

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 3202
TO BE ANSWERED ON 29/03/2023

Taxes on Cooperative Societies

3202 # Shri Narhari Amin:

Will the Minister of **Cooperation** be pleased to state:

- (a) whether Government has reduced the tax on various functions of the societies to provide relief to the Cooperative Societies from economic point of view;
- (b) if so, the categories of work for which tax has been reduced for cooperatives; and
- (c) whether any provision has been made to provide relief to Cooperative Societies from taxes like TDS and Income Tax also, if so, the details thereof?

ANSWER

MINISTER OF COOPERATION

सहकारिता मंत्री (SHRI AMIT SHAH)

(a) to (c): Yes Sir. As per Budget announcement 2023-24, following income tax related benefits are being proposed for the Cooperative Societies:

(i) The new co-operative society formed on or after 01.04.2023, which commences manufacturing or production by 31.03.2024 and do not avail of any specified incentive or deduction, is proposed to be allowed an option to pay tax at a concessional rate of 15 per cent similar to what is available to new manufacturing companies. This announcement would benefit new cooperatives engaged in manufacturing/production activities.

(ii) For sugar co-operatives, for years prior to assessment year 2016-17, if any deduction claimed for expenditure made on purchase of sugarcane has been disallowed, same shall be recomputed after allowing such deduction upto the price fixed or approved by the Government for such previous years. This decision of the Government will provide benefit of approximately ₹10,000 crore of principal amount of Income-Tax to sugar cooperatives. For this purpose, all sugar co-operatives, who are eligible for deduction, are required to approach the assessing officer, suitably.

(iii) A higher limit of Rs. 2 lakh per member for cash deposits to and loans in cash by Primary Agricultural Cooperative Societies (PACS) and Primary Cooperative Agricultural and Rural Development Banks (PCARDBs) has been provided.

(iv) A higher limit of Rs. 3 Crore for TDS on cash withdrawal has been provided to cooperative societies.

Similarly, during Financial Year 2022-23, following tax benefits were also provided to Cooperative Societies:

(a) Reduction in Minimum Alternate Tax (MAT): MAT reduced for cooperatives from 18.5% to 15%.

(b) Reduction in surcharge on cooperative societies: Surcharge reduced from 12 % to 7% for cooperative societies having income between Rs. 1 to 10 Cr.
