

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'E', NEW DELHI**

**Before Shri Mahavir Singh, Vice President
And
Shri Manish Agarwal, Accountant Member**

ITA No.7658/Del/2025 : Asstt. Year : 2016-17

ACIT, Circle-2(1)(1), GHAZIABAD O/O THE ACIT, CIRCLE 2(1)(1), INCOME TAX OFFICE, ROOM NO. 202, CGO COMPLEX- I, HAPUR CHUNGI, GHAZIABAD, BULANDSHAHR, UTTAR PRADESH-203001	Vs	ZILA SAHKARI BANK LIMITED, BULANDSHAHR, CIVIL LINES, MOTI BAGH, BULANDSHAHR, UP-203001 (PAN: AAAAZ0005B)
(APPELLANT)		(RESPONDENT)
PAN No. AKDPM4000H		

AND

**C.O. NO. 71/Del/2026
(IN ITA NO. 7658/DEL/2025)
Asstt. Year : 2016-17**

ZILA SAHKARI BANK LIMITED, BULANDSHAHR, CIVIL LINES, MOTI BAGH, BULANDSHAHR, UP- 203001 (PAN: AAAAZ0005B)	Vs	ACIT, Circle-2(1)(1), GHAZIABAD O/O THE ACIT, CIRCLE 2(1)(1), INCOME TAX OFFICE, ROOM NO. 202, CGO COMPLEX-I, HAPUR CHUNGI, GHAZIABAD, BULANDSHAHR, UTTAR PRADESH-203001
(APPELLANT)		(RESPONDENT)
PAN No. AKDPM4000H		

**Assessee by : Sh. P.S. Kashyap, FCA
Revenue by : Ms. Ankush Kalra, Sr. DR.**

Date of Hearing: 09.04.2026	Date of Pronouncement: 19.06.2026
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ORDER

Per Mahavir Singh, VP :

The Revenue has filed the instant appeal and Assessee has filed the Cross Objection and both are arising out of the order of the Ld. Commissioner of Income Tax(Appeals)/National Faceless Appeal Centre (NFAC), Delhi (in short CIT(A)) dated 25.09.2025 passed in Appeal No. CIT(A), Ghaziabad/10642/2018-19, pertaining to assessment year 2016-17. The assessment was framed by the ACIT, Circle 2(3)(1), Bulandshahr on 20.12.2018. Since the revenue's appeal as well as assessee's cross objection are interconnected, hence, the same were heard together and disposed of by this common order for the sake of convenience, by dealing first with Revenue's Appeal.

2. The solitary issue raised by the Revenue in its appeal is as regards to deletion of addition of Rs. 2,12,74,240/- made by the AO considering the working of WDV.

3. Brief facts of the case are that the assessee is an a cooperative society doing banking activities in the district of Bulandshahr. The assessee society e-filed its ITR for AY 2016-17 on 15.10.2016, declaring total income of Rs. 6,59,93,730/- and dividend income of Rs. 2,22,03,400/- claimed as exempt u/s. 10 of the Act. The case was selected for compulsory scrutiny on the basis of the manual scrutiny guidelines Instruction No. 05/2017 of CBDT dated 07.07.2017 and consequent thereupon notice u/s. 143(2) was issued on 22.9.2017. Thereafter, incumbent AO changed and following the requirement of section 129 of the Act, notice u/s. 143(2) was again

issued on 25.09.2017. Further, notice u/s. 142(1) was issued from time to time. During assessment proceedings, the assessee filed replies and other details. In absence of satisfactory explanation and documentary evidences, the assessment was finalized u/s. 143(3) on 20.12.2018 at total income of Rs. 10,94,71,370/- after making following two additions/ disallowances aggregated to Rs. 4,34,77,640/-.

a) Addition of Rs. 2,22,03,400/- on account of disallowance of exemption claimed u/s. 10(34) of the Act in respect of dividend amount received from IFFCO and UP Cooperative Bank. Ltd.

b) Addition of Rs. 2,12,74,240/- on account of unexplained investment u/s. 69 r.w.s. 115BBE of the Act as the assessee overvalued the fixed asset shown in column 1(a) of Part-BS of the ITR.

4. Being aggrieved with the assessment order, assessee filed appeal before CIT(A) who vide his order under consideration has partly allowed the appeal of the assessee. The CIT(A) deleted the addition of Rs. 2,12,74,240/- u/s. 69 of the Act, out of total addition of Rs. 4,34,77,640/- made by AO by holding as under:-

“I have considered the submission made by the assessee, also the appellate decision of the Hon’ble ITAT on the issue in assessee’s own case. The entire basis of the assessment on this issue which led to bringing to tax an amount of Rs. 2,12,74,240/- as income of the assessee by invoking provisions of section 69 of the Act, is not considering the claim of depreciation made by the assessee under the head “other expenses” at Column 36 of Part A of the ITR. AO opines that such claim should have been made under Column 1(b) of fixed assets of Part A-BS of the ITR. AO also states that at Column 1(a), the value of fixed assets has been shown without

claiming depreciation. Though inconsistencies in the way depreciation figures are claimed as exists, however, as the Hon'ble ITAT has directed in its earlier order, such inconsistencies cannot be stretched to declare the part of assets of the assessee as unexplained. Further, the claim of depreciation might not have been made in the correct schedule, however, the said figures is claimed under the head "other expenses: in the return of income filed. A screen shot of the return is enclosed. Thus figure of depreciation corroborate3s the reconciliation furnished by the assessee.

39	<i>Other expenses (specify nature and amount)</i>				
1	BANK STAFF TRAINING EXPENSES	1	68870		
2	MISC. EXP	2	3925436		
3	COMPUTER EXP	3	91581		
4	CLEARING HOUSE CHARGE	4	61724		
5	NEWS PAPER EXP	5	1250		
6	HOME GUARD	6	343220		
7	SECURITY GUARD	7	1486373		
8	CONTRIBUTION TO SEWAMANDAL & PCU	8	10000		
9	LAW CHARGE	9	294050		
10	POSTAGE AND COURIER	10	102890		
11	STATIONERY AND PRINTING	11	3032529		
12	ADVANCE INCOME TAX	12	24410657		
13	DEPRECIATION OF FIXED ASSETS	13	7701847		
iii	Total			39iii	41530427

Moreover, the additions on similar ground have been consistently deleted by the Hon'ble ITAT. Thus, respectfully following the decision of Hon'ble ITAT in immediately preceding year i.e. AY 2015-16 in ITA No. 914/Del/2021 dated 22.5.2023, which involved identical facts in assessee's own case and the reconciliation furnished by the assessee, I do not find any merit in the additions made by the AO u/s. 69 of the Act. In the result, the ground nos. 2 & 3 raised by the assessee are allowed."

5. Aggrieved, Revenue in appeal before us.
6. Ld. DR supported the order of the AO.

7. Per contra, Ld. AR for the assessee relied upon the order of the CIT(A) and also submitted that the issue is squarely covered by the ITAT decision in assessee's own case for AY 2015-16, hence, requested to follow the said ratio and the the issue in dispute may be allowed by upholding the order of the CIT(A).

8. We have heard both the sides and perused the records. We find that issue in dispute raised by the Revenue before us, is squarely covered by the decision of the Tribunal in ITA No. 914/Del/2021 (AY 2015-16) in assessee's own case, wherein, the Tribunal has decided the issue in favour of the assessee by observing as under:-

“8. Ground No.2 raised by the assessee is challenging the disallowance of depreciation of Rs.97,94,657/- on fixed assets as per section 32 of the Act and making the addition u/s 69 r.w.s. 115BBE of the Act for the same.

9. We have heard the rival submissions and perused the material available on record. It is not in dispute that the assessee had maintained regular books of account which are duly audited by a firm of Chartered Accountants and presented before the Registrar of Cooperative Societies. The accounts of the assessee are also subjected to audit by NABARD on behalf of the Reserve Bank of India. The only reason adduced by the lower authorities for not allowing the depreciation was that the assessee has not filled the depreciation figure in the relevant column of ITR, i.e., in column No.45 of the return in Part-A – P&L Account in the ITR form. We find that the assessee had mentioned the depreciation figure of Rs.1,00,46,380/- under column No.39 in sub-item No.14 under the main head: 'Other expenses' in the ITR. Though mentioning of depreciation figure in column No.39 under the head 'Other expenses' was a mistake, still, the depreciation figure together with the computation thereon had been enclosed and claimed properly by the assessee in the return of income. This figure of depreciation of Rs.1,00,46,380/- duly tallies with the depreciation figure mentioned in the P&L Account of the assessee also. Hence, we do not appreciate the action of the lower authorities in disallowing the genuine claim of

depreciation on a very flimsy reason. We also condemn the action of the lower authorities in invoking the provisions of section 69 of the Act r.w.s. 115BBE of the Act for the purpose of disallowing the claim of depreciation of the assessee, without even understanding and appreciating the fact that the provisions of section 69 of the Act, by no stretch of imagination, could be applied in the instant case. We direct the ld. AO to allow depreciation in the sum of Rs.1,00,46,380/-. Accordingly, ground No.2 raised by the assessee is allowed.”

9. On perusing the aforesaid findings of the Ld. CIT(A) as well as the findings of the Tribunal, we are of the considered view that the issue in dispute is identical to that of the issue decided in assessee's favour, in assessee's own case in ITA No. 914/Del/2021 (AY 2015-16) vide order dated 22.05.2023. Thus, Ld. CIT(A) keeping in view the decision of the Tribunal, as aforesaid, has rightly deleted the addition, as aforesaid, which does not need any interference on our part, hence, we uphold the same and reject the ground raised by the revenue.

10. In the result, the revenue's appeal is dismissed.

11. As regards assessee's cross objection is concerned, the solitary issue raised is relating to addition sustained by the Ld. CIT(A) on account of dividend income of Rs. 2,22,04,400/-. Briefly stated facts by the Ld. AR that during the year the assessee has received dividend from IFFCO amounting to Rs. 20,22,600/- and from UP Cooperative Bank Ltd. amounting to Rs. 2,01,08,800/- the same has been claimed to be exempt from tax under section 10(34) of the Act. He further submitted that the AO has added divided income of Rs. 2,22,03,400/- to returned income on the basis that exemption u/s. 10(34) is permissible for dividend income which is subject to dividend distribution tax as per section 115O of the Act. It was further submitted that the assessee has

wrongly claimed exemption u/s. 10(34) of the Act, in fact such dividend income is allowable deduction u/s. 80P(2)(d) of the Act and assessee has been allowed dividend income u/s. 80P(2)(d) of the Act from the assessment years 2007-08 to 2014-15 and in AY 2014-15 CIT(A) has allowed the dividend income u/s. 80P(2)(d) of the Act vide order dated 17.4.2018. He further submitted that on the aforesaid issue, the Tribunal also allowed dividend income u/s. 80P(2)(d) of the Act in ITA No. 914/Del/2021 (AY 2015-16) in assessee's own case vide order dated 22.05.2023. Hence, he requested to follow the aforesaid precedent and accordingly the instant issue raised in this cross objection may be allowed accordingly.

12. Per contra, Ld. DR relied upon the orders of the authorities below.

13. We have heard both the sides and perused the records. We find that issue in dispute raised by the Assessee in the cross objection before us, is squarely covered by the decision of the Tribunal in ITA No. 914/Del/2021 (AY 2015-16) vide order dated 22.5.2023 in assessee's own case, wherein, the Tribunal has decided the issue in favour of the assessee by observing as under:-

“4. The ground No.1 raised by the assessee is as to whether the assessee is eligible for deduction u/s 80P(2)(d) of the Act in respect of dividend income.

5. We have heard the rival submissions and perused the material available on record. The assessee is a cooperative society engaged in the business of banking activities. The assessee derived dividend income of Rs.20,22,600/- and claimed the same as exempt u/s 10 of the Act in the return of income. This dividend was received from IFFCO. The ld. AO observed that the exemption u/s 10(34) of the Act could be claimed by the assessee only when the amount has been subjected to dividend distribution tax in the hands of the payer in terms of section 115-O of the Act. The ld. AR

argued that this issue was decided in favour of the assessee by the appellate authorities, but, the AO had made this addition only in order to keep the issue alive. We find that the issue in dispute is squarely covered by the decisions of this Tribunal in assessee's own case in ITA No.3913/Del/2016 for AY 2012-13, dated 18.09.2018 and in ITA No.5030/Del/2018 for AY 2014-15 dated 4th May, 2022. For the sake of convenience, the order passed by this Tribunal in this regard for AY 2012-13, referred to supra, is reproduced hereunder:-

“3. The assessee is a cooperative society derives income from banking activity and house property. Return declaring income of Rs. 3,50,53,910/- was E-filed on 27.09.2012. During the course of assessment proceedings, it was observed by the Assessing Officer that the assessee had credited the amount of Rs. 1,82,02,860/- on account of dividend under the head gross receipts which had been claimed exempt in the computation of income. It was also observed by the Assessing Officer that the IFFCO from whom dividend was received was not a company but was a cooperative society and dividend distribution tax had not been deducted by IFFCO. It was held by the Assessing Officer that the dividend income was not exempt in the hands of the assessee. Thus, the amount of Rs.1,82,02,860/- was disallowed and added to the income of the assessee.

4. Being aggrieved by the Assessment Order, the assessee filed appeal before the CIT(A). The CIT(A) partly allowed the appeal of the assessee.

5. The Ld. DR submitted that the dividend received from IFFCO is exempt u/s 80P(2)(1) of the Income Tax Act, as per the claim of the assessee. But the Assessing Officer rightly observed that Section 115O of the Income Tax Act 1961 provides special provisions relating to tax on Distributed Profit of Domestic Companies. Since, no tax on the dividend received by the assessee has been paid by the dividend paying society, being cooperative society, therefore, the dividend income cannot be

exempted in the hands of the assessee. Therefore, the Assessing Officer rightly added Rs. 1,82,02,860/- to the income of the assessee. The Ld. DR submitted that the CIT(A) in deleting this addition.

6. The Ld. AR relied upon the order of the CIT(A).

7. We have heard both the parties and perused all the relevant material available on record. In the present case, dividend received from IFFCO and UP Cooperative Bank Ltd. are exempt u/s 80P(2)(1) of the Income Tax Act, 1961 as IFFCO and U.P. Cooperative Bank Ltd. are cooperative society. The CIT(A) held as under:-

"4. Having considered facts of the case and rival contentions, the appeal is decided as under:-

4.1. All the grounds of appeal except ground No. 4 being inter-related are against the addition of Rs.1,82,02,860/- being disallowance of dividend income received from IFFCO and U.P. Cooperative Bank Ltd. During appeal proceedings the appellant has made written submission, the relevant para is reproduced as under:-

"..... Unfortunately the claim of exemption in respect of dividend income of the appellant considered with reference to the provisions of section 1150 and section 10(34) was not correct as the claim is admissible u/s 80P(2)(d) of the Income Tax Act. It may be submitted that the appellant is a cooperative society and the dividend paying concern i.e. Indian Farmer Fertilizer cooperative Ltd. is also a society. Since the dividend income derived by the appellant is from a concern which is also a cooperative society, the whole of such income is exempt u/s 80P(2)(d) of the I.T. Act. It may very

humbly be submitted that exactly similar issue had also arisen in the assessment year 2007-08, 2009-10, 2010-11 and 2011-12 where Ld. Predecessors and your honor had been pleased to accept the claim of the appellant. Copies of those decisions are enclosed herewith for ready reference.

In view of the above submissions, the appellant is entitled to exemption in respect of total income of Rs. 18202860/-/- from dividend."

4.2 The facts of the case as well as submission made by the appellant have been carefully considered. It is observed that the Assessing Officer had made addition of Rs. 1,82,02,860/- holding that dividend income received from IFFCO is not exempt. The aforesaid cooperative society had not paid tax on dividend paid to the appellant as per provisions of section 10 (34) r.w. Section 1150 of the Act. On the other hand the appellant has vehemently argued that dividend income received from the aforesaid cooperative society was exempt u/s 80P (2)(d) of the Act. It is also contended that the A.O. has ignored the fact that part dividend has come from U.P. Cooperative Bank. The appellant has also furnished copies of the order of CIT (A) wherein in similar facts and circumstances, the CIT (A) in their orders dated 20.09.2013, 21.02.2014, 23.02.2015 & 17.04.2015 had allowed the appeals of appellant for A.Yrs. 2007-08, 2009-10, 2010-11 & 2011-12 respectively. To decide the impugned issue let us go through the relevant provisions of the Act.

Section 80P(2)(d) of the Act says-

"in respect of any income by way of interest or dividends derived by the co operative investment with any other co-

operative society, the whole of such income."

The appellant has received dividend from IFFCO and U.P. Cooperative Bank Ltd, which are cooperative society. As far as IFFCO is concerned, the fact that it is a cooperative society is an established fact in earlier years and this year also the A.O. has mentioned that it is a cooperative society. As far as the U.P. Cooperative Bank Ltd. is concerned, the A.O. has not mentioned anything about it. I have verified that it is cooperative society as is ascertainable from the Registration Certificate produced by the appellant and on my behest the appellant has also produced I.T. Return of the Bank wherein the status is mentioned to be cooperative society. Even otherwise it is not the case of the A.O. that U.P. Cooperative Bank Ltd. is a company. Thus, the amount of Rs. 1,82,02,860/- being dividend received from the aforesaid cooperative societies is expressly exempt u/s 80P (2)(d) of the Act. Similar view has also been taken by the CIT (A) in appellant's own case for A.Ys. 2007-08, 2009-10, 2010-11 & 2011-12. In view of the above, it is held that the Assessing Officer is not justified to make addition of Rs. 1,82,02,860/-. The same is deleted and related grounds of appeal are allowed."

The CIT(A) has extensively given the finding and followed the earlier years orders. The Ld. DR also could not point out whether the Revenue has challenged the earlier years order or not. There is no need to interfere with the findings of the CIT(A). Thus, we are following the rules of consistency and thus, appeal of the Revenue is dismissed.

8. *In the result, the appeal of the Revenue is dismissed.*

7. *Respectfully following the same, the ground No.1 raised by the assessee is allowed."*

14. On perusing the aforesaid findings of the Tribunal, we are of the considered view that the issue in dispute is identical to that of the issue decided in assessee's favour, in assessee's own case in ITA No. 914/Del/2021 (AY 2015-16) vide order dated 22.05.2023. Thus, respectfully following the aforesaid precedent, the addition sustained by the Ld. CIT(A) is hereby deleted and accordingly, the ground raised in the cross objection of the assessee is allowed. Resultantly, the assessee's cross objection is allowed in the very terms.

15. In the result, the assessee's cross objection stand allowed and revenue's appeal is dismissed, in the aforesaid manner.

Order Pronounced in the Open Court on 19/06/2026.

Sd/-

Sd/-

(MANISH AGARWAL)
ACCOUNTANT MEMBER

(MAHAVIR SINGH)
VICE PRESIDENT

SRBhatnagar

Date: 19-06-2026

Copy forwarded to: -

1. Appellant
2. Respondent
3. DIT
4. CIT (A)
5. DR, ITAT

Assistant Registrar, ITAT, Delhi Benches