

Recent Issues in Cooperative Audit & Taxation

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New Coop Audit regulations.

Issues in Coop Taxation.

Direct Tax Code on Cooperatives.

The Maharashtra State Cooperative Act 1960.

97th Constitutional Amendment and amendments in State Coop Act.



**Voluntary Formation,
Autonomous Functioning,
Democratic Control and
Professional management.**

The Maharashtra State Cooperative Act 1960.

Chapter VIII Section 81 - Audit



- **Appointment by members in AGM.**
- **Auditor from Panel maintained by Registrar.**
- **Society to inform Registrar auditor's appointment within 30 days.**
- **Auditor has right to attend AGM.**

The Maharashtra State Cooperative Act 1960.

Chapter VIII Section 81 - Audit



- Auditor not to accept > 20 societies.
- Audit - 31 July or before AGM Notice.
- Auditor can impound books, records with permission of Registrar.
- Auditor to submit Special Report and file FIR in case of fraud.

The Maharashtra State Cooperative Act 1960.

Chapter VIII Section 81 - Audit

- **Audit Report shall have defects, irregularities, misappropriations, embezzlement, modus operandi, amount involved, fixing responsibility, financial implications and violations by Committee.**



The Maharashtra State Cooperative Rules 1961.

Chapter VII Rule 69 - Audit



- **Audit Report in compact disc to Society and Registrar.**
- **Part A, Audit Certificate & financial statement to be uploaded.**
- **Society to confirm that Auditor has no more than 20 societies.**

The Maharashtra State Cooperative Rules 1961.

Chapter VII Rule 69 - Audit

- **Auditors' panel**

Application before specified date.

Procedure for scrutiny and approval

Grievance Redressal Committee.

Classification of auditors.



The Maharashtra State Cooperative Rules 1961.

Chapter VII Rule 69 - Audit

- Removal of auditor –

**Non submission of Audit Report,
Special Audit Report, FIR, Audit
Rectification Report.**

**Audit not completed within
specified period.**



The Maharashtra State Cooperative Rules 1961.

Chapter VII Rule 69 - Audit

- **Removal of auditor –**

Non disclosure of true & correct picture of accounts.

Found responsible for commission and omission.



The Maharashtra State Cooperative Rules 1961.

Chapter VII Rule 69 - Audit

- **Removal of auditor –**

Auditor is borrower, internal concurrent auditor of the Society.

Auditor / family member is director, employee, ex-employee of the Society.



The Maharashtra State Cooperative Rules 1961.

Rule 74 – Audit Remmuration



At rates notified from time to time.

If after re-audit found that Auditor has not followed AS or negligent or has not detected frauds, audit fee to be refunded.

Cooperative

Audit



**A professional
opportunity with
enhanced risk.**



Issues in taxation of Cooperative Societies.

Taxation of Cooperative Society

Taxation of Coop Credit Society -

Deduction u/s 80P(2)(a)(i)

Whether rightly denied ?



Taxation of Cooperative Society

Taxation of Non-scheduled Coop Bank -

Unrealised interest on NPAs taxable u/s 43D.





**Genuine issues of Coop Society Taxation
being ignored by Government.**

Direct Tax Code on Cooperatives



DTC on Cooperatives

Clause 85 and 86

**Only Primary Agriculture Coop
Society and Primary Coop Agri.
Development Bank will enjoy
100% tax deduction.**



DTC on Cooperatives

Clause 200 - TDS



TDS on interest > Rs.5000 paid to members.

TDS on interest > Rs.10000 paid to Society by its members.

DTC on Cooperatives

Clause 35(3)(c) and 89(5)

**Unrealised interest on Advances
will be taxable for Coop Credit
Societies.**



IN A PERFECT WORLD...



Be flexible to avoid impact.

Thank You



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