

Date of class - 17/08/20 MON

Assessment of cooperative SocietyIntroduction

A cooperative society is not a new concept. It prevails in all the countries, this is almost universal concept. The concept of cooperative society is active in all countries worldwide and is represented in all the sectors including agriculture, food, finance, health care, etc.

To protect the interest of weaker sections, the cooperative society is formed. It is a voluntary association of persons, whose motive is the welfare of the members.

Features : The following features ^{are} given below

1. It is a voluntary association, the membership is also voluntary.
2. A person is free to join a cooperative society and can also leave anytime as per his desire.
3. Irrespective of their religion, gender & caste, membership is open to all.
4. It is compulsory for the cooperative society to get registration.
5. The cooperative society is a separate legal entity (entity) identifiable to the society. It does not get affected by the entry or exit of its members.
6. There is limited liability of the members of COP. SOC. Liability is limited to the extent of the amount ~~is~~ contributed by member as capital.
7. An elected managing committee has the powers to take decisions.

8. Members have the right to vote, by which they elect the members who will constitute the managing committee.
9. The cooperative society works on the principle of mutual help and welfare. Hence principle of service dominates its working.
10. If any surplus is generated; it is distributed amongst the members as a dividend in conformity with the bye-laws of the society.

TYPES OF COOPERATIVE SOCIETY

- 1) Producer Cooperative :- To protect the interest of small producers, these societies are set up. Its members may be farmers, land owners, owners of fishing operations. It involves marketing & processing of agriculture inputs & output.
- 2) Consumer Cooperative :- These businesses are owned and governed by consumers of a particular area. For their mutual benefit, their view is to provide daily necessary commodities at an reasonable price.
- 3) Credit Union :- These are generally member-owned financial cooperatives. Their principle is of people helping people. They provide credit and finance to the member at competitive price. Each & every depositor has the right to become a member. Members attend the annual general meeting and are given right to elect a BOD.
- 4) Marketing Cooperative :- With an aim of helping small producers in selling their products, these societies are established.

MB FC02-UNIT-1(3) Assessment of Cooperative Society
 Date of class: 17-08-20 DR-Nasir Ahmad
 MBA SEM III

Definition of Cooperative Society [Sec 2(19)]

Cooperative Society means a society registered under the cooperative societies act (Sec 2 of 1912) or under any law for the time being in force in any state for the register of cooperative societies.

Deductions (Sec 80P) & 80P(2)(b)

Where the assessee is a cooperative society and its GTI includes the following income, a deduction shall be allowed in accordance with and subject to the provision of this section:

- 100% Deduction :
- (i) Cooperative Society engaged in
 - (i) Carrying on the business of banking or credit facilities to members
 - (ii) a Cottage industry or
 - (iii) Marketing of agricultural produce grown by members
 - (iv) purchase of agricultural inputs (all) with purpose of supply to members
 - (v) fishing or allied activities
 - (vi) Profit of certain primary cooperative societies. viz 80P(2)(b) engaged in supplying milk, oilseeds, fruit or vegetable raised or grown by its members to
 - (a) federal Coop. Society (b) Govt or local body (c) Govt Company or stat. Corporation

4

(iii) Income from investment with other co-operative societies [See 80P (2)(d)]

(v) Income from letting of godowns or warehouse 80P(2)(e)

(vi) In case of consumer's cooperative societies up to ₹100,000, is deductible u/s 80P(2)(e)

(vii) In any other case ₹50,000

(viii) Entire income by way of interest or Rent from property if G.T.I. of Co. So. does not exceed ₹20,000 [u/s 80P(2)(f)] - 100% deductible - if society

- ① is not a housing society
- ② not a CS (urban consumer society)
- ③ not engaged in transport business

④

Rate of Income Tax

- 1) where the T.I. does not exceed ₹10,000 - 10% of T.I.
- 2) Next ₹10,000 - 20,000 - ~~10%~~ 20%
- 3) above 20,000 - 30%

Surcharge if income exceeds 1 crore, 12% of tax as surcharge added.

Marginal Relief

The T.I payable as tax and surcharge on T.I exceeding 1 crore shall not exceed the T.I payable as tax on a T.I of Rs 1 crore by more than the amount of income that exceeds 1 crore.

HREC = @4% on income tax (including surcharge)
shall be levied

PROBLEM

For the A.Y 2019-20 the Jodhpur cooperative society derived total income from the following sources:

- Income from processing with the aid of power. 10,000
- Income from collective disposal labour. 15,000
- Interest from another cooperative society. 30,000
- Income from House property. 20,000
- Income from other business. 10,000

Sol

1. Income from H.P.	20,000
2. Income from business	
(a) processing.	10,000
(b) other.	10,000
3. Income from labour.	15,000
4. Interest	30,000
	G.T.I. 85,000

Less: Deduction of 80%

(a) Collective labour.	15,000
(b) Interest	30,000
(c) Business income upto 50,000	20,000
	65,000
	T.I. 20,000

6.

Income tax on 20000
@ 10% and 20%.

10000 — 10%	1000
10000 — 20%	2000
	<hr/>
Tax	3000
Add: Surcharges	NIL
Add: Education cess @ 4%	120
	<hr/>
Tax payable by society	3120
	<hr/>