

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.1300/PUN/2025
निर्धारण वर्ष / Assessment Year : 2020-21

Mahesh Nagari Sahakari Patsanstha Maryadit, At Post Bhingar, Ahmednagar Camp, S.O. Burhanagar, Ahilyanagar- 414002. PAN : AADAM4172H	Vs.	Pr. CIT, Pune-1.
Appellant		Respondent

Assessee by : Shri Prasad S. Bhandari (Virtual)
Revenue by : Shri Amol Khairnar

Date of hearing : 02.12.2025
Date of pronouncement : 09.02.2026

आदेश / ORDER

PER VINAY BHAMORE, JM:

This appeal filed by the assessee is directed against the order dated 28.03.2025 passed u/s 263 of the IT Act by Ld. Pr. CIT, Pune-1 ['Ld. PCIT'] for the assessment year 2020-21.

2. The appellant has raised the following grounds of appeal :-

- "1. On the facts and in the prevailing circumstances of the case, respected PCIT Pune 1 erred passing the impugned Revision Order under section 263 without appreciating the fact that interest on the deposits made by a assessee co-operative society out of its business proceeds with the co-operative Bank is eligible*

for deduction under section 80P of the Act. Hence, the impugned order under section 263 may please be squashed.

2. *On the facts and in the prevailing circumstances of the case, respected PCIT Pune 1 erred passing the impugned Revision Order under section 263 without appreciating the submission made by the assessee society and the judgments of Hon'ble Jurisdictional Pune ITAT. Hence, the impugned order under section 263 may please be squashed.*
3. *The Appellate craves the permission to add, amend, modify, alter, revise, substitute, delete any or all grounds of the appeal, if deemed necessary at the time of hearing of the appeal.”*

3. Facts of the case, in brief, are that the assessee is a primary credit cooperative society engaged in providing credit facilities to its member and also accepting deposits from them. The return of income for the year under consideration was filed on 28.12.2020 declaring an income of Rs.45,180/- after claiming deduction of Rs.1,09,53,182/- u/s 80P(2) of the IT Act. The case was selected for scrutiny and the Assessing Officer completed the assessment u/s 143(3) of the IT Act by accepting the income returned by the assessee.

4. Subsequently, on examination of the assessment records, Ld. PCIT was of the opinion that the assessment order passed is erroneous in so far as it is prejudicial to the interest of the Revenue since the assessee claimed deduction u/s 80P(2)(f) of the IT Act and in response to notice issued by the Assessing Officer in this regard,

nothing was mentioned by the assessee. Apart from above, Ld. PCIT relied on the order passed by Hon'ble Supreme Court in the case of Totagars Cooperative Sales Society Ltd. vs. ITO [2010] 188 Taxman 282 (SC) and accordingly held that the interest income earned on surplus funds was taxable under the head 'Income from other sources' and the FAO has not verified this aspect. Accordingly, the assessment order dated 23.09.2022 was set-aside to the file of the Assessing Officer to reframe the assessment after providing reasonable opportunity to the assessee.

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

6. We have heard Ld. Counsels from both the sides and perused the material available on record including the paper book furnished by the assessee. In this regard, we find that admittedly the assessee in his return of income selected section 80P(2)(f) instead of section 80P(2)(d) for claiming deduction regarding interest income earned from other cooperative society. We further find that the assessee is a primary credit cooperative society and during the year under consideration was in receipt of interest income earned from its investments with other cooperative banks which are also

cooperative society. Apart from above, we also find that the assessee is an old cooperative society and earlier also the assessment orders were passed u/s 143(3) of the IT Act for various assessment years wherein deduction u/s 80P(2) of the IT Act was allowed to him. In this regard, copy of assessment orders passed for assessment year 2014-15 and assessment year 2015-16 were also produced before us wherein deduction claimed by the assessee u/s 80P(2) of the IT Act was allowed by the Assessing Officer during 143(3) proceedings. Regarding claiming deduction u/s 80P(2)(f) of the IT Act it was contended that the same was due to typographical error in fact the assessee intends to claim deduction u/s 80P(2)(d) of the IT Act. The assessee in his paper book furnished copy of decision passed a coordinate bench of this Tribunal in the case of Sumitra Gramin Biggar Sheti Sahakari Pat Sanstha vs. ITO in ITA No.1148/PUN/2018 wherein deduction u/s 80P(2) of the IT Act was allowed to the assessee.

7. Considering the totality of the facts of the case and in the light of various coordinate bench decisions passed by Jurisdictional Pune Tribunal, we are of the considered opinion that the assessee cooperative society is entitled to claim deduction u/s 80P(2) of the

IT Act and therefore we do not find any error in the order passed by the Assessing Officer wherein after considering all the facts of the case, the deduction u/s 80P(2) of the IT Act was allowed to the assessee, therefore the assessment order is neither erroneous nor prejudicial to the interest of the Revenue. Accordingly, we quash the order passed by Ld. PCIT u/s 263 of the IT Act. Thus, the grounds of appeal raised by the assessee are allowed.

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

Order pronounced on this 09th day of February, 2026.

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

पुणे / Pune; दिनांक / Dated : 09th February, 2026.

Sujeet

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr.CIT, Pune-1.
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.