

IN THE INCOME TAX APPELLATE TRIBUNAL PUNE  
“B” BENCH PUNE

BEFORE SHRI MANISH BORAD, ACCOUNTANT MEMBER &  
SHRI PAVAN KUMAR GADALE, JUDICIALMEMBER

I T A. No..379/PUN/2026  
(A.Y.2017-18)

RamchandradadaKawade PunyaNagariNagariSahakrai Pat Sanstha Maryadit, S.No.66 Media Park, B T Kawade Road., Ghorpadi, Pune -411011 Maharashtra.	Vs	I.T.O.Ward 7(1), AayakarSadan, Bodhi Tower, 548/2B, Salasbury Park, Pune-411037, Maharashtra.
PAN.No.AAAAP5734H		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

Assesseeby	Shri.RajendraKadrekar&SiddheshWarhadi,AR
Revenue by	Shri.AmitBobde, CIT DR

सुनवाई की तारीख/Date of Hearing	08.04.2026
घोषणा की तारीख/Date of Pronouncement	17.04.2026

**ORDER**

**PER PAVAN KUMAR GADALE, JM:**

The appeal is filed by the assessee against the order of National Faceless Appeal Centre (NFAC) Delhi / CIT(A) passed u/sec143(3)r.w.s 263 and 250 of the Act. The assessee has raised the grounds of appeal challenging the order of the NFAC/CIT(A) sustaining the denial of claim of deduction u/sec 80P(2)(a)(i) of the Act and without prejudice to alternate/obtaining relief on interest income earned on deposits with the co-operative Banks.

2. The brief facts of the case are that, the assessee is a co-operative society registered under Maharashtra Societies

Act 1960 and is engaged in providing credit facilities to its members. The assessee has filed the return of income for the A.Y 2017-18 on 7.11.2017 disclosing a total income of Rs. Nil after claiming deduction u/sec 80P of the Act and the case was selected for scrutiny. Subsequently notice u/sec142 & 142(1) of the Act are issued calling for the details in respect of claims and the information supporting the return of income filed by the assessee. In compliance to notice, the assessee has filed the information and details. The Assessing Officer after considering the information and submissions filed in the course of hearing has accepted the returned income and passed the order u/sec 143(3)of the Act dated 30.11.2019. Subsequently, the revision order was passed u/s.263 of the Act on 28.03.2022 by the PCIT setting aside the order of assessment passed u/sec.143(3) of the Act dt.30.11.2019 with specific directions to the Assessing Officer in respect of interest on deposits with co-operative societies and co-operative banks.

3. As per the directions of PCIT, the Assessing Officer has issued notice u/sec 143(2) and u/sec 142(1) of the Act and called for the details in respect of deposits made with co-operative banks. The Assessing Officer found that the assessee has filed the details in support of the claims. The Assessing Officer in course of hearing has issued notice u/s 133(6) of the Act on the co-operative banks. Whereas, the Assessing Officer observed that assessee has received

an amount of Rs.1,59,47,737/- from investment made in various co-operative banks during the financial year 2016-17. The Assessing Officer dealt with facts and submissions in respect of investments/deposits with the cooperative banks and interest income earned by the assessee. Finally, Assessing Officer observed that the assessee is not entitled for deduction u/s.80(P)(2)(d) of the Act and has not make separate disallowance of interest income on deposits with co-operative banks and dealt with judicial decisions and denied the claim of deduction u/s.u/s.80(P)(2)(a)(i)/ 80(P)(2)(d) of the Act and assessed the total income of Rs.75,91,031/- and passed the order u/sec 143(3) r.w.s.263 r.w.s 144B of the Act dt.23.03.2023.

4. Aggrieved by the order, the assessee has filed an appeal before the CIT(A), whereas theCIT(A) has considered the grounds of appeal, statement of facts and findings of the AO and has issued notices of hearing and the assessee has filed detailed submissions on the allowability of claim but the CIT(A) has confirmed the action of Assessing Officer that interest income earned by the assessing society with co-operative banks is not eligible for deduction u/sec80(P)(2)of the Act and dismissed the appeal. Aggrieved with the order of the CIT(A), the assessee has filed an appeal before the Hon'ble Tribunal.

5. At the time of hearing, the Ld.AR submitted that the CIT(A) has erred in confirming the action of the Assessing officer overlooking the facts and information that interest income earned from the co-operative banks are not eligible for deduction u/s 80(P)(2)(d)/u/s.80(P)(2)(a)(i) of the Act and filed the written submission and substantiated with factual paper-book and judicial decisions. Per Contra, the Ld.DR supported the order of the CIT(A).

6. We heard the rival submissions and perused the material on record. The Ld.AR submitted that the CIT(A) has erred in observing that the interest income from co-operative banks is ineligible for deduction u/sec.80(P)(2)(d) and u/s.80(P)(2)(a)(i) of the Act. Whereas the Ld.AR substantiated that the coordinate bench of the Tribunal has considered the similar facts and granted relief and relied on the judicial decisions. We find the Hon'ble Tribunal in the revenue appeal I T O Ward.-5,Sangli Vs. Shree Ganesh Nagari Sahakari Pat Sanstha Maryadit (ITA No.2375/PUN/2025 & C.O. No.49/PUN/2025) dated 6.01.2026 has observed at Para 15 to 19 read as under:

“15. We have heard Ld. Counsels from both the sides and perused the material available on record. In this regard, we find that all the grounds raised by the Revenue revolves around the issue of allowability of deduction u/s 80P(2)(d) of the IT Act to primary credit cooperative society. In this regard, we find that in number of decisions passed by coordinate benches of this Tribunal it has been

held that a primary credit cooperative society is eligible to claim deduction u/s 80P(2) of the IT Act on interest and dividend income earned from its investment with other cooperative banks which are also cooperative societies duly registered under Maharashtra State Cooperative Societies Act. In this regard, following decisions are relevant :-

(i) Gurudatta Gramin Bigersheti, ITA No.502/PUN/2025 order dated 28-07-2025.

(ii) Pune Jila Madhyawarti Sahkari Bank Sevakanchi Sahkari Patsansta Maryadit, ITA No.1086/PUN/2025 order dated 23-06-2025.

(iii) Sharadchandra Nagari Sahakari Patsansta Maryadit, ITA No.1041/PUN/2025 order dated 04-06-2025.

16. We further find that the core issue of allowance of deduction u/s 80P(2) of the IT Act to a primary credit cooperative society was also decided by Hon'ble Jurisdictional Bombay High Court in the case of Annasaheb Patil Mathadi Kamgar Sahkari Pathpedhi Ltd. in ITA No.933/2017 order dated 14-10-2019 wherein deduction u/s 80P(2) of the IT Act was allowed to a primary credit cooperative society. Subsequently, this Judgement was also approved by Hon'ble Supreme Court in Civil Appeal No.8719 of 2022 order dated April 20, 2023 by observing as under :-

*"1. Feeling aggrieved and dissatisfied with the impugned order dated 14-10-2019 passed by the High Court of Judicature at Bombay in ITA No. 933/2017, by which the High Court has dismissed the said appeal*

*preferred by the Revenue, relying upon its earlier decision in the case of Quepem Urban Co-operative Credit Society Ltd. v. Asstt. CIT [2015] 58 taxmann.com 113/232 Taxman 510/377 ITR 272 (Bom.), the Revenue has preferred the present appeal.*

2. *The High Court considered the following question of law -*

*"Whether on the facts and in the circumstances of the case and in law, the Tribunal is justified as claimed by the assessee on the ground that the assessee, a co-operative credit society and is not a bank for the purpose of Section 80P(4) of the Act?"*

3. *Apart from the fact that against the relied upon decision in the case of M/s. Quepem Urban Co-operative Credit Society Ltd. (supra), the Special Leave Petition has been dismissed, having heard learned counsel appearing on behalf of the respective parties, the issue involved in the present appeal is squarely covered against the Revenue in view of the decision of this Court in Mavilayi Service Co-operative Bank Ltd. v. CIT [2021] 123 taxmann.com 161/279 Taxman 75/431 ITR 1/[2021] 7 SCC 90. This Court, in the aforesaid decision has specifically observed and held that primary Agricultural Credit Societies cannot be termed as Co-operative Banks under the Banking Regulation Act and, therefore, such credit societies shall be entitled to exemption under section 80(P)(2) of the Income-tax Act, 1961.*

4. *Ms.AakanshaKaul, learned counsel appearing on behalf of the appellant/Revenue has tried to submit that the respondent/Assessee will fall under the definition of Co-operative Bank as their activity is to give credit/loan. However, it is required to be noted that merely giving credit to its members only cannot be said to be the Co-operative Banks/Banks under the Banking Regulation Act. The banking activities under the Banking Regulation Act are altogether different activities. There is a vast*

*difference between the credit societies giving credit to their own members only and the Banks providing banking services including the credit to the public at large also.*

5. *There are concurrent findings recorded by CITA, ITAT and the High Court that the respondent/Assessee cannot be termed as Banks/Cooperative Banks and that being a credit society, they are entitled to exemption under section 80(P)(2) of the Income-tax Act. Such finding of fact is not required to be interfered with by this Court in exercise of powers under Article 136 of the Constitution of India. Even otherwise, on merits also and taking into consideration the CBDT Circulars and even the definition of Bank under the Banking Regulation Act, the respondent/Assessee cannot be said to be Co-operative Bank/Bank and, therefore, Section 80(P)(4) shall not be applicable and that the respondent/Assessee shall be entitled to exemption/benefit under section 80(P)(2) of the Income-tax Act.*

6. *In view of the above and for the reasons stated hereinabove, the present appeal deserves to be dismissed and is accordingly dismissed, answering the question against the Revenue and in favour of the Assessee.”*

17. Respectfully following the above latest decision passed by Hon’ble Supreme Court cited supra, we are of the considered opinion that the issue of allowance of deduction u/s 80P(2) of the IT Act in favour of primary credit cooperative society has attained finality & therefore we do not find any error in the order passed by Ld. CIT(A)/NFAC with regard to allowance of deduction u/s 80P(2)(d) of the IT Act to the assessee on interest income earned from its

investment from cooperative banks which are also cooperative societies.

18. In the result, the appeal filed by the Revenue is dismissed.

19. To sum up, the appeal filed by the Revenue is dismissed and the cross objection filed by the assessee is partly allowed, as indicated above.”

7. We consider the facts, circumstances, submissions and ratio of the judicial decisions dealt and follow the judicial precedence. Accordingly, we set aside the order of the CIT(A) and direct the Assessing Officer to allow the deduction u/sec.80(P)(2)(d) in respect of interest income and deposits of cooperative banks and further the total aggregate claim including deduction u/sec80P(2)(d) of the Act shall be restricted to original deduction u/sec80P(2)(a)(i) of the Act claimed in the return of income filed by the assessee. And we allow the grounds of appeal in favour of the assessee.

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

Order pronounced in the open court on.17.04.2026.

Sd/-  
**(MANISH BORAD)**  
**ACCOUNTANT MEMBER**  
Pune Dated:17/04/2026  
*Ashwini*

Sd/-  
**(PAVAN KUMAR GADALE)**  
**JUDICIAL MEMBER**

**Copy of the Order forwarded to:**

1. The Appellant,
2. The Respondent
3. The CIT(A)
4. CIT
5. DR, ITAT,
6. Guard file.

//True Copy//

BY ORDER,  
(Asstt.Registrar)ITAT,  
Pune

		Date	<u>Initial</u>	
1.	Draft dictated on	09.04.2026		PS
2.	Draft placed before author	10.04.2026		PS
3.	Draft proposed & placed before the second member			PS
4.	Draft discussed/approved by Second Member.			PS
5.	Approved Draft comes to the Sr.PS/PS			PS
6.	Kept for pronouncement on			
7.	File sent to the Bench Clerk			
8.	Date on which file goes to the AR			
9.	Date on which file goes to the Head Clerk.			
10.	Date of dispatch of Order.			
11.	Dictation Pad is enclosed			

