

BUSINESS RE- ORGANISATION OF CO-OPERATIVE BANKS

1. Same as demerger and amalgamation of company.
2. Under section 72AB, the accumulated loss and unabsorbed depreciation of amalgamating/ demerged co-operative Bank/ primary co-operative bank which has been succeeded as a result of conversion shall be allowed to be carried forward by amalgamated/ resulting co-operative bank/ converted banking company for the balance number of Assessment Years for which amalgamating/ demerged co-operative bank/ or the primary co-operative bank which has been succeeded as a result of conversion could have carried forward.

SECTION 44DB: SPECIAL PROVISION FOR COMPUTING DEDUCTIONS IN THE CASE OF BUSINESS REORGANIZATION OF CO-OPERATIVE BANKS

- (1) The deduction under section 32, section 35D, section 35DD or section 35DDA shall, in a case where business reorganization of a co-operative bank has taken place during the financial year, be allowed in accordance with the provisions of this section.
- (2) The amount of deduction allowable to the amalgamating/demerged co-operative bank/ **primary co-operative bank which has been succeeded as a result of conversion** under section 32, section 35D, section 35DD or section 35DDA shall be determined in accordance with the formula —

$$A \times \frac{B}{C}$$

where **A** = the amount of deduction allowable to the amalgamating/demerged co-operative bank/ **primary co-operative bank which has been succeeded as a result of conversion** if the amalgamation/demerger/ **conversion** had not taken place;

B = the number of days comprised in the period beginning with the 1st day of the financial year and ending on the day immediately preceding the date of amalgamation/demerger/ **conversion**; and

C = the total number of days in the financial year in which the amalgamation/demerger/ **conversion** has taken place.

- $$\mathbf{A} \times \frac{\mathbf{B}}{\mathbf{C}}$$

C = the total number of days in the financial year in which the amalgamation/ demerger/ **conversion** has taken place.

- Note:** It may be noted that in case of amalgamation of companies, in the above case deduction in Assessment Year 2023-24 is available to the amalgamated company and is not apportioned on the basis of number of days.