

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 No.673/PUN/2025
निर्धारण वर्ष / Assessment Year : 2017-18

Central Water & Power Research Station Employees Co-op. Credit Soc. Limited, AT- Khadakwasala, Post- Khadakwasala, Sinhgad Road, Tal- Haveli, Pune- 411024. PAN : AACAC3580G	Vs.	ITO, Ward-6(1), Pune.
Appellant		Respondent

Assessee by : Shri Satish Nade
Revenue by : Shri Ramnath P. Murkunde

Date of hearing : 24.09.2025
Date of pronouncement : 28.11.2025

आदेश / ORDER

PER VINAY BHAMORE, JM:

This appeal filed by the assessee is directed against the order dated 03.02.2025 passed by Ld. CIT(A)/NFAC for the assessment year 2017-18.

2. Facts of the case, in brief, are that the assessee is an employees cooperative credit society duly registered under Maharashtra Cooperative Societies Act, 1960 and engaged in the activity of providing credit facilities to its members and also

accepting deposits from them. Return of income was furnished on 30.10.2017 by declaring total income of Rs.2,910/- after claiming deduction of Rs.50,44,582/- u/s 80P(2) of the IT Act, the case was selected for scrutiny under CASS and the returned income was accepted by the Assessing Officer and assessment order u/s 143(3) of the IT Act was passed on 20.1.2019. Subsequently, Ld. PCIT found that the assessee is not entitled to claim deduction u/s 80P(2) of the IT Act with regard to interest and dividend income received from Pune District Central Co-operative Bank Ltd. and the Assessing Officer without looking into this aspect allowed the impugned deduction therefore the Assessing Officer was directed u/s 263 of the IT Act to pass reassessment order a fresh. Accordingly the Assessing Officer vide order dated 16.02.2023 passed assessment order u/s 143(3) r.w.s. 263 r.w.s. 144B of the IT Act by disallowing the claim u/s 80P(2)(d) of Rs.21,87,980/- which comprises of interest income of Rs.17,90,615/- and dividend income of Rs.3,97,365/- received from Pune District Central Co-operative Bank Ltd.

3. Being aggrieved with the above assessment order, the assessee preferred an appeal before Ld. CIT(A)/NFAC. After considering

the reply of the assessee and by placing reliance on the judgement passed by Hon'ble Supreme Court in the case of Totgars Sale Society Ltd., Ld. CIT(A)/NFAC dismissed the appeal filed by the assessee.

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

5. 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 before us that the issue of interest and dividend income earned from other cooperative banks which are also cooperative societies is no more *res integra* in the light of various decisions passed by coordinate benches of this Tribunal. In this regard, Ld. AR relied on the decisions of Pune Bench of the Tribunal in the case of Rena Sahkari Sakhar Karkhana Ltd. order dated 07-01-2022 & in the case of Sumitra Gramin Bigar Sheti Sahkari Pat Sanstha Maryadit Mahaveer Path order dated 04-11-2022.

6. Apart from above decisions, Ld. AR of the assessee also relied on various judgements passed by Hon'ble Courts wherein identical issue was decided in favour of assessee and it was held that the facts

of Totagar Cooperative Sale Society Ltd. are distinguishable since the assessee is a Primary Credit Cooperative Society Ltd. which is engaged in providing credit facilities and also accepting deposits from members wherein the Totagar Cooperative Sale Society Ltd. was also engaged in the business of sale of agricultural produce. Accordingly, Ld. AR requested before us to allow deduction of Rs.21,87,980/- claimed by the assessee u/s 80P(2)(d) of the IT Act.

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

8. We have heard Ld. counsels from both the sides and perused the material available on record including the paper book and copy of case laws furnished by the Counsel of the assessee. In this regard, we find that the assessee is a primary credit cooperative society and is engaged in providing credit facilities and also accepting deposits from their members. During the period under consideration deduction u/s 80P(2)(a)(i) was claimed on the total income of the assessee however the Assessing Officer disallowed the claim of Rs.21,87,980/- comprising of interest income earned on its investments from Pune District Central Cooperative Bank Ltd. of

Rs.17,90,615/- and dividend income of Rs.3,97,300 also received from Pune District Central Co-operative Bank Ltd. Ld. CIT(A)/NFAC by relying on judgement of Hon'ble Supreme Court in the case of Totagars Cooperative Sale Society Ltd. confirmed the disallowance of Rs.21,87,980/- u/s 80P(2)(d) of the IT Act.

9. In this regard, we find that the issue of deduction u/s 80P(2)(d) of the IT Act of Interest & Dividend income earned on its investment from other cooperative banks is no more *res integra* in the light of various coordinate bench decisions passed by Jurisdictional Pune Tribunal. In this regard, some of them are as under :-

- (i) Rena Sahkari Sakhar Karkhana Ltd. order dated 07-01-2022.
- (ii) Sumitra Gramin Bigar Sheti Sahkari Pat Sanstha Maryadit Mahaveer Path order dated 04-11-2022.
- (iii) Annapurna Nagari Sahkari, Pathsanstha Maryadit Yawal Vs. Income Tax Officer, passed in ITA No.2471/PUN/2024 order dated 24-03-2025 wherein deduction u/s 80P(2)(d) was allowed by observing as under :-

“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 Shaikshanik Trust Nokar Co-op Credit Society vs. ITO in ITA 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 ld. 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.

10. In the result, the appeal of the assessee is allowed.”

10. 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 Bank we hold that the assessee is eligible for deduction u/s 80P(2)(d) of the IT Act for the Interest & Dividend income of Rs.21,87,980/- earned from Pune District Central Cooperative Bank Ltd which is also a cooperative bank. Accordingly, the order passed by Ld. CIT(A)/NFAC is set-aside and the Assessing Officer is directed to allow the claim of Rs.21,87,980/- made by the assessee credit

cooperative society limited. Thus, the grounds of appeal raised by the assessee are allowed.

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

Order pronounced on this 28th day of November, 2025.

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

पुणे / Pune; दिनांक / Dated : 28th 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 //

Assistant Registrar
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.