

Amul seeks exemption of co-operatives from transfer pricing

[Prashant Rupera](#), TNN | Feb 3, 2015, 11.21 AM IST

VADODARA: Ahead of the first Budget of Prime Minister Narendra Modi led NDA government, Gujarat Co-operative Milk Marketing Federation (GCMMF) that markets Asia's largest milk brand — Amul — has demanded that the dairy sector be considered at par with the agriculture sector.

GCMMF — the apex body of all dairy unions of Gujarat which has 3.3 million farmers associated with it, has urged the Centre to exempt the cooperative societies from transfer pricing in the Income Tax Act, 1961.

The federation on Monday submitted its expectations from the union budget to Union finance minister Arun Jaitley.

UPA government in its 2012-13 Budget had covered specific domestic transactions under transfer pricing provisions of the Income Tax Act with the threshold limit of Rs 5 crore on annual basis. Accordingly, all major cooperatives registered as association of person under Income Tax Act will fall under the transfer pricing provisions.

GCMMF argues that the objective of transfer pricing is to prevent evasion of tax by entering into transactions with associated persons which is applicable where the motive of organization is earning profit. "In case of cooperatives, the motive is always welfare of the members especially in case of milk cooperatives where the members are farmers only," Amul has argued in its representation.

"It is well known that Amul is paying remunerative prices to its farmer members which has resulted in bringing prosperity to villages of Gujarat. In other states, condition of cooperatives is not very good and applicability of transfer pricing will adversely affect the sector," GCMMF managing director R S Sodhi told TOI.

Amul has also sought reduction of income tax in cooperative sector, removal of excise levied on molasses used in production of cattle feed, removal of service tax on use of cold chain facilities, increasing export duty on oil-meals, de-oiled cake and cattle feed among others.

It has also demanded that milk tankers be exempted from toll charges on express and national highways as this milk is supplied to deficit areas.