



UNION BUDGET 2026-27 PROPOSES SEVERAL INCENTIVES FOR COOPERATIVES

SUPPLY OF CATTLE FEED AND COTTON SEED PRODUCED BY A PRIMARY COOPERATIVE SOCIETY ALLOWED FOR DEDUCTION

INTER-COOPERATIVE SOCIETY DIVIDEND INCOME ALLOWED AS DEDUCTION UNDER THE NEW TAXATION REGIME

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Union Budget 2026-27 has proposed several incentives for primary cooperative societies. Presenting the Budget in Parliament today, Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman proposed to extend the deduction allowed to a primary cooperative society for supply of cattle feed and cotton seed produced by its members. Presently, deduction is allowed to a primary cooperative society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members.

The Finance Minister also proposed to allow inter-cooperative society dividend income as deduction under the new tax regime to the extent it is further distributed to its members.

As an additional measure to support National Cooperative Federations, Smt. Nirmala Sitharaman further proposed to allow exemption for a period of 3 years, to dividend income received by a notified national co-operative federation, on their investments made in companies up to 31.1.2026. This exemption would be allowed only for dividends further distributed to its member co-operatives.

NB/RC/VA

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