

## [Budget will have mixed effect: Sodhi, MD \(GCMMF\)](#)

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*Mr R S Sodhi, the Managing Director of GCMMF which owns the famed brand Amul has given his take on the Union Budget on our request. We produce the same verbatim-Editor*

For Cooperative Sector, the budget will have a mixed effect. Budget is good for those cooperatives who are in manufacturing of products. They have got the additional benefit under Income Tax Act for deployment of new workmen where they will get 30% deduction for wages paid under Section 80-JJAA. The carry forward of additional depreciation in next year will reduce the tax burden.

But, increase in Surcharge from 10% to 12% on income tax will increase income tax marginally on all cooperatives. Govt. has proposed to reduce the Corporate Tax from 30% to 25% in four years and this benefit should be extended to Cooperatives also.

The levy of Service Tax on the transportation of milk products at effective rate of 4.2% will result in crease in the prices of essential commodities like ghee. Further, increase in Service Tax from 12% to 14% will result in increase of various input costs and services. This will have an inflationary effect.

The cooperative sector was expecting exemption from the provision of Transfer Pricing under Income Tax but, only a small relief has been granted in terms of increase in the limit from Rs. 5 cr. to Rs. 20 cr., which is not serve the purpose. In case of Cooperatives, all members are associates and working for the benefit of each other. The basic concept of Transfer Pricing is to tax the undue transfer of profit between Associates which is not the case with Cooperatives. We represented at various levels of Central Govt to consider exemption of Cooperatives from Transfer Pricing.

Not much benefit has been given for personal taxation and the Govt. needs to reconsider the same in view of increasing inflation.

Further, Govt. is committed to implement GST from 1st April, 2016 which is good for the Indian economy and will result in reduction in tax on goods in the coming years.