

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'SMC', NEW DELHI**

Before Sh. Satbeer Singh Godara, Judicial Member

ITA No. 7026/Del/2025 : Asstt. Year: 2016-17

ITA No. 7027/Del/2025 : Asstt. Year: 2017-18

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| Co-operative Cane Development Union Ltd. Sambhaoli, Hapur, Uttar Pradesh-245207 (APPELLANT) | Vs | Income Tax Officer, Ward-2(3)(4), Hapur, U.P. -245207 (RESPONDENT) |
| PAN No. AAATC5138R | | |

Assessee by : Ms. Gurneet Kaur, Adv.

Revenue by : Sh. Manoj Kumar, Sr. DR

Date of Hearing: 20.01.2026

Date of Pronouncement: 20.01.2026

ORDER

These assessee's twin appeals in ITA Nos. 7026 & 7027/Del/2025 for Assessment Years 2016-17 and 2017-18, arise against the Addl./JCIT(A), Thane's DIN & order Nos. ITBA/APL/S/250/2025-26/1079243808(1) & 1079243999(1) both dated 04.08.2025, in proceedings u/s 143(3) of the Income Tax Act, 1961 (in short "the Act"), respectively.

2. Heard both the parties at length. Case files perused.

3. Delay of 3 days in filing of both these appeals are condoned in the larger interest of justice in light of Collector Land Acquisition vs. Mst. Katiji & Ors (1987) 167 ITR 471 (SC).

4. It transpires during the course of hearing that both the learned lower authorities have refused section 80P deduction to the assessee qua its income derived from term deposits, short-term deposits, and interest on savings bank accounts amounting to Rs.24,19,257/- (A.Y. 2016-17) and Rs.30,23,293/- (A.Y. 2017-18); assessment year wise, respectively, in assessment order(s) dated 30.12.2018 and 15.12.2019 and upheld in the lower appellate discussion.

5. Both the learned lower authorities hold that such an interest income as in the present instance received from term deposits, short-term deposits, and interest on savings bank accounts could not be held as "derived" from an eligible business activity under section 80P(2); and, therefore, the same deserves to be assessed as income from "other" sources only.

6. Mr. Kumar also quotes M/s. The Totgars' Cooperative Sale Society Ltd. Vs. ITO (2010) 322 ITR 283 (SC) deciding the very issue in the Revenue's favour. The assessee on the other hand draws strong support from the Vaveru Co-operative Rural Bank Ltd. vs. CIT [(2017) 396 ITR 371 (AP)] wherein their lordships have rejected the Revenue's identical stand. Be that as it may,

the fact remains that no valuable guidance has come from hon'ble jurisdictional high court at Allahabad on the instant issue. That being the case, we hereby quote Commissioner of Income-Tax, West Bengal-I vs. Vegetable Products Ltd. [1973] 88 ITR 192 (SC) to conclude that the view supporting the assessee's case in such an instance has to be adopted; to accept the instant sole substantive ground against the department, in very terms. Necessary computation shall follow as per law.

7. No other ground or argument has been pressed before us.

8. These assessee's twin appeals ITA Nos. 7026 & 7027/Del/2025 are allowed. A copy of this common order be placed in the respective case files.

Order Pronounced in the Open Court on 20/01/2026.

Sd/-
(Satbeer Singh Godara)
Judicial Member

Dated: 20/01/2026

Subodh Kumar, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR