

Income tax Return Filing Mandatory for Cooperative Housing Societies

All cooperative housing societies are liable to file income tax returns. It is usually thought that housing society is a nonprofit making organisation therefore income tax return filing is not applicable to housing societies. There are few types of income of CHS which are exempt from tax but there are many other incomes which are chargeable to tax. Such as rental income from mobile towers, rental income from lawn/terrace from non members, parking charges collected from non members, income from advertisement hoardings, donations, income from non members, interest earned from Nationalised banks and non-cooperative Banks are all chargeable to tax.

Income received from the members by way of contributions towards service charges, electricity charges; lift maintenance charges, water charges, interest charged to members are not taxable because this contribution which is collected from members is spent directly on various day to day expenses of the society. Any surplus amount collected from these types of income is not chargeable to tax. This exempt in tax is based on the principle of 'Concept of Mutuality'.

All Cooperative Housing Society earning business income (Rental income from hoardings, mobile tower etc) qualify for a general deduction under section 80 P(2) (c) of Rs. 50000/-.The deduction can be claimed against business income and not against interest or any other income.

As most of the incomes of societies can fall in tax net it is compulsory to file Income tax return. Also if society is not having taxable income due to deduction available u/s 80 P(d) (i.e. interest from Co-operative Banks being exempted) it is essential on the part of the society to prove the same and this can be done only if Income Tax return is filed. Therefore it is compulsory on the part of CHS to file Income Tax returns every year.

The income tax slab for societies is as follows:

Upto Income upto Rs 10000: 10% Income

Income Rs. 10000 to Rs 20000: 20% Income

Income above Rs 20000: 30% Income

Following documents are required for Income tax return filing – Submit below mentioned documents to CA for filing Income tax returns of your society.

1. Audited copy of Balance sheet
2. Copy of Society PAN Card
3. Copy of PAN card of the authorized signatory
4. Full name (with father's name) of the authorized person who will sign the Income Tax Return
5. Designation of the authorized person
6. Cancelled cheque
7. Received TDS certificates (Form 16 A), in case deducted by Party or Bank.
8. Last year's IT papers and computation