

**IN THE INCOME TAX APPELLATE TRIBUNAL
AMRITSAR BENCH, AMRITSAR.**

**BEFORE SH. MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER
AND
SH. UDAYAN DASGUPTA, JUDICIAL MEMBER
(Physical Hearing)**

**I.T.A. No. 593/Asr/2025
Assessment Year: 2018-19**

The Dalla Co-op. Agri Multipurpose Society Ltd. C/O B.D. Bansal & Co. B-641, Ground Floor Near A Block Gurudwara Ranjit Avenue, Amritsar. [PAN:-AACAT2201M] (Appellant)	Vs.	ITO, Ward (1), Phagwara. (Respondent)
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Appellant by	Sh. Lakshay Bansal, CA
Respondent by	Sh. Charan Dass, Sr. DR

Date of Hearing	22.01.2026
Date of Pronouncement	23.03.2026

ORDER

Per: Udayan Dasgupta, J.M.:

This appeal is filed by the assessee against the order of Id. CIT (A), NFAC, Delhi, passed u/s 250 of the Act, 1961(*henceforth the Act*) vide order dated 28.02.2025, which has emanated from the order of AO, NEAC, passed u/s 143(3) r.w.s 144B, vide order dated 06.05.2021.

2. Condonation of delay: It is pointed out by the registry that this appeal is belatedly filed by 90 (ninety days). The assessee has filed an application for

condonation, where the Id. counsel *Sh. Tarun Bansal (Advocate)* stated that his office staff *Mr. Puneet* was handling the appeal matter of this assessee and the said *Mr Puneet* has left the job and it took sufficient time for the Advocate to trace him and obtain the *id and password* from his ex- employee, *Mr. Puneet* , in order to open the portal of the assessee resulting in this delay of ninety days. (An affidavit from Mr Puneet is also enclosed). He prayed for condonation of the delay and for admission of the appeal to be heard on merits.

2.1 The Id. DR objected to the said reasons but left it to the discretion of the Hon'ble Bench.

2.2 Considering the reasons put forth, in the instant case, we are not fully convinced regarding sufficiency of the same explaining the delay of *ninety days*, required to obtain a password (*through forget password mode*), but in the interest of justice, we condone the delay and admit the appeal to be heard on merits.

2.3 However, we find that negligence on the part of the Secretary of the assessee society and his counsel cannot be ruled out and this is a fit case for imposition of costs and considering the fact that the appellant is an *agricultural Multipurpose cooperative society*, we impose a token cost of only *Rs.5,000/- (Five thousand only)* payable to the "*Prime Ministers National Relief Fund*", within fifteen days of communication of this order (*evidence to be submitted to JAO*).

3. There are two grounds taken by the assessee in the memorandum of appeal in form 36 which are reproduced as below:

“1. That the Revenue has wrongly rejected the deduction claimed by the assessee u/s 80P(2)(d), on account of dividend and interest received on investment made in other cooperative society banks. Thus, order is bad in law.

2. That the Revenue allowed the deduction u/s 80P during the assessment of AY 2017-18, AY 2019-20 and AY 2020-21. However, they violated the Principle of Consistency by rejecting such deduction in the relevant year in spite of the fact that the relevant provisions of law, facts and circumstances remained identical in all the years. Thus, order is bad in law as it leads to mere change of opinion.”

4. Brief facts emerging from records are that the assessee is an *agricultural cooperative multipurpose society* engaged in the business of supplying pesticides and fertilizers to the members at concessional rates. The surplus and unutilized funds not immediately required for buying agricultural products was temporarily invested with other *cooperative banks* from which interest has been earned amounting to Rs. 33.27 lakhs during the year under appeal, which has been claimed as deduction u/s 80P(2) (d) of the Act, (as per details contained in para 3 of the assessment order) and the said claim of the assessee, has been disallowed by the AO due to the reasons that cooperative banks do not fall under the purview of cooperative society and are now governed by *Banking Regulation Act*, hence interest income arising from funds invested with either cooperative banks, Nationalised banks or Private banks, can be

classified as “ *income from other sources* ” under provisions of section 56 of the Act. (para – 4 of the order), and thereafter, the claim has been disallowed by observing as follows (Para – 7 of assessment order):

“7. In view of the above facts of the case, interest income earned by the assessee from investments/FDRs in Co-operative/Nationalised bank held as 'not attributable' to the business activities of providing credit facilities to its members and is being treated as 'Income from other sources' as per provisions of section 56 of the I.T. Act, 1961. This being the case, the aforesaid interest income of Rs. 33,27,350.52 is not eligible for deduction u/s. 80P. Accordingly income of Rs. 33,27,350.52 is added to the total income of the assessee society. (Addition Rs. 33,27,350.52)”

5. Subsequently, the matter carried in appeal before the Id. first appellate authority, has been discussed in details by considering all relevant decisions of various *High courts* and the *Hon'ble Supreme court* , on the issue relating to the allowability of the claim of deductions u/s 80P(2)(a)(i) and section 80P(2)(d) of the Act , and the Ld CIT(A) has dismissed the claim by observing as follows: (para – 11 of the appeal order):

“11. Respectfully following the decisions of the *Hon'ble Supreme Court* in the case of *Mavilayi and Totgars Cooperative Sale Society*, decision of *Hon'ble Karnataka High Court* and *Gujarat*

High Court in case of Katlary Kariyana Merchant Sahkari Sarafi Mandali' Ltd vs. ACIT dated 04.01.2022 and of the jurisdictional High Court of Punjab and Haryana in the case of CIT-I Chandigarh V. Punjab State Cooperative Agricultural Bank Ltd. the claim of the appellant for deduction u/s 80P of amounts invested with other cooperative Banks, are held as not tenable in the current year either u/s 80P(2)(a) or u/s 80P(2)(d).

6. Now, the assessee is before the tribunal on the grounds contained in the memorandum of appeal.

7. In course of hearing, the ld. AR of the assessee submitted that the issue is squarely covered in favour of the assessee by various decisions of the coordinate bench of the tribunal as under:

"Mullanpur Garibdas Co-operative Multipurpose Society vs. PCIT [2024] 163 Taxmann.Com 50 (Chandigarh Trib.) "Assessee-society, being a cooperative society, is entitled to exemption under section 80P(2)(d), in respect of its interest Income derived from fixed deposits with cooperative banks"

7.1 It is further submitted that the *Hon'ble ITAT Chandigarh bench* has also considered and followed the decision of the *Hon'ble jurisdictional P & H, High court* in the case of *CIT vs Doaba Cooperative Sugar Mills Ltd [1998] 230 ITR 774 and 144 CTR 147. The Tribunal observed in para – 22 of its order as follows:*

“22. In the aforesaid decision, the Hon'ble Jurisdictional High Court has referred to the provisions of Section 80P(2)(d) and held that the said provisions does not make any distinction with regard to the source of the investment because this section envisages deduction in respect of any income derived by the cooperative society from any investment with a co-operative society. It was held that it is immaterial whether any interest paid to the co-operative society exceeds the interest received from the bank on investments and the Revenue is not required to look to the nature of investment whether it was from its surplus funds or otherwise. The Hon'ble High Court thus held that the nature and source of investment is not relevant for claiming deduction under Section 80P(2)(d) of the Act, and what is relevant to examine is whether there is any income derived by a cooperative society from any investment with another co-operative society. In the instant case, we therefore find that it is not relevant to examine whether interest income is earned from any specified co-operative activity or it is a case of deployment of surplus funds by the assessee society so long as the interest income is earned from deposits placed with a co-operative society. Where the AO has allowed the claim of the assessee under section 80P(2)(d) of the Act after due examination of the facts of the case, he has rightly followed the dicta laid down by the Hon'ble Jurisdictional High Court and therefore, the order so passed by the AO cannot be held as erroneous in so far as prejudicial to the interest of Revenue.”

23. Now, coming to the decisions of the Hon'ble Karnataka High Court, we find that there are two decisions in case of Pr. CIT v. Totagars Co-operative Sale Society and in both of these decisions, the Hon'ble Karnataka High Court has referred to the decision of the Hon'ble Supreme Court in case of Totagars Cooperative Sale Society vs ITO (Supra). In case of first decision referred by the Id AR, it was held that according to section 80P(2)(d) of the Act, the amount of interest earned from a Co-operative Society Bank would be deductible from the gross income of the Co-operative Society in order to assess its total income. In the latter decision referred by the Id PCIT (he has not referred to the earlier decision), it was held that interest earned by the assessee, a Co-operative Society, from surplus deposits kept with a Co-operative Bank, was not eligible for deduction under Section 80P(2)(d) of the Act. We therefore find that there are divergent views of the non-jurisdictional High Court on the issue of eligibility of deduction under Section 80P(2)(d) of the Act in respect of interest earned from Co-operative Bank as against the decision of the Jurisdictional Punjab and Haryana High Court in case of CIT vs Doaba Co-operative Sugar Mills Ltd and latter shall be our guiding force as far as the present proceedings are concerned”.

7.2 He further relied on Jagadhri Cooperative 159 taxmann.com 1253 (Chandigarh)

“Jagadhri Co-operative Marketing Cum Processing Society Ltd. vs. PCIT [2024] 159 taxmann.com 1253 (Chandigarh Trib.)

"Where assessee a co-operative society claimed deduction under section 80P(2)(d) on interest income earned from deposits placed with a co-operative bank and Assessing Officer after due examination of facts allowed said claim, Principal Commissioner was not justified in invoking revisionary jurisdiction merely on ground that interest income was not earned from any other co-operative society but from scheduled commercial banks.

Provisions of section 80P(4) is relevant only where assessee is a cooperative bank and claims deduction under section 80P and not where assessee is a co-operative society"

Ashok Tower "D" Co Op Housing Society Ltd. vs. ITO [2024] 163 taxmann.com 598 (Mumbai - Trib.)

Sangli Division Telecorn Workers Co-op Credit Society Ltd. Vs. ITO [2024] 161 Taxmann.com 206 (Pune-Trib.)

Ruby Hall Clinic Karmachari Sahakari Pat Sanstha Maryadit vs. ITO [2024] 161 taxmann.com 23 (Pune - Trib.)

"Section 80P of the Income-tax Act, 1961 Deductions Income of cooperative societies (Interest income) - Assessment year 2018-19-Whether where assessee, a co-operative society, had received interest income from a co-operative bank which was registered under Co-. operative Societies Act, 1912, said interest income was eligible for deduction under section 80P (2) (d) Held, yes [Paras 2 and 3] [In favour of assessee]"

7.3 He further relied on *Shirol Taluka Khajagi Shikshak Sevakanchi Shakaari Patsanstha Maryadit Vs. ITO in ITA No.2665/PUN/2025 dated 27.01.2026 (Pune Bench)*, in support of his contention.

7.4 Relying on the law laid down by the jurisdictional High Court and the various decisions of coordinate Chandigarh Bench on the issue, he prayed that the claim for deduction u/s 80P(2)(d) may please be allowed.

8. The Ld. DR per contra relied on the decision of the Kolkata Tribunal in the case of “*Bibhisampur Samabay Unnayan Samity Ltd in ITA No 1021/Kolkata/ 2024 order dated 04th August, 2025*”, where the Hon’ble tribunal has taken a contradictory view on similar set of facts and has observed as follows:

“8. Therefore, considering the totality of facts and circumstances of the case and in view of the legal provisions enumerated in the preceding paras that the exemption provisions have to be strictly interpreted, the submissions of the Ld. DR and as has been elaborately discussed and brought out in the orders of the Hon'ble Karnataka High Court in the case of *Bangalore Club* as well as *Totagars (supra)* in which reliance has been placed upon the judgment of Hon'ble Supreme Court, the interest received from Cooperative Banks, even though they are Cooperative Societies, is not allowable in view of the express provision of sub-section (4) of section 80P of the Act as the Cooperative Banks have been treated at par with the Scheduled Banks and the deduction u/s 80P of the Act is allowable only for the interest received from the Cooperative Society per se and not from the Cooperative Bank.

The Ld. DR has amply demonstrated how the reliance on the decisions by the Ld. AR is not applicable to the facts of the case being distinguishable. Hence, the appeal of the Revenue is allowed, the order of the Ld. CIT(A) is set aside and the order of the Ld. AO is confirmed on this issue.

Hence, in view of the discussion made above, Ground no. 1 raised by the assessee is dismissed.”

8.1 The Ld. DR further relied on the decision of the Kolkata ITAT in the case of *Sikkim State Cooperative Supply & Marketing Fed Ltd in ITA No 1582/Kol / 2024* , order dated 18/06/2025, where the tribunal has taken a similar view by observing as follows:

“8. Therefore, considering the totality of facts and circumstances of the case and in view of the legal provisions enumerated in the preceding paras that the exemption provisions have to be strictly interpreted, the submissions of the Ld. DR and as has been elaborately discussed and brought out in the orders of the Hon'ble Karnataka High Court in the case of Bangalore Club as well as Totagars (supra) in which reliance has been placed upon the judgment of Hon'ble Supreme Court, the interest received from Cooperative banks, even though they are Cooperative Societies, is not allowable in view of the express provision of sub-section (4) of section 80P of the Act as the Cooperative Banks have been treated at par with the Scheduled Banks and the deduction u/s 80P of the Act is allowable only for the interest received from the Cooperative Society per se and not from the Cooperative Bank.

The Ld. DR has amply demonstrated how the reliance on the decisions by the Ld. AR is not applicable to the facts of the case being distinguishable. Hence, the appeal of the Revenue is allowed, the order of the Ld. CIT(A) is set aside and the order of the Ld. AO is confirmed on this issue.”

8.2 Referring to above the Ld. DR prayed for upholding the appellate order.

9. We have heard the rival submissions and considered the materials on record and the various judgments cited by the ld. AR and also by the ld. DR.

9.1 On this issue, we find that the Kolkata bench order in *ITA No 1582/ kol/ 2024*, has travelled to the High court and the matter has been elaborately discussed by the *Hon’ble Sikkim High Court vide order dated 10.12.2025* in the case of “*Sikkim State Cooperative Supply and Marketing Federation Limited (referred to as SIMFED)*” reported in 2025 (12) TMI 808 Sikkim High Court, where the Hon’ble High Court has considered the ratio laid down in the case of “*Totgars Cooperative Sale Society Ltd.*”, and has also considered the judgment of *Hon’ble Gujrat High Court in the case of “Ashwin Kumar Urban Co-operative Society Ltd. 11 TMI 971 (Guj HC) and* has observed as follows :

9.2 The relevant part of the order is reproduced as under:

“13. Now we must look at section 80P(2)(d), which reads as follows: -

“..... (d) in respect of any income by way of interest or dividends derived by the co-operative society from its investments with any other co-operative society, the whole of such income;”

14. *It is a matter of record that SIMFED earned interest from investments made in two co-operative banks, namely, Sikkim State Cooperative Bank Limited and Citizens Urban Co-operative Bank Limited, both registered as co-operative societies under the Sikkim Co-operative Societies Act, 1978. As stated hereinbefore, these investments were made from the surplus funds and statutory reserves of SIMFED as required under sections under the relevant provisions of Sikkim Cooperative Societies Act, 1978, more specifically, sections 57 to 66, under Chapter V of the Sikkim Co-operative Societies Act, 1978, which mandates prudent management and investment of funds only in approved securities of co-operative banks approved by the Registrar.*

15. *In our view, a plain reading of the provisions of law quoted above, clearly reveals that the learned Tribunal misinterpreted the provision of section 80P(4) of the Income Tax Act, 1961, which specifically excludes co-operative banks (other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank) and erroneously applied it in respect of SIMFED, thereby disentitling it from claiming benefit under section 80P of the Income Tax Act, 1961. As such, the first substantial question of law is answered in favour of the assessee.*

16. *So far as the second substantial question of law as framed by us is concerned, we are of the view that the Hon'ble High Court of Gujarat in the case of PCIT vs. Ashwin Kumar Urban Co-operative Society Ltd. reported in (2024) 168 taxmann.com 314 (Gujarat), has squarely answered this question in favour of the assessee by observing inter alia that the Hon'ble Supreme Court's*

decision rendered in Totgars' Cooperative Sale Society Ltd. (supra) was not applicable in the facts of that case — which is identical to the instant case — as the eligibility of deduction of interest in the facts of the instant case has to be decided under section 80P(2)(d) and not under section 80P(2)(a)(i). Totgars' Cooperative Sale Society Ltd. (supra) was primarily concerned with section 80P(2)(a)(i) and retained members' funds shown as liability to deny deductions under section 80P(2)(d). The facts of the Totagars' Cooperative Sale Society Ltd (supra) — as well as the applicability of the statutory provisions insofar as in our case is concerned — are factually and materially different. As such, the second substantial question of law as framed by us is also answered in favour of the assessee.

*17. Now, so far as the two judgments referred to by the learned Deputy Solicitor General of India are concerned, namely, **Totgars' Cooperative Sale Society Ltd. versus Income Tax Officer, Karnataka reported at (2010) 3 Supreme Court Cases 223 = (2010) 322 ITR 283 and the Principal Commissioner of Income-tax & Another vs. Totagars Co-operative Sale Society (and vice versa) by Karnataka High Court, reported at (2017) 395 ITR 611**, we have already held earlier that the judgment of the Hon'ble Supreme Court's judgment in Totgars' Cooperative Sale Society Ltd (supra) is not applicable in the facts of our case. So far as judgment of the Karnataka High Court is concerned — which was relied upon by the learned Income Tax Appellate Tribunal, while rendering its impugned judgment and order dated*

18th June, 2025 — the Gujarat High Court in Ashwin Kumar Urban Co-operative Society Ltd. (supra) has considered the said Karnataka High Court judgment and has clearly held the same to be distinguishable and not applicable in a similar fact situation as our present case.

18. We are, therefore, of the view that in the facts of the instant case, the assessee is entitled to claim deduction under section 80P(2)(d) of the Income Tax Act, 1961.

19. For reasons stated above, the impugned judgment and order dated 18th June, 2025, passed by the learned Income Tax Appellate Tribunal in I.T.A. Nos.: 1582/KOL/2024 in respect of the Assessment Year: 2018-19, is liable to be set aside and is accordingly set aside.

20. Tax Appeal No. 02 of 2025 is accordingly allowed.”

10. As such, respectfully following the law laid down by the *Hon'ble Sikkim High Court (which is the most recent decision being delivered on December 10th, 2025, on the issue)* regarding claim of deduction u/s 80P(2)(d) of the Act, in the matter of interest earned by cooperative societies from investments made in cooperative banks , and also considering the decision of the *Hon'ble jurisdictional High court in the case of CIT vs Doaba Cooperative Sugar Mills Ltd [1998] 230 ITR 774 and, and also considering the views of Hon'ble Chandigarh Bench in the case of the Jagraon Co-operative Marketing Cum Processing Society Ltd., order dated 25.9.2024, on identical issue, and the views expressed in the case of Mullanpur Garibdas*

*Cooperative [2024] 163 taxmann.com 50 (Chandigarh) and in the case of Jagadhri Cooperative 159 taxmann.com 1253 (Chandigarh), we hold that the assessee co-operative Society is entitled to deduction u/s 80P(2)(d) of the Act on interest earned from deposits made in **cooperative banks** and as such, the deduction claimed by the assessee is to be allowed.*

11. In the result, the appeal of the assessee is allowed.

Order pronounced on 23.03.2026 under Rule 34(4) of the Income Tax Appellate Tribunal Rules 1963.

Sd/-

(MANOJ KUMAR AGGARWAL)
Accountant Member

Sd/-

(UDAYAN DASGUPTA)
Judicial Member

AKV

Copy of the order forwarded to:

- (1)The Appellant
- (2) The Respondent
- (3) The CIT
- (4)The DR, I.T.A.T.

True Copy
By order