



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.

F.No. R 11015/01/2023-CD-I

**Government of India
Ministry of Cooperation**

Atal Akshay Urja Bhawan,CGO Complex, New Delhi

Dated the 3rd August, 2023

To

The Chairman and Secretary of all Cooperative Societies

Subject: Condonation of delay under clause (b) of sub-section (2) of section 119 of the Income Tax Act,1961 (IT Act) for returns of Income claiming deduction/s 80P of the Act for various assessment years from AY 2018-19 to AY 2022-23-Regarding

Sir,

In order to realize the Hon'ble PM's vision of 'Sahakar se Samriddhi' and under the guidance of Hon'ble Home & Cooperation Minister Shri Amit Shah, several initiatives have been taken to resolve the difficulties faced by cooperative societies in Income Tax related issues.

2. With reference to the subject above and it is stated that section 80P of the IT Act provides for deduction in respect of income of cooperative societies. However, no such deduction shall be allowed to them unless they furnish returns of their income for such assessment year on or before the due date specified under sub-section (1) of section 139 of the IT Act.

3. Co-operative societies claiming deduction u/s 80P of the Act for various assessment years from AY 2018-19 to AY 2022-23, have made application before CBDT regarding condonation of delay in furnishing return of income and to treat such returns as 'returns furnished within the due date under sub-section (1) of section 139 of the Act stating that delay in furnishing return of income was caused due to delay in getting the accounts audited under respective State Laws.

4. In line with above and in order to mitigate genuine hardship of cooperative societies with reference to Para 3 above, CBDT vide circular no. 13/2021 dated 26 July 2023 has authorized Chief Commissioners of Income-tax (CCsIT) / Directors General of Income-tax (DGsIT) to deal with such applications of condonation of delay (**copy enclosed**).

5. In case your cooperative society was not able to avail the benefit of deduction available under section 80P of the IT Act on account of delay in furnishing the return of income within the due date under sub-section (1) of section 139 of the Act and the delay was caused due to circumstances beyond your control or due to delay in getting the accounts audited by statutory auditors appointed under the respective State Law; you are requested to make an application before CCIT/DGIT along with appropriate documentary evidence/s for passing appropriate order in the matter .

6. You are further requested to ensure that the accounts of your society are audited by statutory auditors appointed under the respective State Law before the due date of furnishing the return of income under sub-section (1) of section 139 of the IT Act and file returns of income in time so that your society is eligible for the benefits of deductions available to cooperative societies under IT Act.

Yours faithfully,


03/08/2023
(Avnish Rastogi)

Under Secretary to the Govt. of India.

Copy to:

1. ACS/Pr. Secretary (Cooperation) all States
2. Registrar of Cooperative Societies all States
3. District Registrar (Cooperatives) all Districts

F.No.173/21/2023-ITA-I
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi the 26th July, 2023

Sub:- Condonation of delay under clause (b) of sub-section (2) of section 119 of the Income-tax Act, 1961 for returns of income claiming deduction u/s 80P of the Act for various assessment years from AY 2018-19 to AY 2022-23— Reg.

Section 80P of the Income-tax Act, 1961 (hereafter referred to as 'Act') provides for deduction in respect of income of co-operative societies under Chapter VIA-Part-C ("Deductions in respect of certain incomes") of the Act.

2. In so far as section 80P of the Act is concerned, Finance Act, 2018 substituted section 80AC of the Act w.e.f. 01.04.2018 which provides as under –

Deduction not to be allowed unless return furnished.

80AC. Where in computing the total income of an assessee of any previous year relevant to the assessment year commencing on or after—

- (i) *the 1st day of April, 2006 but before the 1st day of April, 2018, any deduction is admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE;*
- (ii) *the 1st day of April, 2018, any deduction is admissible under any provision of this Chapter under the heading "C.—Deductions in respect of certain incomes",*

no such deduction shall be allowed to him unless he furnishes a return of his income for such assessment year on or before the due date specified under sub-section (1) of section 139.

3. Applications have been received in the Central Board of Direct Taxes (hereafter referred to as 'the Board') from co-operative societies claiming deduction u/s 80P of the Act for various assessment years from AY 2018-19 to AY 2022-23, regarding condonation of delay in furnishing return of income and to treat such returns as 'returns furnished within the due date under sub-

section (1) of section 139 of the Act stating that delay in furnishing return of income was caused due to delay in getting the accounts audited under respective State Laws.

4. In order to mitigate genuine hardship in cases referred to in para 3, the Board, in exercise of the powers conferred under section 119 of the Act, hereby directs that the Chief Commissioners of Income-tax (CCsIT) / Directors General of Income-tax (DGsIT) are authorised to deal with such applications of condonation of delay pending before the Board, upon transfer of such applications by the Board, and decide such applications on merits, in accordance with the law.

5. The Board hereby further directs that the CCsIT/DGsIT, henceforth, shall admit all pending as well as new applications for condonation of delay in furnishing returns of income claiming deduction u/s 80P of the Act, filed either in the Board or in field formation for the assessment years 2018-19 to 2022-23 and decide such applications on merits in accordance with the law where such person is required to get his accounts audited under respective State Laws.

6. In the context of para-5 above, the CCsIT/DGsIT while deciding such applications for condonation of delay in furnishing return of income, shall satisfy themselves that the applicant's case is a fit case for condonation under the existing provisions of the Act. The CCsIT/DGsIT shall examine the following while deciding such applications –

- (i) the delay in furnishing the return of income within the due date under sub-section (1) of section 139 of the Act was caused due to circumstances beyond the control of the assessee with appropriate documentary evidence/s;
- (ii) where delay in furnishing return of income was caused due to delay in getting the accounts audited by statutory auditors appointed under the respective State Law under which such person is required to get his accounts audited, the date of completion of audit vis-à-vis the due date of furnishing the return of income under sub-section (1) of section 139 of the Act; and
- (iii) any other issue indicating towards tax avoidance or tax evasion specific to the case, which comes into the light in the course of verification and having bearing either in the relevant assessment year or establishing connection of relevant assessment year with other assessment year/s.

6.1 The cases falling under para 6(iii) above, would require further necessary action as per law.

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7. The CCsIT/DGsIT shall preferably dispose the application within three months from the end of the month in which such application is received from the applicant or transferred by the Board. No order rejecting the application under section 119(2)(b) of the Act shall be passed without providing the applicant an opportunity of being heard.

8. Hindi version to follow.

Vikas Singh
(Vikas Singh)
Director (ITA-I)

Copy to:

1. PS to FM/OSD to FM/PS to MoS (R)/OSD to MoS(R)
2. PPS to Revenue Secretary
3. ✓ Chairman, CBDT & All Members, CBDT
4. All Pr. Chief Commissioners of Income-tax / Pr. Director Generals of Income-tax.
5. Pr. Chief Controller of Accounts, New Delhi
6. All Joint Secretaries/CsIT, CBDT
7. Web Manager, O/o Pr. DGIT(Systems) with request to upload on the departmental website.
8. Commissioner of Income-tax (Media & TP) and Official spokesperson of CBDT, New Delhi.
9. Secretary General, IRS Association/ Secretary General, ITGOA/All-India Income-tax SC & ST Employees' Welfare Association/Income-tax Employees Federation (ITEF)
10. JCIT, Data-Base Cell for uploading on www.irsofficersonline.org

Vikas Singh
Director (ITA-I)

Section 80P in The Income Tax Act, 1961

80P. [Deduction in respect of income of co-operative societies. [Inserted by Act 20 of 1967, Section 33 and Schedule III (w.e.f. 1.4.1968).]

(1)Where, in the case of an assessee being a co-operative society, the gross total income includes any income referred to in sub-section (2), there shall be deducted, in accordance with and subject to the provisions of this section, the sums specified in sub-section (2), in computing the total income of the assessee.(2)The sums referred to in sub-section (1) shall be the following, namely:-(a)in the case of a co-operative society engaged in-(i)carrying on the business of banking or providing credit facilities to its members, or(ii)a cottage industry, or(iii)[the marketing of the agricultural produce of its members, or] [Substituted by Act 11 of 1999, Section 8, for sub-Clause (iii) (w.r.e.f. 1.4.1968).](iv)[the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or [Inserted by Act 20 of 1967, Section 33 and Schedule III (w.e.f. 1.4.1968).](v)the processing, without the aid of power, of the agricultural produce of its members,] [or] [Inserted by Act 32 of 1971, Section 1971, Section 22 (w.e.f. 1.4.1972).](vi)[the collective disposal of the labour of its members, or [Inserted by Act 32 of 1971, Section 1971, Section 22 (w.e.f. 1.4.1972).](vii)fishing or allied activities, that is to say, the catching, curing, processing, preserving, storing or marketing of fish or the purchase of materials and equipment in connection therewith for the purpose of supplying them to its members,][the whole of the amount of profits and gains of business attributable to any one or more of such activities:] [Inserted by Act 20 of 1967, Section 33 and Schedule III (w.e.f. 1.4.1968).][Provided that in the case of a co-operative society falling under sub-clause (vi), or sub-clause (vii), the rules and bye-laws of the society restrict the voting rights to the following classes of its members, namely:-(1)the individuals who contribute their labour or, as the case may be, carry on the fishing or allied activities;(2)the co-operative credit societies which provide financial assistance to the society;(3)the State Government;](b)[in the case of a co-operative society, being a primary society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members to- [Substituted by Act 11 of 1983, Section 30, for Clause (b) (w.e.f. 1.4.1984).](i)a federal co-operative society, being a society engaged in the business of supplying milk, oilseeds, fruits or vegetables, as the case may be; or(ii)the Government or a local authority; or(iii)a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956), or a corporation established by or under a Central, State or Provincial Act (being a company or corporation engaged in supplying milk, oilseeds, fruits or vegetables, as the case may be, to the public), the whole of the amount of profits and gains of such business;(c)in the case of a co-operative society engaged in activities other than those specified in clause (a) or clause (b) (either independently of, or in addition to, all or any of the activities so specified),][so much of its profits and gains attributable to such activities as does not exceed,-] [Substituted by Act 21 of 1979, Section 14, for certain words (w.e.f. 1.4.1980).](i)[where such co-operative society is a consumers' co-operative society,] [Substituted by Act 11 of 1983, Section 30, for Clause (b) (w.e.f. 1.4.1984).][one hundred thousand rupees] [Substituted by Act 21 of 1998, Section 37, for certain words (w.e.f. 1.4.1999).]; and(ii)[in any other case,] [Inserted by Act 20 of 1967, Section 33 and Schedule III (w.e.f. 1.4.1968).][fifty thousand rupees] [Substituted by Act 21 of 1998, Section 37, for certain words (w.e.f. 1.4.1999).].[Explanation. - In this clause, "consumers

co-operative society "means a society for the benefit of the consumers;] [Substituted by Act 11 of 1983, Section 30, for Clause (b) (w.e.f. 1.4.1984).](d)[in respect of any income by way of interest or dividends derived by the co-operative society from its investments with any other co-operative society, the whole of such income; [Inserted by Act 20 of 1967, Section 33 and Schedule III (w.e.f. 1.4.1968).](e)in respect of any income derived by the co-operative society from the letting of godowns or warehouses for storage, processing or facilitating the marketing of commodities, the whole of such income;(f)in the case of a co-operative society, not being a housing society or an urban consumers' society or a society carrying on transport business or a society engaged in the performance of any manufacturing operations with the aid of power, where the gross total income does not exceed twenty thousand rupees, the amount of any income by way of interest on securities][* * *] [Certain words omitted by Act 26 of 1988, Section 27 (w.e.f. 1.4.1999).] [or any income from house property chargeable under section 22. [Inserted by Act 20 of 1967, Section 33 and Schedule III (w.e.f. 1.4.1968).]Explanation. - For the purposes of this section an "urban consumers' co-operative society" means a society for the benefit of the consumers within the limits of a municipal corporation, municipality, municipal committee, notified area committee, town area or cantonment.(3)In a case where the assessee is entitled also to the deduction under] [Inserted by Act 32 of 1971, Section 1971, Section 22 (w.e.f. 1.4.1972).] [[* * *] [Substituted by Act 26 of 1974, Section 11, for " section 80-H or section 80-J" (w.e.f. 1.4.1974).][section 80-HH] [Substituted by Act 26 of 1974, Section 11, for " section 80-H or section 80-J" (w.e.f. 1.4.1974).] [Substituted by Act 32 of 1985, Section 36, for Explanation (w.e.f. 1.4.1986).]or [section 80-HHA] [Inserted by Act 29 of 1977, Section 23 (w.e.f. 1.4.1978).] [or section 80-HHB] [Inserted by Act 14 of 1982, Section 32 (w.e.f. 1.4.1983).][or section 80-HHC,] [Inserted by Act 11 of 1983, Section 39 (w.e.f. 1.4.1983).][or section 80-HHD] [Inserted by Act 3 of 1989, Section 57 (w.e.f. 1.4.1989).] [or section 80-I] [Inserted by Act 44 of 1980, Section 35 (w.e.f. 1.4.1981).] [or section 80-IA] [Inserted by Act 38 of 1993, Section 18 (w.r.e.f. 1.4.1991).][section 80-J,] [Section 80-J omitted by Act 33 of 1996, Section 29 (w.r.e.f. 1.4.1989).][or section 80-JJ] [Inserted by Act 13 of 1989, Section 25 (w.e.f. 1.4.1990).][, the deduction under sub-section (1) of this section, in relation to the sums specified in clause (a) or clause (b) or clause (c) of sub-section (2), shall be allowed with reference to the income, if any, as referred to in those clauses included in the gross total income as reduced by the deductions under] [Inserted by Act 20 of 1967, Section 33 and Schedule III (w.e.f. 1.4.1968).][[* * *] [Substituted by Act 26 of 1974, Section 11, for " section 80-H and section 80-J" (w.e.f. 1.4.1974).] [section 80-HH] [Inserted by Act 26 of 1974, Section 11 (w.e.f. 1.4.1974).], [section 80-HHA,] [Inserted by Act 29 of 1977, Section 23 (w.e.f. 1.4.1978).] [section 80-HHB,] [Inserted by Act 14 of 1982, Section 32 (w.e.f. 1.4.1983).] [section 80-HHC,] [Inserted by Act 11 of 1983, Section 39 (w.e.f. 1.4.1983).] [section 80-HHD,] [Inserted by Act 3 of 1989, Section 57 (w.e.f. 1.4.1989).] [section 80-I,] [Inserted by Act 16 of 1981, Section 25 (w.e.f. 1.4.1981).] [section 80-IA,] [Inserted by Act 38 of 1993, Section 18 (w.r.e.f. 1.4.1991).] [[section 80-J] [Substituted by Act 32 of 1985, Section 36, for " or section JJ" (w.e.f. 1.4.1990).][and 80-JJ.] [Substituted by Act 32 of 1985, Section 36, for " or section JJ" (w.e.f. 1.4.1990).](4)[The provisions of this section shall not apply in relation to any co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank.Explanation. - For the purposes of this sub-section,-(a)"co-operative bank" and "primary agricultural credit society" shall have the meanings respectively assigned to them in Part V of the Banking Regulation Act, 1949 (10 of 1949);(b)"primary co-operative agricultural and rural development bank" means a society having its area of operation confined to a taluk and the principal

object of which is to provide for long-term credit for agricultural and rural development activities.]

Section 80AC in The Income Tax Act, 1961

80AC. [Deduction not to be allowed unless return furnished. [Substituted by Finance Act, 2018 (Act No. 13 of 2018), dated 29.3.2018.]

- Where in computing the total income of an assessee of any previous year relevant to the assessment year commencing on or after -(i)the 1st day of April, 2006 but before the 1st day of April, 2018, any deduction is admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE;(ii)the 1st day of April, 2018, any deduction is admissible under any provision of this Chapter under the heading "C.-Deductions in respect of certain incomes",no such deduction shall be allowed to him unless he furnishes a return of his income for such assessment year on or before the due date specified under sub-section (1) of section 139.] [Substituted by Act 32 of 2003, Section 33, for sub-Section (2) (w.e.f. 1.4.2004).]