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INCOME-TAX ACT, 2025

C: Deductions in respect of certain incomes

Section 149 - Deduction in respect of income of co-operative societies.

(1) If the gross total income of an assessee, being a co-operative society, includes any income referred to in sub-section (2), the sums specified in the said sub-section shall, in accordance with and subject to the provisions of this section, be allowed as deduction in computing the total income of such assessee.

(2) The sums referred to in sub-section (1) shall be the following:-

(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 agricultural produce grown by its members; or

(iv) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members; or

(v) the processing, without the aid of power, of the agricultural produce of its members; or

(vi) the collective disposal of the labour of its members; or

(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;

(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--

(i) a federal co-operative society, being a society, engaged in the business of supplying milk, oilseeds,cotton seed, cattle feed, fruits or vegetables; or [1]

(ii) the Government or a local authority; or

(iii) a Government company, as defined in section 2(45) of the Companies Act, 2013, or a corporation established by or under a Central Act or State Act or Provincial Act, 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 (b), (either independently of, or in addition to, all or any of the activities so specified), that amount of profits and gains attributable to such activities as does not exceed--

(i) ₹ 100000, if the society is a consumers' co-operative society; and

(ii) ₹ 50000, in any other case;

(d) in respect of any income derived by the co-operative society from its investments with any other co-

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operative society by way of–
(i) interest; or
(ii) dividends,the whole of such income; [2]

(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––

(i) a housing society; or

(ii) an urban consumers' society (being 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); or

(iii) a society carrying on transport business; or

(iv) a society engaged in performing manufacturing operations with the aid of power,

where the gross total income does not exceed . 20000, the amount of income by way of interest on securities; any income from house property chargeable under section 20.

(3) In the case of a co-operative society as referred to in sub-section (2)(a)(vi) or (vii), provisions of sub-section (1) shall only apply when the rules and bye-laws of the society restrict the voting rights to the following classes of its members:—

(i) the individuals who contribute their labour or carry on fishing or allied activities;

(ii) the co-operative credit societies which provide financial assistance to the society;

(iii) the State Government.

(4) The deduction under sub-section (1) in relation to the sums specified in sub-section (2)(a) or (b) or (c) or sub-section (3), shall be allowed with reference to the income referred to in those sub-sections included in the gross total income after reducing the deduction under section 138, if the assessee is also entitled to such deduction.

(5) The provision of this section shall not apply to any co-operative bank which is not a primary agricultural credit society or a primary co-operative agricultural and rural development bank.

1. Inserted by The Finance Act, 2026

Added : (after oilseeds) cotton seed, cattle feed,

2. Substituted by The Finance Act, 2026 for:

(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;

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