



B.Com Honours

Semester VI

Calicut University

ACCOUNTING AND TAXATION OF CO-OPERATIVES

Course Code: COM6EJ305 • Module 4 Notes

Module IV: Co-operative Taxation & Section 80P Deductions

Covers total income computation for cooperative societies, deductions under Section 80P, slab rates of income tax, Alternate Minimum Tax (AMT Sec 115JC), tax return filing (ITR-5), and tax planning strategies.

Unit 11: Total Income Computation & Section 80P Deductions

Section 80P Deductions: 100% deduction on profits from primary agricultural credit societies, credit facilities to members, cottage industries, & marketing of agricultural produce raised by members.

Unit 12: Income Tax Rates & Assessment Solved Problems

Tax Rates: Regular Slab Rates (Up to ₹10k = 10%, ₹10k-₹20k = 20%, ₹>₹20k = 30%) OR Concessional Corporate Rate under **Section 115BAD (22% flat rate + 10% surcharge + 4% HEC = 25.168%)**.

Unit 13: Surcharge, AMT (Sec 115JC), & Adjusted Total Income

Alternate Minimum Tax (AMT Sec 115JC): Applicable @ 18.5% (or 15%) of Adjusted Total Income if regular tax payable is less than AMT.

Unit 14: Filing Requirements, ITR-5 Deadlines, & Tax Audit

Filing Obligations: Tax return in **ITR-5** by October 31st (if tax audit required under Sec 44AB) or September 30th.

Unit 15: Tax Planning Strategies for Cooperatives

Strategies: Maximizing Sec 80P eligible member activities, opting for Sec 115BAD concessional tax regime, & optimizing patronage dividends.

Practical Solved Problem (Cooperative Society Income Tax & Sec 80P Computation):

Cooperative Marketing Society Gross Total Income = ₹15,00,000 comprising:

- (a) Profits from marketing agricultural produce of members = ₹8,00,000 (Sec 80P eligible).
- (b) Interest on deposits with District Cooperative Bank = ₹2,00,000 (Sec 80P(2)(d) eligible).
- (c) Income from renting commercial warehouse to non-members = ₹5,00,000 (Taxable).

Compute Deduction under Sec 80P, Total Taxable Income, and Tax Liability under regular slab rates.

Total Taxable Income = Gross Total Income - Sec 80P Deductions

Step-by-step Solution:

1. Section 80P Deduction Calculation:

- Agricultural Marketing Profit = ₹8,00,000 (100% deductible under Sec 80P(2)(a)(iii)).
- Interest from Co-op Bank = ₹2,00,000 (100% deductible under Sec 80P(2)(d)).
- Total Sec 80P Deduction = ₹8,00,000 + ₹2,00,000 = ₹10,00,000.

2. **Taxable Income** = \$ 15,00,000 - 10,00,000 = $\mathbf{\text{₹}5,00,000}$ \$.

3. **Regular Slab Tax Calculation on ₹5,00,000:**

- First ₹10,000 @ 10% = ₹1,000.

- Next ₹10,000 (₹10,001 to ₹20,000) @ 20% = ₹2,000.

- Balance ₹4,80,000 (₹20,001 to ₹5,00,000) @ 30% = ₹ 4,80,000 $\times$ 0.30 = $\mathbf{\text{₹}1,44,000}$ \$.

- Total Basic Tax = ₹ 1,000 + 2,000 + 1,44,000 = $\mathbf{\text{₹}1,47,000}$ \$.

- Add: Health & Education Cess (4%) = ₹ 1,47,000 $\times$ 4% = $\mathbf{\text{₹}5,880}$ \$.

- **Total Tax Payable** = ₹ 1,47,000 + 5,880 = $\mathbf{\text{₹}1,52,880}$ \$.

Practical Case Framework 2 (Section 80P Income Tax Deductions Reference Matrix): Compare Sec 80P sub-clause, eligible cooperative activity, deduction quantum, and condition.

Section 80P Deductions Architecture Table:

Sec 80P Sub-Clause	Eligible Cooperative Activity	Deduction Quantum Allowed
Sec 80P(2)(a)(i)	Providing credit facilities to members (PACS)	100% Uncapped Profits Deduction
Sec 80P(2)(d)	Interest/dividends from other co-op societies	100% Full Income Deduction
Sec 80P(2)(c)	General commercial/other consumer societies	Capped at ₹50,000 (or ₹1,00,000 PACS)

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