IN THE INCOME TAX APPELLATE TRIBUNAL
BANGALORE "SMC-B" BENCH, BANGALORE

Before Shri George George K, Judicial Member

ITA No.629/Bang/2020 : Asst.Year 2013-2014
ITA No.630/Bang/2020 : Asst.Year 2014-2015

M/s.Nikhara Souharda Credit Co-operative Limited No.148/1-1, 10th Main BKS 1st Stage, Srinagar Bengaluru – 560 050. **PAN : AAATN9165H.**	v.	The Income Tax Officer Ward 5(2)(5) Bengaluru.
(Appellant)		(Respondent)

Appellant by : Sri.Nitish Ranjan, CA
Respondent by : Sri.Ganesh R.Ghale, Standing Counsel

Date of Hearing : 21.09.2021		**Date of Pronouncement : 22.09.2021**

O R D E R

These appeals at the instance of the assessee are directed against two orders of the CIT(A), both dated 28.01.2010. The relevant assessment years are 2013-2014 and 2014-2015. Common issues are raised in these appeals, hence, they were heard together and are being disposed of by this consolidated order.

2. The solitary issue raised is whether the CIT(A) is justified in confirming the assessment order, wherein the claim of deduction u/s 80P of the I.T.Act was partly denied.

3. The brief facts of the case pertaining to assessment year 2013-2014 are as follows:

The assessee is a credit co-operative society. For the assessment year 2013-2014, the assessee declared gross total income of Rs.28,48,894. The whole income was claimed as deduction u/s 80P of the I.T.Act and the taxable income was arrived at `Nil'. The assessment was selected for scrutiny by issuance of notice u/s 143(2) of the I.T.Act. The A.O. made an addition of Rs.14,81,899 being interest earned by the assessee on deposits / securities. The A.O. held that the Hon'ble Apex Court in the case of Totagars Co-operative Sales Society reported in 322 ITR 283 (SC) had distinguished between two types of interest income earned by the assessee-society. One with regard to the interest income earned by providing credit facilities to the members, and other, the interest income earned by the assessee-society by investing funds in deposits / securities. The A.O. allowed deduction u/s 80P(2)(a)(i) of the I.T.Act with regard to interest earned by providing credit facilities to members. As regards the latter, the interest income was assessed as income from other sources by placing reliance on the judgment of the Hon'ble Apex Court in the case of Tatagars Co-operative Sales Society (supra). Consequently, the claim of deduction was denied to the extent of Rs.14,81,899.

4. Aggrieved by the order of the Assessing Officer for denying the claim of deduction to the extent of Rs.14,81,899, the assessee preferred an appeal to the first appellate authority. The CIT(A) following his order for assessment year 2014-2015, dismissed the appeal of the assessee. The

reasoning of the CIT(A) for denying the claim of deduction to the extent of Rs.14,81,899, are as follows:-

(i) The assessee is registered under the Karnataka Souhardha Sahakari Act, 1997, hence, it is not a co-operative society u/s 2(19) of the I.T.Act.

(ii) Since interest earned is not received from co-operative societies, the assessee-society is not entitled to the claim of deduction u/s 80P(2)(d) of the I.T.Act. The CIT(A) relied on the judgment of the Hon'ble Karnataka High Court in the case of Totagars Co-operative Sales Society reported in 395 ITR 611 (Kar.).

(iii) The claim of deduction u/s 80P(2)(a)(i) of the I.T.Act was also denied by placing reliance on the judgment of the Hon'ble Karnataka High Court in the case of Totagars Co-operative Sale Society reported (supra).

5. Aggrieved, the assessee has filed an appeal to the Tribunal. The learned AR has filed a paper book comprising of 98 pages enclosing therein the bye-laws of the co-operative society, financial statements for assessment years 2013-2014 and 2014-2015. The learned AR reiterated the submissions made before the Income Tax Authorities. It was also pleaded that if interest income is to be assessed as income from other sources, necessarily, the cost incurred for earning such interest income should be allowed as deduction u/s 57 of the I.T.Act. The learned AR for allowing deduction u/s 57 of the

I.T.Act, relied on Hon'ble Karnataka High Court judgment in the case of Tatgars Co-operative Sales Society Ltd. v. ITO [2015] 58 Taxmann.com 35 (Karnataka) judgment dated 25.03.2015).

6. The learned Standing Counsel submitted that the issue in question is squarely covered by the order of the Tribunal in the case of M/s.Vasavamba Co-operative Society Ltd. v. The Pr.CIT in ITA No.453/Bang/2020 (order dated 13.08.2021). It was submitted by the learned Standing Counsel that the Tribunal in the case of M/s.Vasavamba Co-operative Society Ltd. (supra) had analysed the judicial pronouncements on the subject and held that the assessee is not entitled the benefit of deduction either u/s 80P(2)(d) nor u/s 80P(2)(a)(i) of the I.T.Act in respect of interest income earned out of investments made with a co-operative Bank. As regards the learned AR's plea for deduction u/s 57 of the I.T.Act, the learned Standing Counsel relied on the order of the ITAT in the case of M/s.Sri Basaveshwara Credit Co-operative Society Ltd. v. CIT in ITA No.524/Bang/2012 (order dated 10.05.2013).

7. I have heard rival submissions and perused the material on record. The issue to be decided is with regard to the interest income earned on account of investments made with co-operative Banks, whether it is entitled to deduction either u/s 80P(2)(d) or u/s 80P(2)(a)(i) of the I.T.Act. The Bangalore Bench of the Tribunal in the case of M/s.Vasavamba Co-operative Society Ltd. (supra) had held that the assessee is

not entitled to deduction either u/s 80P(2)(d) nor u/s 80P(2)(a)(i) of the I.T.Act with regard to the interest income earned from investments made with co-operative banks. The Bangalore Bench of the Tribunal in the case of M/s.Vasavamba Co-operative Society Ltd. (supra) had followed the judgment of the Hon'ble jurisdictional High Court in the case of Pr.Commissioner of Income-tax & Anr. v. Totagars Co-operative Sales Society 395 ITR 611 (Kar.). The relevant finding of the Bangalore Bench of the Tribunal, reads as follow:-

> *"8. We have carefully considered the rival submissions. An order passed contrary to a decision of the Hon'ble Jurisdiction High Court would be in the nature of an order prejudicial to the interest of the revenue being an order passed on an incorrect application of law. In the case of Malabar Industrial Co. Ltd. vs. CIT[2000] 243 ITR 83(SC), the Supreme Court held that there must be two conditions namely that the order of assessment is erroneous and that the order is prejudicial to the interests of the Revenue which must be satisfied before the Commissioner may invoke his powers under Section 263 of the Act. The Court held that every loss of tax cannot be said to be prejudicial to the interests of the Revenue. If two views are possible, and the AO has adopted one of those views, the order of assessment cannot be prejudicial to the interests of the Revenue. However, when the Assessing Officer does not apply his mind to the issue at hand or violates any of the principles of natural justice, the order shall be prejudicial to the interests of the Revenue. Also, an incorrect assumption of facts or incorrect application of law by the AO would make the order of assessment erroneous and prejudicial to the interests of the Revenue.*
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> *9. The Hon'ble Supreme Court in the case of the The Totgars Cooperative Sale Society Ltd. Vs. ITO 322 ITR 283 (SC) held that Income from utilisation of surplus funds was taxable under the head income from other sources, and therefore not eligible for deduction u/s 80P. The Hon'ble Karnataka High Court in case of Tumkur Merchants Souharda Credit Cooperative Ltd. vs. ITO (230 Taxman 309), was dealing with a case where deduction u/s.80P(2)(a)(i) of the Act was claimed on interest from the deposits made in a nationalized bank out of the amounts which was used by the assessee for providing credit facilities to its members. The Assessee claimed that the said interest amount is attributable to the business of providing credit facilities by the assessee and forms part of profits and gains of business. The Hon'ble Karnataka High Court after considering SC judgment in case of Totgars(supra) held that since the word income is qualified by the expression "attributable" to the business*

of Banking is used in Sec.80P(2)(a)(i) of the Act, it has to receive a wider meaning and should be interpreted as covering receipts from sources other than the actual conduct of business. The Court held a Cooperative Society which is carrying on the business of providing credit facilities to its members, earns profits and gains of business by providing credit facilities to its members. The interest income so derived or the capital, if not immediately required to be lent to the members, they cannot keep the said amount idle. If they deposit this amount in bank so as to earn interest, the said interest income is attributable to the profits and gains of the business of providing credit facilities to its members only. The society is not carrying on any separate business for earning such interest income. The income so derived is the amount of profits and gains of business attributable to the activity of carrying on the business of banking or providing credit facilities to its members by a co-operative society and is liable to be deducted from the gross total income under Section 80P of the Act. The Hon'ble Court also distinguished the decision of the Hon'ble Supreme Court in the case of Totgars (supra) by observing that the Supreme Court was dealing with a case where the assessee-Cooperative Society, apart from providing credit facilities to the members, was also in the business of marketing of agricultural produce grown by its members. The sale consideration received from marketing agricultural produce of its members was retained in many cases. The said retained amount which was payable to its members from whom produce was bought, was invested in a short-term deposit/security. Such an amount which was retained by the assessee - Society was a liability and it was shown in the balance sheet on the liability side. Therefore, to that extent, such interest income cannot be said to be attributable either to the activity mentioned in Section 80P(2)(a)(i) of the Act or under Section 80P(2)(a)(iii) of the Act. Therefore in the facts of the said case, the Apex Court held the assessing officer was right in taxing the interest income indicated above under Section 56 of the Act. The Court also observed that even the Hon'ble Supreme made it clear that they are confining the said judgment to the facts of that case. The Court therefore concluded that Hon'ble Supreme Court was not laying down any law. Similar view taken in Guttigedarara Credit Co-operative Society Ltd. vs. ITO [2015] 377 ITR 464 (Karnataka). In the case of PRINCIPAL COMMISSIONER OF INCOME TAX AND ANOTHER vs. TOTAGARS CO-OPERATIVE SALE SOCIETY 392 ITR 0074 (Karn) in the context of deduction u/s.80P(2)(d) of the Act, it was held that Sec.80P(2)(d) of the Act allows deduction in respect of any income by way of interest or dividends derived by the co-operative society from its investments with any other cooperative society, the whole of such income. The Hon'ble Court held that that the aforesaid Supreme Court's decision in the case of Totgars (supra), was not applicable to deduction u/s.80P(2)(d) of the Act, because the said decision was rendered with regard to deduction under Section 80P(2)(a)(i) of the Act and not under Section 80P(2)(d) of the Act.

10. However, the Hon'ble Karnataka High Court in the case of PRINCIPAL COMMISSIONER OF INCOME TAX AND ANOTHER vs. TOTAGARS CO-OPERATIVE SALE SOCIETY 395 ITR 0611 (Karn) took a different view and held that interest income earned on deposits whether

with any other bank will be in the nature of income from other sources and not income from business and therefore the deduction u/s.80P(2)(d) of the Act cannot be allowed to the Assessee. The Hon'ble Court followed decision of Hon'ble Gujarat High Court in the case of SBI Vs. CIT 389 ITR 578(Guj.) in which the Hon'ble Gujarat High Court dissented from the view taken by the Hon'ble Karnataka High Court in the case of Tumkur Merchants case (supra) The Hon'ble Court had to deal with the following substantial question of law:

> "(I)Whether the assessee, Totagar Co-operative Sale Society, Sirsi, is entitled to 100% deduction under Section 80P(2)(d) of the Income Tax Act, 1961 (for short 'the Act') in respect of whole of its income by way of interest earned by it during the relevant Assessment Years from 2007-2008 to 2011-2012 on the deposits or investments made by it during these years with a Cooperative Bank, M/s. Kanara District Central Co-operative Bank Limited?
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> (II) Whether the Supreme Court decision in the case of the present respondent assessee, Totgar Co-operative Sale Society Limited itself rendered on 08th February 2010, in Totgar's Cooperative Sale Society Limited v. Income Tax Officer, reported in (2010) 322 ITR 283 SC : (2010) 3 SCC 223 for the preceding years, namely Assessment Years 1991-1992 to 1999-2000 (except Assessment Year 1995-1996) holding that such interest income earned by the assessee was taxable under the head 'Income from Other Sources' under Section 56 of the Act and was not 100% deductible from the Gross Total Income under Section 80P(2)(a)(i) of the Act, is not applicable to the present Assessment Years 2007-2008 to 2011-2012 involved in the present appeals and therefore, whether the Income Tax Appellate Tribunal as well as CIT (Appeals) were justified in holding that such interest income was 100% deductible under Section 80P(2)(d) of the Act?"

11. The Hon'ble Court held that such interest income is not income from business but was income chargeable to tax under the head income from other sources and therefore there was no question of allowing deduction u/s.80P(2)(d) of the Act. The following points can be culled out from the aforesaid decision:

> 1. What Section 80P(2)(d) of the Act, which was though not specifically argued and canvassed before the Hon'ble Supreme Court, envisages is that such interest or dividend earned by an assessee co-operative society should be out of the investments with any other co-operative society. The words 'Co-operative Banks' are missing in clause (d) of subsection (2) of Section 80P of the Act. Even though a co- operative bank may have the corporate body or skeleton of a cooperative society but its business is entirely different and that is the banking business, which is governed and regulated by the provisions of the Banking Regulation Act, 1949. Only the Primary Agricultural Credit Societies with their limited work of providing credit facility to its members continued to be

governed by the ambit and scope of deduction under Section 80P of the Act. (Paragraph 13 of the Judgment).

2. The banking business, even though run by a Co-operative bank is sought to be excluded from the beneficial provisions of exemption or deduction under Section 80P of the Act. The purpose of bringing on the statute book sub-section (4) in Section 80P of the Act was to exclude the applicability of Section 80P of the Act altogether to any co-operative bank and to exclude the normal banking business income from such exemption/deduction category. The words used in Section 80P(4) are significant. They are: "The provisions of this section shall not apply in relation to any co-operative bank other than a primary agricultural credit society …..". The words "in relation to" can include within its ambit and scope even the interest income earned by the respondent-assessee, a cooperative Society from a Co-operative Bank. This exclusion by Section 80P(4) of the Act even though without any amendment in Section 80P(2)(d) of the Act is sufficient to deny the claim of the respondent assessee for deduction under Section 80P(2)(d) of the Act. The only exception is that of a primary agricultural credit society. (Paragraph-14 of the judgment)

3. The amendment of Section 194A(3)(v) of the Act excluding the Cooperative Banks from the definition of "Co- operative Society" by Finance Act, 2015 and requiring them to deduct income tax at source under Section 194A of the Act also makes the legislative intent clear that the Co-operative Banks are not that specie of genus co-operative society, which would be entitled to exemption or deduction under the special provisions of Chapter VIA in the form of Section 80P of the Act. (Paragarph 15 of the Judgment)

4. If the legislative intent is so clear, then it cannot contended that the omission to amend Clause (d) of Section 80P(2) of the Act at the same time is fatal to the contention raised by the Revenue before this Court and sub silentio, the deduction should continue in respect of interest income earned from the co-operative bank, even though the Hon'ble Supreme Court's decision in the case of Respondent assessee itself is otherwise.(Paragraph 16 of the Judgment)

5. On the decision of the earlier decision of the Hon’ble Karnataka High Court referred to in the earlier part of this order, the Court held that it did not find any detailed discussion of the facts and law pronounced by the Hon'ble Supreme Court in the case of the respondent assessee (Totagars Sales Co-operative society) and hence unable to follow the same in the face of the binding precedent laid by the Hon'ble Supreme Court. The Hon’ble Court observed that in paragraph 8 of the said order passed by a co-ordinate bench that the learned Judges have observed that

> *"the issue whether a co-operative bank is considered to be a co- operative society is no longer res integra, for the said issue has been decided by the Income Tax Appellate Tribunal itself in different cases……....".*
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> No other binding precedent was discussed in the said judgment. Of course, the Bench has observed that a Co-operative Bank is a specie of the genus co- operative Society, with which we agree, but as far as applicability of Section 80P(2) of the Act is concerned, the applicability of the Supreme Court's decision cannot be restricted only if the income was to fall under Section 80P(2)(a) of the Act and not under Section 80P(2)(d) of the Act.(Paragraph-18 of the Judgment)
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> 6. The Court finally concluded that it would not make a difference, whether the interest income is earned from investments/deposits made in a Scheduled Bank or in a Co-operative Bank. Therefore, the said decision of the Co-ordinate Bench is distinguishable and cannot be applied in the present appeals, in view of the binding precedent from the Hon'ble Supreme Court." (Paragraph 19 of the Judgment)

12. The Hon'ble Karantaka High Court in the aforesaid decision also placed reliance on a decision of the Hon'ble Gujarat High Court in the case of STATE BANK OF INDIA (SBI) vs. COMMISSIONER OF INCOME TAX 389 ITR 0578 (Guj) did not agree with the view taken by the Karnataka High Court in Tumkur Merchants Souharda Credit Cooperative Ltd. (supra) that the decision of the Supreme Court in Totgars Co-operative Sale Society (supra) is restricted to the sale consideration received from marketing agricultural produce of its members which was retained in many cases and invested in short term deposit/security and that the said decision was confined to the facts of the said case and did not lay down any law. The Hon'ble Gujarat High Court held that in the case of Totgars Cooperative Sale Society (supra) decided by Hon'ble Supreme Court, the court was dealing with two kinds of activities: interest income earned from the amount retained from the amount payable to the members from whom produce was bought and which was invested in short-term deposits/securities; and the interest derived from the surplus funds that the assessee therein invested in short-term deposits with the Government securities. The Hon'ble Gujarat High Court in this regard referred to the decision of the Karnataka High Court from which the matter travelled to the Supreme Court wherein it was the case of the assessee that it was carrying on the business of providing credit facilities to its members and therefore, the appellant-society being an assessee engaged in providing credit facilities to its members, the interest received on deposits in business and securities is attributable to the business of the assessee as its job is to provide credit facilities to its members and marketing the agricultural products of its members. The Hon'ble Gujarat High Court therefore held that decision in the case of Totagar Co-operative Sales Society rendered by the Hon'ble Supreme Court is not restricted only to the investments made by the assessee

therein from the retained amount which was payable to its members but also in respect of funds not immediately required for business purposes. The Supreme Court has held that interest on such investments, cannot fall within the meaning of the expression "profits and gains of business" and that such interest income cannot be said to be attributable to the activities of the society, namely, carrying on the business of providing credit facilities to its members or marketing of agricultural produce of its members. The court has held that when the assessee society provides credit facilities to its members, it earns interest income. The interest which accrues on funds not immediately required by the assessee for its business purposes and which has been invested in specified securities as "investment" are ineligible for deduction under section 80P(2)(a)(i) of the Act. (Paragraph-13 of the Judgment)

13. It can thus be seen that the ratio laid down by the Hon'ble Karnataka High Court in the case of Totalgars Cooperative Sales Society in 395 ITR 611 (Karn) is that in the light of the principles enunciated by the Supreme Court in Totgars Co-operative Sale Society (supra), in case of a society engaged in providing credit facilities to its members, income from investments made in banks does not fall within any of the categories mentioned in section 80P(2)(a) of the Act. However, section 80P(2)(d) of the Act specifically exempts interest earned from funds invested in cooperative societies. Therefore, to the extent of the interest earned from investments made by it with any co-operative society, a co-operative society is entitled to deduction of the whole of such income under section 80P(2)(d) of the Act. However, interest earned from investments made in any bank, not being a co-operative society, is not deductible under section 80P(2)(d) of the Act.

14. The CIT was therefore justified in exercising his powers of revision u/s.263 of the Act and directing the AO to tax interest income in question as it is neither of the nature specified in Sec.80P(2)(a)(i) or 80P(2)(d) of the Act.

15. The argument of the learned counsel for the Assessee has been that the AO has applied his mind and allowed the deduction and therefore the jurisdiction u/s.263 of the Act cannot be exercised. On this argument, the learned DR pointed out that the jurisdiction u/s.263 of the Act was exercised by the CIT not for the reason that the AO failed to make proper enquiries before concluding the Assessment but on the ground that his decision was contrary to decision of Hon'ble Jurisdictional High Court and therefore this argument of the learned counsel for the Assessee cannot be accepted. The argument that the view taken by the AO was a possible view and hence revision u/s.263 of the Act is bad is again not acceptable because, the view that ought to have been adopted was the later binding decision of the High Court in the case of Totagar co-operative sales society 395 ITR 611 (Karn.).

16. The argument that co-operative Banks are also co-operative societies is again without any basis in the light of the law explained in the case of Totagar co-operative sales society 395 ITR 611 (Karn.). The reliance

placed by the learned counsel for the Assessee on the earlier decisions of the Hon'ble Karnataka High Court in the case of Tumkur Merchants Souharda Credit Cooperative Ltd. (supra) that the decision in Totgars Co-operative Sale Society (supra) stands explained by the later decision in the case of Totagar co-opeartive sales society 395 ITR 611 (Karn.)."

7.1 In the light of the above order of the Bangalore Bench of the Tribunal, which has analysed the judicial precedents on the subject, I hold that the assessee is not entitled to deduction u/s 80P(2)(d) nor u/s 80P(2)(a)(i) of the I.T.Act in respect of interest income earned from investments with Co-operative Banks.

7.2 Insofar as the CIT(A)'s finding that the assessee-society is not a co-operative society u/s 2(19) of the I.T.Act, is not correct view in light of the judgment of the Hon'ble jurisdictional High Court in the case of Swabhimani Souharda Credit Co-operative Limited v. Government of India reported in (2020) 421 ITR 670 (Kar.). The Hon'ble High Court had held that a society registered under Karnataka Souharda Sahakari Act, 1997 is also a co-operative society. However, the CIT(A), in this case, has not denied the entire claim of deduction u/s 80P of the I.T.Act. The CIT(A) has confirmed the A.O.'s disallowance of Rs.14,81,899 (Total claim of deduction u/s 80P was Rs.28,48,894) being interest income earned out of investment made with Co-operative Banks.

7.3 The learned AR had claimed that if interest income is to be assessed as income from other sources, necessarily, the cost incurred for earning such interest income should be allowed as deduction u/s 57 of the I.T.Act, I find an identical issue was considered by the Hon'ble jurisdictional High Court

in the case of Totgars Co-operative Sales Society Ltd. v. ITO reported in [2015] 58 Taxmann.com 35 (Karnataka) (judgment dated 25.03.2015). The relevant findings of the Hon'ble High Court, read as follows:-

> *"11. Having heard the learned counsel for the parties and perusing the records and in the light of the finding recorded by the Hon'ble Supreme Court that the interest income earned by the appellant falls within the category of "other income" what falls for consideration is to answer the question as to whether the Tribunal was right in law in holding that the income by way of interest was chargeable to tax under Section 56 of the Income Tax Act without allowing deduction in respect of proportionate costs incurred as permissible under Section 57.*
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> *12. It is no doubt true that the appellant did initially claim deduction under Section 80P(2). Upon the pronouncement of the order by the Apex Court, in these appeals referred to supra, the income earned on the interest is declared as "other income" falling under Section 56 of the Income Tax Act. Then the next immediate question that follows is as to whether the entire fund i.e., in deposit with the Bank is taxable or the proportionate expenditure incurred by the appellant requires deduction. It is logical that when the Revenue is permitted to assess and recover taxes from assessee under Section 56 by treating the income earned by interest as income from "other sources", the appellant shall be entitled for proportionate expenditure cost incurred in mobilizing the deposit placed in the Bank/s. What can be taxed is only the next income which the appellant earns after deducting cost and expenditure incurred and administrative expenses incurred by the assessee.*
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> *13. Accordingly, we answer the question of law and hold that the Tribunal was not right in coming to the conclusion that the interest earned by the appellant is an income from other sources without allowing deduction in respect of the proportionate costs, administrative expenses incurred in respect of such deposits."*

7.4 As regards the ITAT's order in case of M/s.Sri Basaveshwara Credit Co-operative Society Ltd. v. CIT (supra) relied on by the learned Standing Counsel, I find the same

has not referred to the Hon'ble jurisdictional High Court and is not in consonance with the dictum laid down by the Hon'ble High Court. The assessee has not raised the plea before the Income Tax Authorities that it has to be given deduction u/s 57 of the I.T.Act, in respect of expenditure for earning the interest income. However, inspite of such plea not raised before the lower authorities, I am of the view that since the fundamental principle under Income-tax Act being that only net income has to be taxed and not the gross income, this plea of the assessee has to be necessarily entertained, especially in the light of the judgment of the Hon'ble jurisdictional High Court in the case of Totgars Sales Co-operative Society Limited v. ITO [2015] 58 taxmann.com 35 (Karnataka). Accordingly, the case is restored to the files of the A.O. The A.O. is directed to examine whether assessee has incurred any expenditure for earning interest income, which is assessed under the head `income from other sources'. If so, the same shall be allowed as deduction u/s 57 of the I.T.Act. The assessee is directed to co-operate with the department and furnish the necessary evidence for expeditious disposal of the matter. It is ordered accordingly.

ITA No.630/Bang/2020 : Asst.Year 2014-2015

8. The issue raised in this appeal is *mutatis mutandis* similar to the issue raised in ITA No.629/Bang/2020, and for my reasoning from para 7 to 7.4, I restore the issue to the files of the A.O. for limited purpose of examination whether the assessee has incurred any expenditure for earning

interest income which is assessed u/s 56 of the I.T.Act. If the assessee is able to prove that it had incurred expenditure for earning interest income which is assessed under the head income from other sources, the same shall be allowed as deduction u/s 57 of the I.T.Act.

9. In the result, the appeals filed by the assessee are allowed for statistical purposes.

Order pronounced on this 22nd day of September, 2021.

Sd/-
(George George K)
JUDICIAL MEMBER

Bangalore; Dated : 22nd September, 2021.
Devadas G*

Copy to :
1. The Appellant.
2. The Respondent.
3. The CIT(A)-5, Bengaluru
4. The Pr.CIT-5, Bengaluru.
5. The DR, ITAT, Bengaluru.
6. Guard File.

Asst.Registrar/ITAT, Bangalore