The West Bengal State Co-operative Agriculture & Rural Development Bank Ltd. v. Deputy Commissioner of Income Tax, Circle-54, Kolkata

ITAT/36/2025 (IA No: GA/1/2025)

ITAT/36/2025 (IA No: GA/1/2025) (High Court at Calcutta, 2025-08-06) | 2025-08-06

Questions 1–3 were answered for the assessee; question 4 was split, allowing personal-loan interest and rejecting staff housing-loan interest. Question 5 was rejected as not pressed.

80P(2)(a)(i) | 260A

High Court at Calcutta | Division Bench | T. S. Sivagnanam | Chaitali Chatterjee (Das)

Assessment years: 2013-14

Scope of this source order

Preserve the mixed result and distinction between members and staff. Do not label all interest or miscellaneous receipts deductible under section 80P.

01 FACTS OF THE CASE

For AY2013–14, the cooperative lender challenged the Tribunal's 3 September 2024 order in ITA1320/Kol/2023. The disputes concerned Rs.2,83,02,934 deposit interest, Rs.21,98,448 personal-loan interest and Rs.1,76,490 staff house-building-loan interest. It described bulk NABARD borrowing, retail lending and repayment timing as generating temporary floating funds placed in deposits. Its fifth question on commission, miscellaneous and sundry income was not pressed.

Source: Paras1–9, PDF pp.1–5

02 DISCUSSION BY THE HON'BLE COURT

Applying the wider expression “attributable to”, the Court held that the deposited funds were not sums owed to members of the kind considered in Totgars. It relied on Guttigedarara, Tumkur Merchants, Vavveru and Gunja Samabay in allowing the deposit-interest claim. Personal-loan interest arose from loans to Class-D members and qualified. Staff house-building-loan interest was separately rejected by concurrence with the lower authorities. The fifth question was rejected as not pressed, not adjudicated on its merits.

Source: Paras4,10–15, PDF pp.3,5–11

03 JUDICIAL DECISION

Questions1–3 were answered in favour of the assessee. Question4 was answered for the assessee regarding personal-loan interest and against it regarding staff house-building-loan interest. The appeal was allowed in those stated terms and GA1/2025 disposed of; question5 had already been rejected as not pressed.

Source: Paras4,14–17, PDF pp.3,10–11

04 OUTCOME / IN WHOSE FAVOUR

Mixed substantive result: deduction allowed for the disputed deposit interest and Class-D member personal-loan interest; denied for staff house-building-loan interest. No merits ruling was made on the withdrawn miscellaneous-income question.

Source: Paras14–17 and para4, PDF pp.3,10–11

05 EXPERT COMMENTS

Trace the fund before applying the deposit-interest result — The Court distinguished member-payable sale proceeds in Totgars from this lender's funds awaiting lending or scheduled repayment. The source and character of the deposited money therefore matter. Deposit certificates alone do not establish that another society's receipts share the facts on which the Court applied the wider "attributable to" expression.

Member lending and staff benefits produced different answers — The Court identified Class-D individuals as members and allowed interest on their personal loans. It separately sustained rejection of staff house-building-loan interest, despite the assessee's earlier contention that some staff were members. The distinction must be preserved; the judgment neither allows every staff loan nor supplies an elaborate new test for every employee who is also a member.

Do not turn an unpressed issue or alternative question into a separate holding — Question5 was expressly not pressed. Questions1–3 were allowed together on deposit-interest eligibility; the order does not calculate a separate cost-of-funds allocation. Record the mixed operative result and avoid treating the appeal's general allowance as approval of every receipt or every alternative computation advanced.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

High Court at Calcutta source judgment/order

Complete 11-page source PDF; corrected note based on this document.

All 11 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Source-era statutory provisions only; no Income-tax Act, 2025 equivalence asserted.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.