATE TRIBUNAL, PANAJI BENCH,
PANAJI
BEFORE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER &
SHRI G. D. PADMAHSHALI ACCOUNTANT MEMBER

S. No.	Appeal No (ITA)	Asst Yr	Appellant	PAN of the Assessee	Respondent	Assessee Represented by
1	158/PAN/2023	2014-15	Akshaya Co-op Credit Society Limited	AAAAA3196N	ITO, Wd 2, Karwar	Ms. Shree Raksha D
2	159/PAN/2023	2017-18			ITO, Wd 1, Karwar	
3	160/PAN/2023	2018-19			ITO Wd 2, Karwar	
4	161/PAN/2023	2020-21			National Faceless e-Assessment centre, Delhi	
5	255/PAN/2024	2015-16	VPK Urban Co-op Credit Society	AAAJV0180G	ITO, Wd 2(4), Panaji	Mr. Shyam J Kamat
6	285/PAN/2024	2016-17			ITO, Wd 1(3), Panaji	
7	286/PAN/2024	2017-18			ITO, Cir 1(3), Panaji	
8	287/PAN/2024	2018-19			ITO, Wd 6, Belgaum	
9	151/PAN/2024	2018-19	Samarth Urban Co-op Credit Society Limited	AAABS0828C	National Faceless e-Assessment centre, Delhi	Mr. Pramod Y Vaidya
10	152/PAN/2024	2020-21			ITO, Wd 6, Belgaum	

S. No.	Appeal No (ITA)	Asstt Year	Appellant	PAN of the Assessee	Respondent	Assessee Represented by
11	179/PAN/2024	2018-19	Shri Basaveshwar Urban Co-op Credit Society Limited	AAFAS9735E	ITO Ward-1, Belgaum	Mr. Chetan Chougule
12	180/PAN/2024	2020-21				
13	36/PAN/2025	2014-15	Havyaka Credit Souharda Sahakari Niyamita	AABAH1683E	National Faceless e-Assessment centre, Delhi	None
14	60/PAN/2025	2017-18			ITO, Wd 2, Karwar	
15	40/PAN/2025	2017-18	Shri Jai Jinendra Credit Souharda Sahakari Limited	AAAAJ2246C	ITO, Wd 1, Nippani	Mr. Chetan Chougule
16	41/PAN/2025	2018-19			National Faceless e-Assessment centre, Delhi	
17	117/PAN/2024	2018-19	Shree Mahila Credit Souhard Sahakari Sangh Niyamit	AABAS9244A	ITO, Wd 1, Karwar	Mr. Pramod Y Vaidya
18	138/PAN/2024	2017-18	Shivagiri Co-op Credit Society Limited	AAAAS6486P	ITO, Wd 3, Belgaum	Mr. Pramod Y Vaidya
19	144/PAN/2024	2018-19	Shri Shradha Credit Souhard Sahakari Niyamit Nipani	AAAAS6023J	ITO, Wd 1, Nippani	Mr. Pramod Y Vaidya
20	153/PAN/2024	2020-21	Kumta Adike Marata Sopuharda Sahakari Sangh Niyamit	AABAK1036A	ITO, Wd 2, Karwar	None

S. No.	Appeal No (ITA)	Asstt Year	Appellant	PAN of the Assessee	Respondent	Assessee Represented by
21	190/PAN/2024	2020-21	Basav Souharda Credit Sahakari Niyamit Bailhongal	AACAB1982B	ITO, Wd 1, Karwar	Mr. Chetan Chougule
22	245/PAN/2024	2016-17	The Adarsh Multipurpose Co-op Society	AAAAT4669H	ITO, Wd 1(2), Belgaum	Mr. Pramod Y Vaidya
23	272/PAN/2024	2017-18	Prathamik Krishi Pattin Sahakari Sangh Niyamit Limited Bhoj	AAAAP1606Q	ITO, Wd 1, Nippani	Mr. Pramod Y Vaidya
24	301/PAN/2024	2017-18	The Maratha Urban Co-op Credit Society Limited	AABAT1106E	ITO, Wd 5, Belgaum	Mr. Pramod Y Vaidya
25	25/PAN/2025	2017-18	Shree Basvanna Mahadev Co-op Credit Society Limited	AAEAS8789D	ITO, Wd 6, Belgaum	Mr. Chetan Chougule
26	27/PAN/2025	2017-18	Vividoddshesha Prathamik Grameen Krushi Sahakari Sangh Niyamit Soudatti	AAAAP1345E	ITO, Wd 4, Belgaum	Mr. Pramod Y Vaidya
27	42/PAN/2025	2017-18	Vardhaman Urban Co-op Credit Society Limited	AAAAV0158M	ITO, Wd 2(4), Panaji	Mr. Chetan Chougule
28	62/PAN/2025	2015-16	Kaiga Project Employees Thrift And Credit Society	AABAK8625R	National Faceless e-Assessment centre, Delhi	None
29	252/PAN/2024	2015-16	Income Tax Officer Ward -2(4), Panaji	AAJV0180G	VPK Urban Co-op Credit Society	Mr. Shyam J Kamat

द्वारा / Represented

Assessee by: Counsels as per the cause title. AR's

Revenue by: Ms. Rijula Uniyal, Sr. DR

Date of Hearing:	13/11/2025
Date of Pronouncement:	28/11/2025

आदेश/ORDER

PER BENCH:

Of these twenty nine appeals, first twenty eight are filed by the different assesses against the separate orders of the National Faceless Appeal Centre (NFAC), Delhi / (CIT(A)/ADDL/JCIT(A) passed u/sec u/sec 250 of the Act and the Revenue has filed the one cross appeal. Since issues involved in these appeals are common, identical and similar, hence for the sake of convenience they are clubbed, heard and a consolidated order is passed.

2. Delay in filing the appeals before the Hon'ble Tribunal in following appeals as under:

ITA.No.190/PAN/2024,ITA.No.153/PAN/2024,ITA.No.144/PAN/2024, ITA.No.180/PAN/2024 and ITA.No.179/PAN/2024.

At the time of hearing, it was brought to the knowledge of the bench, that there is ordinate delay in filing these appeals before the Hon'ble Tribunal and the assessee's have filed the application/ affidavit for condonation of delay. Whereas, the facts mentioned in the affidavit/application are reasonable explaining the sufficient cause for the delay and the Ld. DR has

no specific objections. Accordingly, we condone the delay and admit these appeals.

3. The assessee's have raised common grounds in respective appeals challenging the order of the CIT(A) for sustaining the denial of claim u/sec80P of the Act based on the following disputed issues have arisen are summarized as under:

(i).Where the Cooperative credit society deals with the three class of members i.e Regular, Nominal and Associate Members.

(ii) Where the Cooperative society deals with nominal/associate members exceeding more than 15% of the regular members.

(iii) Where the cooperative society earns / receives interest on deposits maintained with the cooperative banks.

(iv) Where the cooperative society is registered under the Karnataka Souharda Sahakari Act 1997.

(v) Where the cooperative society deposits the cash in the bank accounts received from the members during the demonetization period treated as unexplained deposits u/sec68 of the Act.

(vi) Where the souharda credit sahakari niyamat earns interest income from the cooperative society.

(vii) Where the cooperative society earns / receives interest on deposits maintained with the nationalized banks / scheduled banks/ non cooperative banks.

4.On the above seven disputed issues, The Ld. AR'S representing the respective assessee's in the above appeals have made common elaborate submissions and also filed the written submissions and the revenue has also filed the common reply to the submissions on the disputed issues. We heard the rival submissions and perused the material placed on record and the judicial decisions. We

considered the facts, circumstances material & the submissions of the parties are of the view that it would be appropriate to deal independently each disputed issue raised in the Grounds of Appeal

In respect of first disputed issue in the ITA.No.144/PAN/2024, ITA.No.62/.PAN/2025, 255/PAN/2025 & ITA.285/PAN/2025

5. On the first disputed issue, the AO and CIT(A) has not allowed the claim of deduction under section 80P(2)(a)(i) of the Act, where the Cooperative credit society deals with the three class of members i.e Regular, Nominal and Associate Members.

The assessee is a co-operative society registered under the Goa Co-operative Societies Act 1961 and is engaged in the business of providing credit facilities to its members. The society deals with three classes of member's i.e. regular members, Nominal members and Associate members and are recognized by the governing law and the bye laws. The Ld. AR submissions are that the society deals only with its members and there are no dealings with outsiders, non-members or with public at large. The Ld. DR stated that the assessee has violated the provisions of the co-operative societies act and co-operative society's rules and the number of nominal members are exceeding more than 15% of the regular members and therefore the claim u/sec 80P (2) (a) (i) under the Income tax act 1961 is not allowed. The Ld.AR relied on the decision of the Hon'ble Supreme Court in the case of Maviyali Service Co-operative Bank Ltd v CIT reported in 123 taxmann.com 161 (SC) / 431 ITR 1 (SC) has held that ,” when nominal members are defined in the governing law dealings with them are entitled for deduction u/s 80P.”. In the present case the nominal and associate members are recognized by the governing law i.e: The Goa Co-operative Societies Act 2001 and

the bye laws of the society. The Ld.DR submitted that "If the society is found to be giving loans to general public or to persons who are not its members in the strict sense, it would be acting as a co-operative bank, thereby disentitling it from deduction under Section 80P.". We find the assessing officer has not verified these facts that the Primary members are only having voting rights and share in the surplus of the society and the Nominal members are admitted as per the provisions of the cooperative society and there are no dealings with outsiders or non-members. We considering the facts and submissions restore this disputed issue for limited purpose to the file of the assessing officer for verification and examination as discussed above and to adjudicate on merits. And we allow this ground of appeal for statistical purpose.

6. The Grounds of Appeal raised in respect of second issue in the ITA.No.s.158,159&160/PAN/2023,ITA.301/PAN/2024,ITA.27/PAN/2025, ITA.No.60/PAN/2025.

The Second disputed issue, where the the AO and CIT(A) has not allowed the claim of deduction under section 80P(2)(a)(i) of the Act, as the Cooperative society deals with nominal/associate members exceeding more than 15% of the regular members.

The assessee is a co-operative society registered under the Karnataka Co-operative Societies Act 1959 and is engaged in the business of providing credit facilities to its members and has three classes of members being regular members, nominal members and associate members and are recognized by the governing law and the bye laws of the society. The Ld.AR submitted that the claim of deduction u/sec 80P (2) (a) (i) of the Act was disallowed by the Assessing Officer as the assessee has violated the provisions of the

co-operative societies act and co-operative societies rules. And the number of nominal members are more than 15% of the regular members. The Ld.AR relied on the decision of Hon'ble Supreme Court in the case of Maviyali Service Co-operative Bank Ltd v CIT reported in 123 taxmann.com 161 (SC) / 431 ITR 1 (SC) wherein the Citizen's case is distinguished and it is held that," when nominal members are defined in the governing law dealings with them are entitled for deduction u/s 80P of the Act. Whereas the nominal and associate members are recognized by the governing law i.e: The Karnataka Co-operative Societies Act 1959. The Ld. DR submitted that the assessee has violated the provisions of the co-operative societies act and co-operative society's rules and the number of nominal members are exceeding more than 15% of the regular members and therefore the claim u/sec 80P (2) (a) (i) under the Income tax act 1961 is not allowed.The Ld.AR mentioned the CIT(A) has erred in interpreting section 21B of the Karnataka Souhardaa Sahakari Act 1997 and find that the associate members are more than 15% of the total members and there is violation of the provisions by the assessee. On the similar disputed issue, the Hon'ble Tribunal Panaji bench in the case of ITA.Nos.218,220&221/PAN/2023 Jai Sharaddamba Souharda Credit Sahakari Niyamita Vs ITO Karwar dated 19-12-2024 has dealt at Para 6 of the order as under:

"6. We heard the rival submissions and perused the material on record. The Ld.AR submitted that the CIT(A) has erred in sustaining the disallowance overlooking the submissions and the judicial decisions and the Assessing Officer has ignored the factual aspects and wrongly denied the claim. The Ld.AR mentioned that the appellate authority has observed that the assessee is entitled to claim of benefit under section 80P of the

Act on par with the cooperative societies and referred to Page 10 Para5.2 of the order and the CIT(A) has erred in interpreting section 21B of the Karnataka Souharda Sahakari Act 1997 and observed that the associate members are more than 15% of the total members and there is violation of the provisions by the assessee and has sustained the denial of claim under section 80P(2)(a)(i) of the Act. The Ld.AR made submissions on the alternate grounds of appeal and relied on the decision of the Honble Income Tax Tribunal Bangalore Bench in ITA.No.93/Bang/2024 A.Y.2017-18 dated 10-06-2024 –Kavradi Co-operaive Agricultural Bank Vs ITO Udipi and relied on Para 5.1 of the order on the subject matter of nominal members and associate members and also the claim under section 80P(2) of the Act and were the matter was remitted to the file of the Assessing Officer. Therefore, we considering the facts and the ratio of the judicial decision shall provide with one more opportunity of hearing to the assessee to substantiate the case with evidences and information on the disputed issues. Accordingly, we set aside the order of the CIT(A) and remit the entire disputed issues to the file of the Assessing Officer to adjudicate afresh on merits and the assessee should be provided adequate opportunity of hearing and shall cooperate in submitting the information. And we allow the grounds of appeal of the assessee for statistical purposes.”

Hence considering, the facts, circumstances and follow the judicial precedence,we set aside the order of the CIT (A) on this disputed issue and restore the issue to the file of the Assessing officer to verify the facts as discussed above on similar issue. And these grounds of appeal of the assessee are allowed for statistical purpose.

7. The Grounds of Appeal raised in respect of third issue in the ITA.No.s.161/PAN/2023,ITA.117/PAN/2024,ITA.179/PAN/2024, ITA.No.190/PAN/2024,ITA.No.245/PAN/2024,ITA.301/PAN/2024,ITA.25/PAN/2025,ITA.No.27/PAN/2025,ITA.No.36/PAN/2025,ITA.60/PAN/2025,ITA.40/PAN/2025,ITA.No.41/PAN/2025,ITA.No

.42/PAN/2025,ITA.255/PAN/2024,ITA.272/PAN/2024,ITA.No.285/PAN/2025,ITA.No.s.286/PAN/2024,ITA.287/PAN/2024,ITA.No.144/PAN/2024.

The Third disputed issue, where the AO and CIT(A) has not allowed the claim of deduction under section 80P(2)(d) of the Act, in the case of the cooperative society earns / receives interest on deposits maintained with the cooperative banks.

The assessee's is co-operative society registered under the Karnataka Souharda Sahakari Act 1997 and similarly under the Karnataka Co-operative Societies Act 1959 and is engaged in providing the credit facilities to its members. Whereas the Assessing officer found that the assessee earns/receives interest on deposits maintained with the cooperative banks and was not satisfied with the explanations of the assessee and dealt on the provisions and judicial decisions and denied the claim of deduction u/sec 80P(2)(d) of the Act and the CIT(A) has sustained the disallowance. On further appeal to Tribunal, the Ld.AR submitted that the CIT(A) has erred in confirming the action of the A.O in treating the interest income from cooperative banks is ineligible for deduction u/s 80P(2)(d) of the Act. Whereas, the CIT(A) has considered the facts on claim of deduction u/s 80P(2)(d) but took a different view. The Ld.AR emphasized that the claim has to be allowed as the cooperative bank is treated as a cooperative society for eligibility of deduction u/s 80P(2)(d) of the Act and substantiated the submissions with the judicial decisions. Per Contra, the Ld.DR relied on the order of the CIT(A) and submissions.

We heard the rival submissions and perused the material on record. The sole matrix of the disputed issue envisaged by the Assessee Representatives is in respect of granting of deduction u/s 80P(2)(d) of the Act to the Cooperative Society. The Ld. AR submitted that the interest income derived by a co-operative society from its deposits with the co-operative bank would be entitled for deduction u/s 80P(2)(d) of the Act. Whereas on the similar disputed issue, the Hon'ble Tribunal Panaji bench in the case ITA.No74/PAN/2024 of The Bardez Urban Co-Operative Credit Society Limited, Vs ITO Panaji dated 11-2-2025 has dealt at Para 6 to 8 of the order as under:

“6. We heard the rival submissions and perused the material on record. The sole matrix of the disputed issue envisaged by the Ld.AR is in respect of granting of deduction u/s 80P(2)(d) of the Act to the Cooperative Society. The Ld. AR submitted that the interest income derived by a co-operative society from its deposits with the co-operative bank would be entitled for deduction U/sec 80P(2)(d) of the Act. The Ld.AR highlighted that the assessee has received interest on fixed deposits with the Goa State Co-op Bank Limited and further the co-operative bank is treated as a cooperative society for eligibility of deduction u/s 80P(2)(d) of the Act. We find the Hon'ble Tribunal in Amore Commercial Premises Co-op Society Ltd vs. CPC Karnataka in ITA No. 2873 & 2874/Mum/2022 dated 17-01-2023 has dealt on the taxability of interest earned on the deposits with the Co-operative Banks at page 2 Para 3 of the order, which is read as under:

3. Briefly stated facts necessary for consideration an adjudication of the issues at hand are :- Assessee being a Co-Operative Society has claimed disallowance/deduction u/s. 80P (2)(d) in respect of the interest of Rs. 6,96,725/- for parking its funds with Saraswat Co-Operative Bank, Sham Vithal Rao Co-Operative Bank and district central CoOperative Bank. However, centralized processing centre (CPC)/ Assessing

Officer has disallowed the deduction Claimed by the Assessee u/s 143(1).

4. Assessee carried the matter before the Ld.CIT(A) by way of filing Appeals who has confirmed the addition by dismissing Appeals. Filing aggrieved Assessee has come up before the Tribunal by way of filing present Appeal.

5. We have heard the Ld. Authorized Representative of the parties to the Appeals, perused the order passed by the Lower Revenue Authorities and documents available on record in the light of the law applicable thereto.

6. Undisputedly Assessee Society has invested its surplus funds with Co-Operative banks and earned the interest income to the tune of Rs. 6,96,725/- and claimed it is deduction u/s. 80P (2)(d) of the Act, which has been disallowed by Assessing Officer & confirmed by the Ld.CIT(A) by relying upon decision rendered by Hon'ble Karnataka High Court in case of principle Ld.CIT Vs. Totgar's Co-Operative Sales Society Ltd.

7. Issue as to the allow-ability of the deduction claimed by the Assessee u/s. 80P (2)(d) of the Act, is no longer Res-Integra having being decided by the co-ordinate Bench of the Tribunal in case of Palm Court M Premises Co-operative Society Ltd. in ITA No.561/M/2021 order dated 09.09.2022 by settling the issue in favour of the assessee by distinguishing the judgment rendered by Hon'ble Supreme Court in case of Totgar's Co-operative Sale Society Ltd. Vs. Income Tax Officer, 188 Taxman 282(SC) and by discussing the decision rendered by Hon'ble Bombay High and Hon'ble Gujarat High Court wherein it is held that interest income earned by the Co-operative Society on its investment made with co-operative bank would be eligible for claim of deduction under section 80P(2)(d) of the Act by returning following findings:

8. We have given a thoughtful consideration to the contentions advanced by the Id. Authorized representatives for both the parties in context of the aforesaid issue under consideration. As stated by the Id. A.R, and rightly so, the issue that interest received by a co-operative society on its deposits with co-operative banks would be eligible for deduction w/s 80P(2)(d) of the Act is covered in assessee's favour by orders of the various

coordinate benches of the Tribunal in the following cases: (i). M/s Solitaire CHS Ltd. Vs. Pr.CIT-26, Mumbai, ITA No.3155/Mum/2019, dated 29.11.2019 (ii). Land and Cooperative Housing Society Ltd. Vs. ITO (2017) 46 CCH 52 (Mum.) (iii). M/s C. Green Cooperative Housing and Society Ltd. Vs. ITO-21(3)(2), Mumbai (ITA No. 1343/Mum/2017, dated 31.03.2017. (iv). Marwanjee Cama Park Cooperative Housing Society Ltd. V's. ITO-Range 20(2)(2), Mumbai (ITA NO. 6139/Mum/2014, dated 27.09.2017. (v). Kaliandas Udyog Bhavan Pemises Co-op. Society Ltd. Vs. ITO, 21(2)(1), Mumbai. In the aforesaid orders, it has been held by the Tribunal that though the cooperative banks pursuant to the insertion of sub-section (4) to Sec. 80P of the Act would no more be entitled for claim of deduction u/s 80P of the Act, but as a co-operative bank continues to be a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912) or under any other law for the time being in force in any State for the registration of co-operative societies, therefore, the interest income derived by a cooperative society from its investments held with a co-operative bank would be entitled for claim of deduction w/s 80P(2)(d) of the Act. We find that the aforesaid issue had exhaustively been looked into by the ITAT, "G" bench, Mumbai in the case of M/s Solitaire CHS Ltd, Vs. Pr.CIT-26, Mumbai ITA No.3155/Mum/2019, dated 29.11.2019, wherein the Tribunal had observed as under: "6. We have heard the authorized representatives for both the parties, perused the orders of the lower authorities and the material available on record, as well as the judicial pronouncements relied upon by them. Our indulgence in the present appeal has been sought, for adjudicating, as to whether the claim of the assessee for deduction under section. 80P(2)(d) in respect of interest income earned from the investments/deposits made with the co-operative banks is in order, or not. In our considered view, the issue involved in the present appeal revolves around the adjudication of the scope and gamut of sub-section (4) of Sec. 80P as had been made available on the statute, vide the Finance Act 2006, with effect from 01.04.2007. On a perusal of the order passed by the Pr.CIT under Sec. 263 of the Act, we find, that he was of the view that pursuant to insertion of sub-section (4) of Sec. 80P, the assessee would no more be entitled for claim of deduction under Sec. 80P(2) (d) in respect of the interest income that was earned on the amounts which were

parked as investments/deposits with cooperative banks, other than a Primary Agricultural Credit Society or a Primary Co-operative Agricultural and Rural Development Bank. Observing, that the co-operative banks from where the assessee was in receipt of interest income were not co-operative societies, the Pr. CIT was of the view that the interest income earned on such investments/deposits would not be eligible for deduction under Sec. 80P(2)(d) of the Act. 7. After necessary deliberations, we are unable to persuade ourselves to be in agreement with the view taken by the Pr. CIT. Before proceeding any further, we may herein reproduce the relevant extract of the aforesaid statutory provision, viz. Sec. 80P(2) (d), as the same would have a strong bearing on the adjudication of the issue before us. "80P(2) (d) (1). Where in the case of an assessee being a co-operative society, the gross total income includes any income referred to in sub-section (2), there shall be deducted, in accordance with and subject to the provisions of this section, the sums specified in subsection (2), in computing the total income of the assessee. (2). The sums referred to in sub-section (1) shall be the following, namely:-

(a).....

..... (b).....

.....

(c).....

..... (d) in respect of any income by way of interest or dividends derived by the co-operative society from its investments with any other co-operative society, the whole of such income;" On a perusal of Sec. 80P(2)(d), it can safely be gathered that interest income derived by an assessee co-operative society from its investments held with any other cooperative society shall be deducted in computing its total income. We may herein observe, that what is relevant for claim of deduction under Sec. 80P(2)(d) is that the interest income should have been derived from the investments made by the assessee co-operative society with any other co-operative society. We are in agreement with the view taken by the Pr. CIT, that with the insertion of sub-section (4) of Sec. 80P, vide the Finance Act, 2006, with effect from 01.04.2007, the provisions of Sec. 80P would no more be applicable in relation to any co-operative bank, other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank. However, at the same time, we are unable to

subscribe to his view that the aforesaid amendment would jeopardise the claim of deduction of a co-operative society under Sec. 80P(2)(d) in respect of its interest income investments/deposits parked with a co-operative bank. In our considered view, as long as it is proved that the interest income is being derived by a cooperative society from its investments made with any other co-operative society, the claim of deduction under the aforesaid statutory provision, viz. Sec. 80P(2)(d) would be duly available. We find that the term cooperative society" had been defined under Sec. 2(19) of the Act, as under:- "(19) "Co-operative society" means a cooperative society registered under the Cooperative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any state for the registration of cooperative societies;" We are of the considered view, that though the cooperative banks pursuant to the insertion of subsection (4) to Sec. 80P would no more be entitled for claim of deduction under Sec. 80P of the Act, but as a cooperative bank continues to be a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any State for the registration of co-operative societies, therefore, the interest income derived by a cooperative society from its investments held with a cooperative bank would be entitled for claim of deduction under Sec.80P(2) (d) of the Act. 8. We shall now advert to the judicial pronouncements that have been relied upon by the Id. A.R. We find that the issue that a co-operative society would be entitled for claim of deduction under Sec. 80P(2)(d) on the interest income derived from its investments held with a cooperative bank is covered in favour of the assessee in the following cases: (i) Land and Cooperative Housing Society Ltd. Vs. ITO (2017) 46 CCH \$2 (Mum) (ii) M/s C. Green Cooperative Housing and Society Ltd. Vs. ITO-21(3)(2), Mumbai (ITA No. 1343/Mum/2017, dated 31.03.2017 (iii) Marwanjee Cama Park Cooperative Housing Society Ltd. Vs. ITO-Range-20(2)(2). Mumbai (ITA No. 6139/Mum/2014, dated 27.09.2017. (iv). Kaliandas Udyog Bhavan Pemises Co-op. Society Ltd. Vs. ITO, 21(2)(1), Mumbai. We further find that the Hon'ble High Court of Karnataka in the case of Pr. Commissioner of Income Tax and Anr. Vs. Totagars Cooperative Sale Society (2017) 392 ITR 74 (Karn) and Hon'ble High Court of Gujarat in the case of State Bank Of India Vs. CIT (2016) 389 ITR 578 (Guj), had held, that the interest income earned by the

assessee on its investments with a co-operative bank would be eligible for claim of deduction under Sec. 80P(2)(d) of the Act. Still further, we find that the CBDT Circular No. 14, dated 28.12.2006, also makes it clear beyond any scope of doubt that the purpose behind enactment of sub-section (4) of Sec. 80P was that the co-operative banks which were functioning at par with other banks would no more be entitled for claim of deduction under Sec. 80P(4) of the Act. Insofar the reliance placed by the Pr. CIT on the judgment of the Hon'ble Supreme Court in the case of Totgars Co-operative Sale Society Ltd. vs. ITO (2010) 322 ITR 283 (SC) is concerned, we are of the considered view that the being distinguishable on facts had wrongly been relied upon by him. The adjudication by the Hon'ble Apex Court in the aforesaid case was in context of Sec. 80P(2)(a)(i), and not on the entitlement of a cooperative society towards deduction under Sec. 80P(2) (d) on the interest income on the investments/deposits parked with a co-operative bank. Although, in all fairness, we may observe that the Hon'ble High Court of Karnataka in the case of Pr. CIT Vs. Totagars cooperative Sale Society (2017) 395 ITR 611 (Karn), had concluded that a co-operative society would not be entitled to claim of deduction under Sec. 80P(2) (d). At the same time, we find, that the Hon'ble High Court of Karnataka in the case of Pr. Commissioner of Income Tax and Anr. Vs. Totagars Cooperative Sale Society (2017) 392 ITR 74 (Karn) and Hon'ble High Court of Gujarat in the case of State Bank Of India Vs. CIT (2016) 389 ITR 578 (Guj), had observed, that the interest income earned by a co-operative society on its investments held with a cooperative bank would be eligible for claim of deduction under Sec. 80P(2) (d) of the Act. We find that as held by the Hon'ble High Court of Bombay in the case of K. Subramanian and Anr. Vs. Siemens India Ltd. and Anr (1985) 156 ITR 11 (Bom), where there is a conflict between the decisions of nonjurisdictional High Court's, then a view which is in favour of the assessee is to be preferred as against that taken against him. Accordingly, taking support from the aforesaid judicial pronouncement of the Hon'ble High Court of jurisdiction, we respectfully follow the view taken by the Hon'ble High Court of Karnataka in the case of Pr. Commissioner of Income Tax and Anr. Vs. Totagars Cooperative Sale Society (2017) 392 ITR 74 (Karn) and Hon'ble High Court of Gujarat in the case of State Bank Of India Vs. CIT (2016) 389 ITR 578 (Guj), wherein it was observed that the

interest income earned by a cooperative society on its investments held with a cooperative bank would be eligible for claim of deduction under Sec.80P(2)(d) of the Act. 9. Be that as it may, in our considered view, as the A.O while framing the assessment had taken a possible view, and therein concluded that the assessee would be entitled for claim of deduction under Sec. 80P(2) (d) on the interest income earned on its investments/deposits with cooperative banks, therefore, the Pr. CIT was in error in exercising his revisional jurisdiction u/s 263 for dislodging the same. In fact, as observed by us hereinabove, the aforesaid view taken by the A.O at the time of framing of the assessment was clearly supported by the order of the jurisdictional Tribunal in the case of Land and Cooperative Housing Society Ltd. Vs. ITO (2017) 46 CCH 52 (Mum). Accordingly, finding no justification on the part of the Pr. CIT, who in exercise of his powers under Sec. 263, had dislodged the view that was taken by the A.O as regards the eligibility of the assessee towards claim of deduction under Sec. 80P(2)(d), we "set aside" his order and restore the order passed by the A.O under Sec. 143(3), date 14.09.2016." As the facts and the issue involved in the present case before us remains the same as were there before the Tribunal in the case of M/s Solitaire CHS Ltd. (supra), wherein the order passed by the Pr. CIT u/s 263 of the Act was quashed, we, thus, respectfully follow the same. Backed by our aforesaid deliberations, we are unable to uphold the view taken by the Pr. CIT that the failure on the part of the A.O to be disallow the assessee's claim for deduction u/s 80P(2)(d) had rendered the assessment order passed by him u/s 143(3) of the Act, dated 31.08.2017 as erroneous in so far it was prejudicial to the interest of the revenue. 9. Accordingly, on the basis of our aforesaid observations, we herein not finding favor with the view taken by the Pr. CIT that the order passed by the A.O u/s 143(3), dated 31.08.2017 was erroneous in so far it was prejudicial to the interest of the revenue within the meaning of Sec. 263 of the Act set-aside the same and restore the order passed by the A.O u/s 143(3) of the Act, dated 31.08.2017."

8. Hon'ble High Court of Karnataka in case of Pr. CIT & Anr.Vs. Totgar's Co-operative Sale Society Ltd. (2017) 292 ITR 74 (Kar.) and Hon'ble Gujarat High Court in case of State Bank of India vs. CIT (2016) 389 ITR 578 (Guj.) had held that interest income

earned by a co-operative society on its investment held with cooperative bank would be eligible for claim of deduction under section 80P(2)(d) of the Act.

9. So following the decision rendered by Hon'ble Karnataka High Court (supra) and Hon'ble Gujarat High Court (supra), we are of the considered view that assessee society who has earned an amount of Rs. Rs. 6,96,725/- from its investment of surplus fund with cooperative banks is entitled for deduction under section 80P(2)(d) of the Act. Resultantly, the Ld. CIT(A) has erred in upholding the denial of deduction by the AO to the assessee under section 80P(2)(d) of the Act.

7. We have considered the facts, circumstances and the ratio of the judicial decisions. The Honble Tribunal has dealt on the catena of judicial decisions were the co-operative society receives/earns interest on deposits with the co-operative bank is eligible for claim of deduction under section 80(2)(d) of the Act. Accordingly, we follow the judicial precedence, and set aside the order of the CIT(A) on the disputed issue and direct the Assessing officer to allow the claim of deduction u/sec 80P(2)(d) of the Act to the extent of interest income included in the gross total income and such deduction under this chapter VIA should be restricted to the gross total income. And we allow the grounds of appeal in favour of the assessee

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

Hence We considering, the facts, circumstances and follow the judicial precedence and we set aside the order of the CIT (A) on this disputed issue and direct the Assessing officer to allow deduction u/sec80P(2)(d) of the Act as discussed above. And these grounds of appeal of the assessee are allowed in favour of the assessee.

8 .The Grounds of Appeal raised in respect of fourth issue in the ITA.No.s.60/PAN/2025 & ITA.No.40 /PAN/2025.

The fourth disputed issue, where the AO and CIT(A) has not allowed the claim of deduction under section 80P(2)(a)(i) of the Act as the cooperative society is registered under the Karnataka Souharda Sahakari Act 1997.

The Ld.LR of the assessee submitted that Assessing Officer is not justified in denial of claim of interest income from investment/deposits with the co-operative banks u/s 80(P)(2)(a)(i) of the Act as the society is registered as Souharda Co-operative society under the Karnataka Souharda Sahakari Act and relied on the judicial decisions. We find the Honble Tribunal has dealt on this disputed issue in ITA.No.133to139/PAN/2019 Shree Mahila Credit Souhard Sahakari Limited Vs PCIT dated 18.07.2023 at Para 2 to 4 of the order as under:

“2. It emerges during the course of hearing that the sole dispute between the parties is that of assessee’s eligibility to claim sec.80P deductions which duly stood accepted by the assessing authority(ies) in the correspondent assessments; all framed u/sec.143(3) of the Act. There is further no quarrel between the parties that the assessee’s impugned deduction claims involve varying sums in all these assessment years. To be more precise, the solitary substantial issue between the parties is regarding correctness of learned PCIT’s revision directions terming the Assessing Officer’s corresponding regular assessments framed hereinabove as erroneous ones causing prejudice to interest of the Revenue for having treated this taxpayer as a “cooperative society” registered u/sec.2(19) of the Act. We wish to reiterate once again that the Revenue’s stand before us in light of the PCIT’s revision directions is that the assessee is not a “cooperative society” within the meaning of sec.2(19) of the Act being only a “Souharda” society registered under the state law(s). It therefore, vehemently argued before us that the PCIT’s revision directions in all these cases deserve to be upheld in very terms.

3. All these Revenue’s arguments fail to evoke our concurrence as the instant issue of assessee; a “Souharda” cooperative society being covered u/sec.2(19) of the Act, is no more res integra in light of the valuable guidance coming from hon’ble jurisdictional high court’s

recent decision [2022] 134 taxmann.com 62 (Kar.) Sri Matha Vivododdsha Pathina Souharda Sahakari Niyamitha vs. Union of India. Their lordships' have settled the law therein that a "Souharda" cooperative society registered under the state cooperative law(s) very well forms "a cooperative society" u/sec.2(19) of the Act. That being the case, we accept the assessee's contentions challenging correctness of the learned PCIT's revision directions in all these assessment years. The Assessing Officer's corresponding regular assessments stand restored as a necessary corollary. Ordered accordingly.

4. These assessee's seven appeals are allowed in above terms. A copy of this common order be placed in the respective case files."

Hence We considering, the facts, circumstances and follow the judicial precedence and set aside the order of the CIT (A) on this disputed issue and direct the Assessing officer to allow deduction u/sec80P(2)(d) of the Act as discussed in the above paragraphs. And these grounds of appeal are allowed in favour of the assessee.

9. The Grounds of Appeal raised in respect of fifth issue in the ITA.No.s138/PAN/2024 & ITA.No.272 /PAN/2024.

The fifth disputed issue, where the CIT(A) has sustained the addition u/sec 68 of the Act as the cooperative society has not explained the sources of cash deposits in the bank account during demonetization period.

The Ld.AR submitted that entire amount of demonetized currency during demonetization period are receipts from members on account of regular business transactions such as loan repayment, saving deposit, recurring deposit, pigmy collections etc. The members are recognized by the governing law i.e. The Karnataka Co-operative Societies Act 1959 and by the bye laws of the society. The deposits were made within the permitted period and with authorized bank to accept demonetized currency. All the transactions are properly

recorded in the books of account date wise. The amounts received from members and deposits made are not in contravention to the objectives of demonetization. During the assessment and appellate proceedings various details called for were submitted by the assessee to substantiate cash deposits during demonetization with proper documentation or member details. The Ld.DR relied on the order of the CIT(A) and submissions.

We heard the rival submissions and perused the material on record. The sole crux of the disputed issue that the CIT(A) has erred in confirming the addition made u/s68 of the Act as the transactions are not supported with the documentary evidences. The Assessee Representatives emphasized that the assessee has submitted the details as called for by the authorities with the Statement of demonetization deposits of amounts received from members, nature of deposits, Pan, KYC details, list of members of the society to explain the source and identity. We considering the facts, submissions and principles of natural justice, shall provide with one more opportunity of hearing to the assessee to substantiate the case with evidences and information. Accordingly, we set aside the order of the CIT(A) on this issue and remit the entire disputed issue to the file of the Assessing Officer to adjudicate afresh and the assessee should be provided adequate opportunity of hearing and shall cooperate in submitting the information. And the grounds of appeal of the assessee are allowed for statistical purposes.

10. The Grounds of Appeal raised in respect of sixth issue in the ITA.No.190/PAN/2024.

The sixth disputed issue, where the AO and CIT(A) has not allowed the claim of deduction of interest income received from the cooperative society under section 80P(2)(d) of the Act.

The Ld.AR submitted that the assessee is a Souharda credit niyamita registered under the provisions of Souharda Sahakari Act, 1997 with the main objects to accept deposits and to provide credit facilities to its members & the assessee claimed deduction of interest earned on deposits with co-operative societies u/sec 80P(2)(d) of the Act and relied on the judicial decisions. We considering the facts, circumstances and submissions are of the View that the deduction under section 80P(2)(d) of the Act has to mandatorily allowed to the assessee, where the interest income is received out of investment in co-operative society. Prima facie the dividend income or interest income on the investments/ deposits received from the co-operative societies is eligible for deduction. Accordingly, we direct the Assessing officer to allow the deduction of interest income earned from cooperative society. And this ground of appeal is allowed in favour of the Assessee.

11. The Grounds of Appeal raised in respect of seventh issue in the ITA.No.161/PAN/2023, 117/PAN/2024, 179/PAN/2025, 190/PAN/2024, 245/PAN/2024, 301/PAN/2024, 25/PAN/2025, 36/PAN/2025, 60/PAN/2025, 40&41/PAN/2025, 144/PAN/2024, 151&152/PAN/2024, 180/PAN/2024,255,285,286&287/PAN/2024,153/PAN/2024

The seventh disputed issue, where the AO and CIT(A) has not allowed the claim of deduction under section 80P(2)(a)(i) of the Act. As the cooperative society earns / receives interest on deposits maintained

with the nationalized banks / scheduled banks/ non cooperative banks.

The Ld.AR's submitted that the assessee has claimed deduction u/s 80P(2) (a) (i) of the Act relating to interest income from scheduled banks as the same constitutes income attributable to carrying of business of providing credit facilities to its members.. Further such investments are made as per specific clause 58 of The Karnataka Co-operative Societies Act 1959. The amount invested for short term is out of working capital available in the process of carrying out providing credit facilities which is the business of the assessee. As per specific clause of the governing law and bye laws the amounts are invested in Co-operative Credit societies, Co-operative Banks and Scheduled Banks. Investments in scheduled banks are made on account of commercial expediency of quick liquidity whenever the need arises. Whereas the provisions of section 80P(2) (a) (i) of the Act are dealt in cases where the whole of the amount of profits and gains of a business which are attributable to any of the activities referred to in clauses (i) to (vii) of that section shall qualify for deduction. The impugned interest income falls under profits and gains attributable to carrying on business of providing credit facilities to its members. Further the assessee-society is entitled to deduction under section 80P in respect of interest income from fixed deposits with nationalized bank when source of such investment was income derived from activities listed in sub-clauses (i) to(vii) of clause (a) of section 80P(2) of the Act.

The Ld.AR's relied on the judicial decisions

1. Bihar State Co-operative Bank Ltd v CIT 39 ITR 114 (SC) .

2. Cambay Electric Supply Industrial Co. Ltd v CIT 113 ITR 84 (SC).

2.1 Tumkur Merchants Souharda Credit Cooperative Ltd v ITO Ward – V, Tumkur 55 taxmann.com 447 (Kar).

3. Guttigedarara Credit Co-operative Society Ltd v ITO Ward 2(2), Mysore 377 ITR 464 (Kar) .

4. Vavveru Co-operative Rural Bank Ltd v Chief Commissioner of Income Tax 396 ITR 371 (A.P and Telangana).

5. Pr.CIT v Sahyadri Co-operative Credit Society Ltd 166 taxmann.com 445 (Ker).

6. Pr.CIT v Gunja Samabay Krishi Unnayan Samiti Ltd 147 taxmann.com 518(Cal)

7. Chennai Central Co-operative Bank Ltd 148 taxmann.com 17 (Mad).

8. Athani Credit Co-operative Society Ltd ITA No.121/PAN/2023.

9. Shree Adinath Minority Credit Souhard Sahakari Ltd ITA No.42/PAN/2023.

Further Interest income earned by cooperative credit society from its funds parked with nationalized and commercial banks would be construed as profits and gains of business, thus eligible for deduction under section 80P(2)(a)(i) of the Act.

The CBDT CIRCULAR No.18/2015

F.No.279/Misc./140/2015/ITJ dated 02.11.2015 on the issue of interest SLR securities of banks states that –

1. "It has been brought to the notice of the Board that in the case of Banks, field officers are taking a view that, "expenses relatable to investment in non-SLR securities need to be disallowed u/s 57(i) of the Act as interest on non-SLR securities is income from other sources."

2. Clause (id) of sub-section (1) of Section 56 of the Act provides that income by way of interest on securities shall be chargeable to income tax under the head "Income from Other Sources", if, the income is not chargeable to income-tax under the head "Profits and Gains of Business and Profession".

3. The matter has been examined in light of the judicial decisions on this issue. In the case of CIT v.Nawanshahar Central Cooperative Bank Ltd. [2007] 160TAXMAN 48(SC), the Apex Court held that the investments made by a banking concern are part of the business of banking. Therefore, the income arising from such investments is attributable to the business of banking falling under the head "Profits and Gains of Business and Profession"

The authorized representatives of the assessee's substantiated the submissions with the judicial decisions and the Ld.DR relied on the order of the CIT(A) and submissions. The Ld. AR's submitted that the assessee functions as a co-operative society & interest from scheduled banks is attributable to banking business which also utilized for the purpose of providing credit facilities. The interest income partakes the character of business income for the co-operative society.

On the issue for the attributable to the banking business, the assessee being a credit co-operative society is engaged in providing credit facilities to its members and the claim was in respect of the money available for business that in the nature of credit facilities provided & there is no surplus funds and applying the theory of attributable to the objects and also there are no surplus funds except the operational money which is available for providing credit facilities. Further the surplus funds generating the interest income were part of the working/operational funds of the society's core business of providing credit facilities to its members. The assessee has deposited the funds in the scheduled banks to obtain higher rate of interest therefore the concept of availability of surplus funds does not arise in the case of credit co-operative societies. Accordingly, the Ld. Assessing Officer to consider the facts of earning of interest income by the assessee from its core business of providing credit facilities to its members and allow the deduction.

On the second category of multipurpose Co-operative societies which deal in providing the credit facilities & also other business activities with its members and outsiders in such cases where the funds are invested with the scheduled banks by way of short term deposits cannot be said to be providing credit facilities to its members and the income is taxed as "other income" under the Income from other Sources u/sec 57 of the Act subject to allowing the deduction of direct and indirect cost incurred on such investments/deposits by the assessee from such interest income earned. Accordingly, this

disputed issue is restored to the file of the assessing officer to verify and examine the earning of interest income and allow the deductions as discussed above and adjudicate on merits. Further the deduction u/sec80P(2)(a)(i) of the Act in respect of scheduled bank interest in both the categories of societies should be restricted to the income forming part of gross total income. And these grounds of appeal are partly allowed for statistical purpose.

Revenue Appeal – ITA No.252/PAN/2024 AY 2015-16:

11. The revenue has raised the ground of appeal challenging the action of the CIT(A) allowing the deduction of interest income on fixed deposits with co-operative banks.

The Ld. DR submitted that the CIT(A) has erred in allowing the claim of the assessee in respect of interest income earned from the co-operative banks overlooking the factual aspects where the income or dividend earned from investments/fixed deposits with the co-operative banks are not eligible for claim of deduction u/s 80P(2)(d) of the Act. Per contra the Ld. A.R. submitted that the assessee being a credit co-operative society and investments/deposits made by the assessee with the co-operative banks take the character of a co-operative society and hence the assessee is eligible for deduction u/s 80P(2)(d) of the Act and substantiated the submission with factual paper book and judicial decisions.

We heard the rival submissions & perused the material placed on record. The sole crux of the disputed issue envisaged by the Ld. DR that the CIT(A) has erred in granting relief to the assessee by allowing the grounds of appeal of deduction u/s 80P(2)(d) of the Act. Whereas

the Ld. AR submitted that the co-operative banks are on par with co-operative societies for the purpose of allowing the claim of deduction u/s 80P(2)(d) of the Act. We find that the CIT(A) has dealt on facts and relied on the judicial decisions and granted the relief. We consider it appropriate to refer to the findings of the CIT(A) dealt at Page 11 Para. 6 to 6.1.6 of the order as under:

“6.1.1 During the course of assessment proceedings, the AO found that the appellant did not fulfil the primary object of a Primary Agricultural Credit Society and treated the appellant as Primary Agriculture Co-operative Bank. The AO stated that if the cooperative society complied with all the three conditions; firstly that the primary object or principle business transacted by it is a banking business, secondly, the paid up share capital and reserve are 1 lakh or more and thirdly, by laws of the co-operative society do not permit admission of any other co-operative society as a member, it would be regarded to be primary co-operative bank. According to the AO, the primary object and principal business of the assessee was transaction of banking business.

Hence, AO concluded that the appellant fulfilled all the three conditions of a cooperative society to be called as a co-operative bank and thus section 80P(4) of the Act applied to the appellant. As section 80P(4) of the Act clearly omits co-operative banks from the benefits of availing deduction allowed by section 80P(2)(a)(i) of the Act, the AO concluded that the appellant was not eligible for the deduction claimed u/s. 80P(2)(a)(i) of the Act and the same was disallowed. The AO did not allow the deduction to the appellant u/s 80P(2)(a)(i) of the Act and the income was assessed at Rs. 11,83,37,803/-.

6.1.2 During the course of appellate proceedings, the appellant submitted that the appellant co-operative society was engaged into the business of providing credit facilities to the members only and hence not to be considered as doing business of banking. The appellant also submitted that the appellant society was not fulfilling the three conditions together necessary to be considered as primary co-operative bank.

The appellant submitted that, the AO has rejected the claim of the appellant of deduction u/s 80P(2)(a)(i) of the Act of Rs. 11,82,87,803, stating that provisions of section 80P(4) of the Act are applicable to the appellant society and concluded that the Society was not eligible for deduction u/s 80P(2)(a)(i) of the Act because of applicability of section 80P(4) of the Act without considering the facts of the case.

The appellant relied heavily on the recent decision of Hon'ble Supreme Court in the case of Mavilayi Service Co-op Bank Ltd Vs Commissioner of Income Tax, Calicut (SC) 2021 and decision of High Court of Bombay at Goa (Tax Appeals No 2 of 2018 and 9, 23 and 26 of 2018) in appellant's own case. Further the appellant stated that the society received interest on bank deposits of Rs. 11,14,04,028.77. The said interest was received on the deposits received from members and which was considered as liquid assets of the Society and this liquid asset was deposited in other banks for interest, the said interest income is to be considered as business income and eligible for deduction u/s 80P (2)(a)(i) of the Act.

6.1.3 Further the appellant took additional ground that since AO had treated the whole income of Rs. 11,83,37,803 as income from other sources and not eligible for deduction u/s 80P(2)(a)(i) of the Act which may be considered while deciding the appeal for deduction u/s.

80P(2)(d) of the Act. As per its submission, the appellant had declared gross income of Rs. 11,88,07,308 and claimed deduction u/s 80P(2)(a)(i) of the Act of Rs. 11,82,87,803 and u/s 80P(2)(c) of the Act of Rs.50,000.

The gross total income of Rs. 11,88,07,308 included interest received from other banks of Rs. 11,14,04,028 which was recorded in P & L Account. The total interest received of Rs. 11,14,04,028 included interest received from Co-operative banks of Rs. 10,11,31,411 and from other banks of Rs.1,02,72,617. The appellant submitted that if interest income was not to be considered as profits and gains from business, then the same amount should be allowed under section 80P(2)(d) of the Act, as decided recently in judgment in the case of Banas Dairy Employees Credit & Supply Consumer Co-operative Society Limited V/s ACIT (TS-5694-ITAT-2022(Ahmedabad)). The appellant relied upon various other judgments to buttress his submissions. Therefore, the appellant claimed that the appellant society was eligible to claim deduction.

6.1.4 I have carefully gone through the assessment order, submission of the appellant and the case laws relied upon by the appellant and the AO. It is a fact that the appellant society was a co-operative engaged in the business of providing credit facilities to its members. The definition of "co-operative society is provided in section 2(19) of the Act. As per the provisions of section 2(19), "co-operative society" means a co-operative society registered under the Co-operative societies Act, 1912 or under any other law for the time being in force in any state for the registration of the cooperative society. When the provisions of

section 2(19) of the Act were applied to the appellant society, it was observed that the appellant society was registered u/s. 8 (section 9 of old Act) of The Goa Co-operative Societies Act, 2001 and Rule 8 (Rule 9 of old Rule) of The Goa State Co-operative Society Rules, 2003. Therefore, as per the provisions of section 2(19) of the Act, the appellant society was a "co-operative society for the purpose of Income tax. Therefore, the appellant society was eligible to claim deductions u/s. 80P of the Act subject to fulfilling other conditions of section 80P of the Act therein. When the competent authority has already registered the appellant society as a co-operative society, the AO was not justified in treating the appellant society as primary co-operative bank by overstretching the provisions of the Banking Regulation Act, 1949 and applying them to the appellant society. In this regard reliance was also placed on the decision of jurisdictional Hon'ble Bombay High court, at Goa in appellant's own case in its recent judgment of Tax Appeals No 2 of 2018 and 9, 23 & 26 of 2018 dated 07.05.2021. The relevant para of the aforementioned decision in the appellant's own case is as under:-

"41. That apart, the Apex Court has put a quietus to the controversy whether the Revenue could go behind the registration certificate of cooperative society and examine its activities to determine its true nature, if any. In *Mavilayi (SC)*, the enunciation of law is emphatic: the authorities under the IT Act cannot go behind the certificate. Here, indisputably, all the Assessees have been registered as cooperative credit societies. Banking, as understood by the Revenue, has never been its core activity. Their accepting deposits from non members does

not disqualify them from claiming benefits under section 80P of the IT Act."

In view of the above discussion and respectfully following the decision of Hon'ble Bombay High Court at Goa in the appellant's own case (supra), I am of the considered opinion that the AO was not justified in considering the status of appellant co-operative society as primary co-operative bank and therefore, the provisions of section 80P(4) of the Act are not applicable to the appellant society. The appellant society is eligible to claim deductions u/s. 80P(2)(a)(i) of the Act.

6.1.5. Further, during the course of appellate proceedings, the appellant raised additional ground that if the deduction claimed by the appellant was not considered eligible for deduction u/s. 80P(2)(a)(i) of the Act, the interest received from banks may be considered as eligible to claim deduction u/s. 80P(2)(d) of the Act. On verification of the submission of the appellant, it was observed that the appellant had declared gross income of Rs.11,88,07,308 and claimed deduction u/s 80P(2)(a)(i) of the Act of Rs. 11,82,87,803 and u/s. 80P(2)(c) of the Act of Rs.50,000. The gross total income of Rs.11,88,07,308 included interest received from other banks of Rs. 11,14,04,028 which was recorded in P & L Account. The total interest received of Rs. 11,14,04,028 included interest received from Co-operative banks of Rs. 10,11,31,411 and from other banks of Rs.1,02,72,617. On verification of submission of the appellant society it was observed that the appellant society has earned income from business of providing credit facilities to its members. The income from such activity earned by the appellant society was at Rs.69,33,775 as declared by the

appellant. Vide para 6.1.4. as above, the appellant society was eligible to claim the same as deduction u/s. 80P(2)(a)(i) of the Act. Therefore, the deduction of Rs.69,33,775 is allowed to the appellant u/s. 80P(2)(a)(i) of the Act. The appellant has received Rs. 11,14,04,028 interest from different banks which included interest received from Co-operative banks of Rs.10,11,31,411 and from other banks of Rs.1,02,72,617. In additional ground the appellant claimed whole of the interest amount of Rs.11,14,04,028 as deduction under section 80P(2)(d) of the Act. As per provisions of section 80P(2)(d) of the Act, the appellant is eligible for deduction of any income in respect of interest or dividends derived by it from its investments with any other Co-operative societies only and therefore is not eligible for deduction under this section in respect of interest earned from nationalized banks. Plethora of judicial precedence has held that the co-operative banks are the species of wider genus cooperative society and therefore, the interest income received from deposits with cooperative banks are allowed as deduction u/s. 80P(2)(d) of the Act. In this regard reliance is placed on the decision of the Hon'ble Gujarat High Court in the case of State Bank of India (SBI) v. CIT [2016] 72 taxmann.com 64 (Gujarat) in which it was held that interest earned from investments made in any bank other than cooperative society, is not deductible under section 80P(2)(d) of the Act. In the case of Banas Dairy Employees Credit & Supply Consumer Co-operative society Limited V/s ACIT (TS-5694-ITAT-2022(Ahmedabad)) on which the appellant has placed reliance, the Hon'ble Tribunal has held that "interest income earned by the assessee society on the investments held with the co-operative bank would be entitled for claim of deduction u/s. 80P(2) of the Act. However, the assessee shall not be entitled, for the interest income

earned from the nationalized bank, for deduction u/s. 80P(2)(d) of the Act."In the instant case, the appellant has earned interest income of Rs. 10,11,31,411 from deposits with other co-operative banks and Rs.1,02,72,617 from deposits with other than cooperative banks and claimed deduction under section 80P(2)(d) of the Act. Therefore, in view of the aforesaid discussion, the interest income of Rs. 1,02,72,617 cannot be allowed as deduction u/s. 80P(2)(d) of the Act and taxed as income from other sources.

6.1.6 It was a fact that the appellant society received interest from co-operative banks and other banks. There was no doubt that the society was eligible to claim deduction u/s. 80P(2)(a)(i) &80P(2)(d) of the Act. Therefore, in view of the above discussion and in the facts and circumstances of the case, respectfully following the decision of various judgments it is held that the Cooperative Societies are regulated by the legislation under which they are officially registered and hence the co-operative banks are the species of wider genus co-operative society. Thus, deduction of Rs.69,33,775 u/s. 80P(2)(a)(i) of the Act and Rs.10,11,31,411 u/s. 80P(2)(d) of the Act claimed by the appellant is thus allowed. Further by referring para 6.1.5 of this order, deduction of Rs. 1,02,72,617 u/s. 80P(2)(d) of the Act claimed by the appellant is not allowed and taxed as income from other sources. Accordingly, the ground of appeal No. 1 is partly allowed”.

We find the CIT(A) has also dealt on the facts, provisions of law and Honble High court decisions and passed a reasonable order. The Ld. DR could not controvert the findings of the CIT(A) on the disputed issue with any new cogent material or

information to take different view. Accordingly, we do not find any infirmity in the order of the CIT(A) in allowing the relief and uphold the same and dismiss the grounds of appeal of the revenue.

12. In the result, the appeal filed by the revenue is dismissed and twenty eight appeals filed by the assessee are partly allowed for statistical purpose in aforesaid terms.

Order pronounced in the open court on 28.11.2025.

Sd/-
(G.D. PADMAHSHALI)
ACCOUNTANT MEMBER

Sd/-
(PAVAN KUMAR GADALE)
JUDICIAL MEMBER

Panaji Dated: 28/11/2025

Copy of the Order forwarded to:

1. The Appellant,
2. The Respondent
3. The CIT(A)
4. CIT
5. DR, ITAT
6. Guard file.

//True Copy//

BY ORDER,
(Asstt. Registrar) ITAT,
Panaji

		Date	Initial	
1	Draft dictated on			PS
2	Draft placed before author			PS
3	Draft proposed & placed before the second member			PS
4	Draft discussed/approved by Second Member			PS
5	Approved Draft comes to the Sr.PS/PS			PS
6	Kept for pronouncement on			
7	File sent to the Bench Clerk			
8	Date on which file goes to the AR			
9	Date on which file goes to the Head Clerk			
10	Date of dispatch of Order			
11	Dictation Pad is enclosed			