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INCOME-TAX ACT, 2025

D: Profits and gains of business or profession

Section 65 - Interpretation for purposes of section 64

For the purposes of section 64,––

(a) “amalgamation” means the merger of an amalgamating co-operative bank with an amalgamated co-operative bank, if—

(i) all the assets and liabilities of the amalgamating co-operative bank or banks immediately before the merger (other than the assets transferred, by sale or distribution on winding up, to the amalgamated co-operative bank) become the assets and liabilities of the amalgamated co-operative bank;

(ii) the members holding 75% or more voting rights in the amalgamating co-operative bank become members of the amalgamated co-operative bank; and

(iii) the shareholders holding 75% or more in value of the shares in the amalgamating co-operative bank (other than the shares held by the amalgamated co-operative bank or its nominee or its subsidiary, immediately before the merger) become shareholders of the amalgamated co-operative bank;

(b) “amalgamating co-operative bank” means—

(i) a co-operative bank which merges with another co-operative bank; or

(ii) every co-operative bank merging to form a new co-operative bank;

(c) “amalgamated co-operative bank” means—

(i) a co-operative bank with which one or more amalgamating co-operative banks merge; or

(ii) a co-operative bank formed as a result of merger of two or more amalgamating co-operative banks;

(d) “business reorganisation” means reorganisation of business involving the amalgamation or demerger of a co-operative bank or conversion of a primary co-operative bank;

(e) “conversion” means transition of a primary co-operative bank to a banking company under the scheme of the Reserve Bank of India as may be notified vide its circular number DCBR. CO. LS. PCB. Cir. No. 5/07.01.000/2018-19, dated 27th September, 2018;

(f) “converted banking company” means a banking company formed as a result of conversion from primary co-operative bank;

(g) “demerger” means the transfer by a demerged co-operative bank of one or more of its undertakings to any resulting co-operative bank, in such manner that—

(i) all the assets and liabilities of the undertaking or undertakings immediately before the transfer become the assets and liabilities of the resulting co-operative bank;

(ii) the assets and the liabilities are transferred to the resulting co-operative bank at values (other than change in the value of assets consequent to their revaluation) appearing in its books of account immediately before the transfer;

(iii) the resulting co-operative bank issues, in consideration of the transfer, its membership to the members of the demerged co-operative bank on a proportionate basis;

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(iv) the shareholders holding 75% or more in value of the shares in the demerged co-operative bank (other than shares already held by the resulting bank or its nominee or its subsidiary immediately before the transfer), become shareholders of the resulting co-operative bank, otherwise than as a result of the acquisition of the assets of the demerged co-operative bank or any undertaking thereof by the resulting co-operative bank;

(v) the transfer of the undertaking is on a going concern basis; and

(vi) the transfer is as per the conditions specified by the Central Government, by notification, having regard to the necessity to ensure that the transfer is for genuine business purposes;

(h) “demerged co-operative bank” means the co-operative bank whose undertaking is transferred, pursuant to a demerger, to a resulting bank;

(i) “predecessor co-operative bank” means the amalgamating co-operative bank or the demerged co-operative bank, or the primary co-operative bank, which has been succeeded as a result of conversion;

(j) “primary co-operative bank” shall have the meaning assigned to it in clause (ccv) of section 5 of the Banking Regulation Act, 1949;

(k) “resulting co-operative bank” means—

(i) one or more co-operative banks to which the undertaking of the demerged co-operative bank is transferred in a demerger; or

(ii) any co-operative bank formed as a result of demerger;

(l) “successor co-operative bank” means the amalgamated co-operative bank or the resulting bank.

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