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## MANUFACTURING COOPs TO GET 15% LOWER TAX RATES: AMIT SHAH IN RS



Amit Shah

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**NEW DELHI:** Newly set up cooperatives that undertake manufacturing activities will get benefits of lower tax rate of 15%, as is available to new manufacturing firms, Union minister for home and cooperation Amit Shah said in a reply in Parliament.

In a written reply to a question in the Rajya Sabha on Wednesday, Shah also said that milk cooperatives, the backbone of India's sprawling dairy sector, can receive cash in excess of ₹2 lakh on bank holidays towards payment of milk prices.

The Income Tax Act's section 269 ST prohibits cash receipts of over ₹2 lakh from any person, via any transaction or multiple transactions in a day for a "single event", or business exchange. Violations of this limit lead to penalties and may trigger investigations.

Milk cooperatives are exempted from this prohibition. "This would enable cooperatives to make payments to their members, from farming communities, on bank holidays without fear of income tax penalty," Shah said.

Another key exemption for cooperatives relates to loans, Shah stated. Under section 269 SS of the Income Tax Act, 1961, any deposit or loan advance of more than Rs 20,000 in cash is not allowed. Violation can invite a penalty equal to the loan or deposit amount.

Penalties for cash deposits or loan disbursal by primary agricultural cooperatives will not be levied if the "amount of such loan or deposit including their outstanding balance is less than Rs 2 lakh. Earlier, this limit was 20,000 per member", Shah stated. Cooperatives are grassroots business enterprises owned jointly by their members, where profits and losses are shared equally. India's cooperative sector is over a century old and provides livelihood to millions, especially women, in sectors such as dairy, fisheries, finance, housing and agriculture.