

**IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCH "A" MUMBAI**

**BEFORE SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)  
AND  
MS. KAVITHA RAJAGOPAL (JUDICIAL MEMBER)**

**MA No. 167/MUM/2025  
(Arising out of ITA No. 1806/MUM/2025)  
Assessment Year: 2016-17**

Abhyudaya Co-operative Bank Ltd.  
Dahisar Branch, Mumbai  
Shop No.14 & 15, D Wing, Northern  
Heights, Bldg 1, Shanti Ngr, Dongri,  
S V Rd, Dahisar E- 400 068

**PAN NO. AAAAA 0300 L  
Appellant**

**Vs.**

Income Tax Officer (TDS)  
TDS Ward 1(1)(1), Mumbai  
Room No. 413, 4<sup>th</sup> Floor,  
Cumballa Hill, MTNL Tele  
Building, Pedder Road,  
Cumballa Hill,  
Mumbai- 400 026

**Respondent**

**&**

**MA No. 168/MUM/2025  
(Arising out of ITA No. 1807/MUM/2025)  
Assessment Year: 2016-17**

Abhyudaya Co-operative Bank Ltd.  
Marve Link Branch, Mumbai  
Shop No.109, S-22, Rajiv Gandhi  
Commercial Complex, Ekta Nagar,  
Charkop, Marve Link Road,  
Kandivali West,  
Mumbai- 400 067

**PAN NO. AAAAA 0300 L**

**Vs.**

Income Tax Officer (TDS)  
TDS Ward 1(1)(1), Mumbai  
Room No. 413, 4<sup>th</sup> Floor,  
Cumballa Hill, MTNL Tele  
Building, Pedder Road,  
Cumballa Hill,  
Mumbai- 400 026

**&**

**MA No. 169/MUM/2025  
(Arising out of ITA No. 1808/MUM/2025)  
Assessment Year: 2016-17**



Abhyudaya Co-operative Bank  
Ltd. Bhiwandi Branch, Mumbai  
Gopal Nagar, Bhiwandi Kalyan  
Road, Bhiwandi, Thane- 421302

Income Tax Officer (TDS)  
TDS Ward 1(1)(1), Mumbai  
**Vs.** Room No. 413, 4<sup>th</sup> Floor, Cumballa Hill,  
MTNL Tele Building, Pedder Road,  
Cumballa Hill,  
Mumbai- 400 026

**PAN NO. AAAAA 0300 L**

**&**

**MA No. 170/MUM/2025**  
**(Arising out of ITA No. 1809/MUM/2025)**  
**Assessment Year: 2016-17**

Abhyudaya Co-operative Bank Ltd.  
Lalbaug Branch, Mumbai  
Ground Floor, Jaihind Cinema,  
Next to Voltas Sagar, Dr. B.A.Road,  
Chinchpokli East, Mumbai- 400033

Income Tax Officer (TDS)  
TDS Ward 1(1)(1), Mumbai  
**Vs.** Room No. 413, 4<sup>th</sup> Floor,  
Cumballa Hill, MTNL Tele  
Building, Pedder Road,  
Cumballa Hill,  
Mumbai- 400 026

**PAN NO. AAAAA 0300 L**

**&**

**MA No. 171/MUM/2025**  
**(Arising out of ITA No. 1810/MUM/2025)**  
**Assessment Year: 2016-17**

Abhyudaya Co-operative Bank Ltd.  
Ganeshnagar Branch, Mumbai  
Shop No.2 to 5, Abhilasha Apartment,  
Bhandup West, Mumbai- 400 078

Income Tax Officer (TDS)  
TDS Ward 1(1)(1), Mumbai  
**Vs.** Room No. 413, 4<sup>th</sup> Floor,  
Cumballa Hill, MTNL Tele  
Building, Pedder Road,  
Cumballa Hill,  
Mumbai- 400 026

**PAN NO. AAAAA 0300 L**

**&**

**MA No. 172/MUM/2025**  
**(Arising out of ITA No. 1811/MUM/2025)**  
**Assessment Year: 2016-17**



Abhyudaya Co-operative Bank Ltd.  
Dharavi Branch, Mumbai  
Shop No.2A, Ground Floor, Western  
India Tanner IESC, Dharavi Main  
Road, Dharavi, Mumbai- 400017

**Vs.**

Income Tax Officer (TDS)  
TDS Ward 1(1)(1), Mumbai  
Room No. 413, 4<sup>th</sup> Floor,  
Cumballa Hill, MTNL Tele  
Building, Pedder Road,  
Cumballa Hill,  
Mumbai- 400 026

**PAN NO. AAAAA 0300 L**

Assessee by : Mr. Sharad Vaze, CA  
Revenue by : Mr. Krishna Kumar, Sr. DR

Date of Hearing : 12/12/2025  
Date of pronouncement : 09/02/2026

## **ORDER**

### **PER OM PRAKASH KANT, AM**

These Miscellaneous Applications have been filed by the assesseees seeking rectification/recall of the common order of the Tribunal dated 30.06.2025 passed in ITA Nos. 1806 to 1811/Mum/2025 for assessment year 2016-17 pertaining to different branches. Since the issue involved in all the applications is identical, they were heard together and are being disposed of by this consolidated order for the sake of convenience.

2. The common grievance raised by the assesseees is that, while adjudicating the appeals, the Tribunal proceeded on the footing that exemption from deduction of tax at source on interest paid by one co-operative society to another co-operative society under section



**194A(3)(v)** of the Income-tax Act, 1961 was subject to the proviso to sub-section (3) of section 194A prescribing a turnover threshold of ₹50 crores. It is contended that the said proviso was inserted by the Finance Act, 2020 with effect from **01.04.2020**, whereas the appeals before the Tribunal pertain to assessment years prior to its insertion. According to the assesseees, application of the said proviso to earlier assessment years constitutes a mistake apparent from the record, amenable to rectification under section **254(2)** of the Act.

3. We have heard the rival submissions and carefully perused the material available on record. The assesseees before us are co-operative societies. The Assessing Officers had treated the assesseees as assesseees in default under sections **201(1)** and **201(1A)** of the Act in respect of interest payments made to other co-operative societies. While deciding the appeal, the Tribunal held that under the second limb of section **194A(3)(v)** of the Act, exemption from deduction of tax at source is available in respect of interest paid by one co-operative society to another co-operative society, but made the same subject to the proviso to sub-section (3) of section 194A, namely that aggregate gross receipt of payer cooperative society is not more than Rs. 50 crores.

4. On verification of the statutory provisions, it is evident that the second limb of section **194A(3)(v)** grants exemption from deduction of tax at source in respect of interest paid or credited by a co-operative society to another co-operative society. The proviso to



section 194A(3), prescribing the turnover threshold of ₹50 crores, was introduced by the Finance Act, 2020 with effect from **01.04.2020** and is prospective in operation. Therefore, in respect of assessment years prior to **01.04.2020**, the said proviso has no application. The reference to, and reliance upon, the said proviso while adjudicating the appeals relating to earlier assessment years constitutes a patent and obvious error apparent from the record. Such an error squarely falls within the limited scope of rectification contemplated under section **254(2)** of the Act.

5. Accordingly, paragraphs **6.1 to 6.4** of the Tribunal's order dated 30.06.2025 are rectified and shall read as under:

*“6.1 However, the second limb of the provision deals with exemption from TDS in cases where interest income is credited or paid by a co-operative society to any other co-operative society. Notably, this part of the provision does not contain any exclusion for co-operative banks. Accordingly, where a co-operative society makes payment or credits interest to another co-operative society, such transaction is exempt from the requirement of tax deduction at source.*

*6.2 Turning to the facts of the present case, it emerges that the assessee is a co-operative society which has effected payment of interest to other co-operative housing societies, who also qualify as co-operative societies under the Act, therefore, the assessee is not liable for deduction of tax at source on the interest payments made to the other societies .*

*6.3 In view thereof, Ground No. 1 raised in the appeal by the assessee stands allowed.”*

6. Except to the extent indicated above, the remaining findings and conclusions recorded in the original order shall remain unaltered.



7. In the result, all the Miscellaneous Applications filed by the assesseees are **allowed** in the above terms.

**Order pronounced in the open Court on 09/02/2026.**

Sd/-  
**(KAVITHA RAJAGOPAL)**  
**JUDICIAL MEMBER**

Sd/-  
**(OM PRAKASH KANT)**  
**ACCOUNTANT MEMBER**

Mumbai;  
Dated:09/02/2026  
Rahul Sharma, Sr. P.S.

**Copy of the Order forwarded to :**

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,  
(Assistant Registrar)  
**ITAT, Mumbai**