

**THE INCOME TAX APPELLATE TRIBUNAL
SURAT "SMC" BENCH, SURAT**

Through Hybrid Mode

Before Ms. Suchitra Kamble, Judicial Member

**ITA No. 971/Srt/2025
Assessment Year 2018-19**

Avkar Urban Co-op Credit Society Ltd., 113-114, Sunrise Chambers, Varachha Road, Mini Bazar, Surat- 395006 PAN: AAAAA8341B (Appellant)	Vs	The ACIT, Circle-3(3), Surat (Respondent)
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Assessee by: Shri Aakash Bakashwala, C.A.
Revenue by: Ms. Jayshree Thakur, Sr. D.R.

Date of hearing : 24-12-2025
Date of pronouncement : 29-01-2026

आदेश/ORDER

This is an appeal filed against the order dated 19-08-2025 passed by National Faceless Appeal Centre(NFAC), Delhi for assessment year 2018-19.

2. The grounds of appeal are as under:-

"1. That the CIT(A) erred in confirming the disallowance of deduction u/s 80P(2)(d) on Interest and dividend received from Co.-op. Bank of Rs.7,45,166/-.

2. That the deduction claimed u/s. 80P(2)(d) of Rs.7,45,166/- may kindly be allowed.

3. The appellant craves leave to add, amend, alter, vary and/ or withdraw any or all the above grounds of Appeal.”

3. The assessee co-operative society filed the return of income on 14-09-2018 declaring nil income. The case of the assessee was selected for limited scrutiny and statutory notices were issued along with questionnaire. The assessee society submitted its reply. After taking cognizance of the said reply and the submissions thereto, the A.O. observed that the assessee claimed deduction u/s. 80P of the Act amounting to Rs. 62,44,220/-. The said income is earned as interest derived from loans given to its members. The A.O. further observed that the society had also invested in fixed deposit with the Surat District Co-operative Ltd. and has earned interest and dividend of Rs. 7,45,166/-. The assessee claimed deduction u/s. 80P(2)(d) amounting to Rs. 3,80,115/- after deduction related expenses and other heads. The A.O. made addition of Rs. 6,95,166/- thereby disallowing the claim u/s. 80P(2)(d).

4. Being Aggrieved by the Assessment Order, the assessee filed appeal before the CIT(A). The CIT(A) dismissed the appeal of the assessee.

5. The ld. A.R. submitted that as per the decision of Hon'ble Gujarat High Court in case of Sabarkantha District Milk Producers Union Ltd. Vs. ACIT (Gujarat High Court) Tax Appeal 473 of 2014 and in the case of Katlary Kariyana Merchant Sahkari Sarafi Mandali Ltd vs. Assistant

Commissioner of Income Tax (ACIT) decided by the High Court of Gujarat at Ahmedabad on January 4, 2022. The assessee is entitled for deduction for deduction u/s. 80P(2)(d) in respect of interest received from Co-operative Bank.

6. The ld. D.R. relied upon the assessment order and the order of the CIT(A).

7. Heard both the parties and perused all the material available on record. The assessee received interest from a co-operative bank i.e. Surat Co-operative bank and the said co-operative bank is registered under the Co-operative Societies Act. As per the decision of Hon'ble Gujarat High Court in case of Katlary Kariyana Merchant Sahkari Sarafi Mandali Ltd(supra), the co-operative societies who have received interest from the co-operative banks are entitled for deduction u/s. 80P(2)(d). Hence, the A.O. as well as the CIT(A) has not taken cognizance of the decision of the Hon'ble Jurisdictional High Court. The appeal of the Assessee is allowed.

8. In the result, the appeal of the Assessee is allowed.

Order pronounced in the open court on 29-01-2026

Sd/-
(Suchitra Kamble)
Judicial Member

a.k.

Ahmedabad : Dated 29/01/2026

आदेश की प्रतिलिपि अग्रेषित / Copy of Order Forwarded to:-

1. Assessee
2. Revenue
3. Concerned CIT
4. CIT (A)
5. DR, ITAT, Surat
6. Guard file.

By order,
Assistant Registrar,
Income Tax Appellate Tribunal,
Surat