



Ministry of Cooperation | सहकारिता मंत्रालय  
Government of India | भारत सरकार

## **Benefits extended to Cooperative Sector in Income Tax Act in the Budget of 2022-23 and 2023-24**

### **Budget 2022-23**

#### **1. Reduced Alternate Minimum Tax rate for Cooperatives.**

Cooperative societies were required to pay Alternate Minimum Tax at the rate of 18.5%. However, companies paid the same at the rate of 15%. To provide a level playing field between co-operative societies and companies, the rate for the cooperative societies have also been reduced to 15%.

#### **2. Reduction in surcharge on cooperative societies.**

The surcharge on co-operative societies has also been reduced from 12% to 7% on income of more than ₹1 crore and up to ₹10 crores. This would help in enhancing the income of cooperative societies and its members who are mostly from rural and farming communities.

### **Budget 2023-24**

#### **1. Concessional rate of tax for new manufacturing cooperative societies.**

The new co-operatives that commence manufacturing activities till 31.03.2024 shall get the benefit of a lower tax rate of 15 per cent, as is presently available to new manufacturing companies.

#### **2. Relief to sugar co-operatives from past income tax demand.**

An opportunity has been provided to sugar co-operatives to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure. This is expected to provide them with as relief of almost ₹10,000 crore.

### **3. Penalty for cash loan/transactions against primary co-operatives.**

Section 269SS of the Income Tax Act has been amended to provide that where a deposit is accepted by a **primary agricultural credit society** or a **primary co-operative agricultural and rural development bank** from its member or a loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member in cash, no penal consequence would arise, if the amount of such loan or deposit including their outstanding balance is less than ₹2 lakh.

Also, Section 269T of the Income Tax Act has been amended to provide that where a deposit is repaid by a **primary agricultural credit society** or a **primary co-operative agricultural and rural development bank** to its member or such loan is repaid to a primary agricultural credit society or a primary co-operative agricultural, and rural development bank by its member in cash, no penal consequence shall arise, if the amount of such loan or deposit including their outstanding balance is less than ₹2 lakh.

Earlier this limit was ₹ 20,000 per member.

### **4. Increasing threshold limit or co-operatives to withdraw cash without TDS.**

A higher limit of ₹ 3 crore for TDS on cash withdrawal has been provided to co-operative societies.

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