

# **NEWS LETTER**

2023

August

Issue

8

# INSIDE

- Taxation of Charitable and religious trusts overview, recent developments & practical issue
- New Form No. 10 b analysed

# FROM THE CHAIRMAN'S DESK

Esteemed Professional Colleagues,

I am once again delighted to communicate with you through this E- Newsletter of our branch published for the month of August 2023.

# 75TH CHARTERED ACCOUNTANTS' DAY CELEBRATIONS

I am pleased to share with you that the 75th Chartered Accountants Day celebrations were held in a grand manner & with excellent participation of our members and their family Members at Kovai Kondaatam, Coimbatore on 1st July 2023. It was an honor to have the District Collector Mr. Kranthi Kumar Pati, who also happens to be a Chartered Accountant as the Chief Guest for



the celebrations. Past President of ICAI CA. G. Ramaswamy, Leader of the Tamil Nadu Farmers Association Mr. K. Chellamuthu were the Guest of Honor and Special Guest respectively. I thank all of them for sparing their time and joining us in celebrating the CA Day. ICAI Flag was hoisted at our Thudiyalur Branch premises, Blood Donation Camp was held at Ramana Gounder Medical Trust, Cultural & Entertainment programs were held, senior Members those completed 30 & 50 years of Professional service were felicitated along with past Chairmen of our Branch & Past Council Members.

# PEER REVIEW TRAINING PROGRAM

The Peer Review Board of ICAI organized a One-day Training Program for Peer Reviewers at our Branch on 21st July 2023, Past President of ICAI CA. G. Ramaswamy inaugurated the program and addressed the participants. Central Council Members, Chairman of the Board CA. Anuj Goyal, Vice Chairperson CA. Sripriya Kumar, CA. Dayaniwas Sharma and faculty Members CA. S. Ramesh, CA. T. V. Balasubramanian & CA. R. S. Balaji addressed the participants. The program went off well with good participation and interaction.

# 55TH REGIONAL CONFERENCE OF SIRC OF ICAI

Please block your dates for the most awaited event, the Regional Conference of SIRC of ICAI; the event is to be held at Hosapete (Near Hampi), Karnataka on 12th & 13th October 2023. The Hon'ble Chief Minister of Karnataka Mr. Siddaramaiah is inaugurating the Conference. Eminent faculty Members from various parts of the country are addressing on most important topics, do participate in this mega event of SIRC of ICAI. Kindly register before 28th August 2023 to avail the early bird Offer. For further details and registration please visit https://sircconference.org/

I cordially invite you to participate in the 10th Pancha Bootha Conference organized by Coimbatore, Erode, Palakkad, Salem & Tirupur Branches of SIRC of ICAI to be held at Tirupur on 12th August 2023. The event is hosted by the Tirupur Branch of SIRC of ICAI. Please note, the Tax Audit Seminar is to be held on 25th August 2023, Friday at our Thudiyalur premises, program details will be shared, kindly participate in this One Day Seminar.

As advised by the Direct Taxes Committee of ICAI, in order to create awareness amongst the taxpayers about the importance of filing IT Return & resolving their queries or ambiguities in filing of returns, a Tax Clinic was organized on 13th & 14th July 2023, Principal Commissioner of Income Tax – 1, Mr. N. Rengaraj, IRS and Past President of ICAI CA. G. Ramaswamy inaugurated the Tax Clinic. CA. Gokul Balaraman addressed in a Study Circle Meeting, I thank all the distinguished Members for their valuable support and guidance in conducting the events.

As our Nation is to celebrate the 77th Independence day on 15th of August 2023, I take the proud privilege of wishing you all a happy Independence Day.

With Best Regards,

CA. D. Nagakumar

Chairman





# TAXATION OF CHARITABLE AND RELIGIOUS TRUSTS OVERVIEW, RECENT DEVELOPMENTS & PRACTICAL ISSUE

# **CA. Prasanth Srinivas**

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# Coverage

- Overview
- Amendments brought in by Finance Acts 2020, 2021, 2022 & 2023
- · Recent circular
- ITR 7 No significant change seen
- Certain practical issues
- Major Changes brought in Form 10B & 10BB

# **Overview**

- History from 1973 Then FCRA in 1976 Misuse led to tightening of the noose.
- Sections discussed are 11, 12, 12A, 12AA, 12AB and 13. Also reference is made to S 10(23C) & S 80G, wherever necessary
- Assessee should be a legally constituted entity (i.e. public trust, declared religious trust, society, not-for-profit company etc.)
- The objects shall be either
  - Public religious purposes or
  - Public charitable purposes as envisaged in S 2(15)

# Overview - Charitable purposes - S. 2(15)

- 1. Relief of the poor
- 2. Education
- 3. Medical relief
- 4. Yoga
- 5. Preservation of environment, monuments, places of artistic / historical relevance etc.
- 6. Advancement of any other objects of general public utility

# Overview - Object of general public utility not to comprise receipts from trade, commerce, business etc.

- There is no total embargo on commercial receipts.
   Receipts from these activities up to the following limits are acceptable
  - AY 2009-10 to 2011-12: up to Rs. 10 lakhs/year
  - AY 2012-13 to 2015-16: up to Rs. 25 lakhs/year
  - From AY 2016-17: up to 20% of the total receipts
- · This embargo does not apply to
  - Public religious trusts
  - Charitable trusts carrying on the first five limbs of charity as defined in S. 2(15) – Circular 11/2008 dt 19.12.2008

Trade associations carrying out commercial activities will be hit – They can charge fees at cost or with nominal margin – ACIT vs. Ahmedabad Urban Development Authority (SC) (2022) 143 taxmann.com 278 (SC) 19.10.2022

Reporting requirement in new 10B

# **Overview - Pitfalls**

- Religious trust can do charity but a charitable trust cannot pursue religious objects – Charitable trust having mixed objects – very dangerous scenario
- Problem situations Charitable trust with religious objects, public religious trusts with private religious objects, benefits given to specified persons, trust property misused, amounts not invested in specified mode, problems in accounts, audit, Violation of other allied laws, ITR / TAR non filing etc. – Can lead to denial / disallowance of exemption, cancellation of registration and accreted tax.
- · Denial of exemption vs. cancellation of regn

# Overview – source of income and application of income

- Sources of income
  - Voluntary Contributions (domestic / foreign / anonymous / kind)
  - Corpus Donation (Donor direction, Investment u/s 11(5))
  - Income from property held under trust
  - Other income including interest
  - Income exempt under other sections (Agrl Inc, S 10(23C))
- Application of income (Revenue or capital permissible)
  - Not less than 85% of CY income to be applied in India for charitable or religious purposes (on cash basis).
  - Spending from earlier year's surplus, corpus donation, loans etc not treated as application of income
  - Depreciation not deductible if cost of asset is claimed as application of income



## **Overview Accumulations of income**

- Section 11(1) 15% of Income of CY
- Explanation to S 11(1) Accumulate till the year of receipt or next year, as the case may be. Option (Form 9 A) to be exercised within 2 months before the ITR due date. (income not recd or any other reason) Relaxed by Circular 6 / 2023 Form 9A to be filed within 139(1) due date Condonation of delay upto 3 years by PCIT and delay upto 365 days by CIT Cir 17/2022
- Section 11(2) Can be accumulated for a period up to 5 years. Option (Form 10) to be exercised within 2 months before the ITR due date. Invest as per S11(5) Relaxed by Circular 6 / 2023 Form 10 to be filed within 139(1) due date Condonation of delay upto 3 years by PCIT and delay upto 365 days by CIT Cir 17/2022

# Overview - other conditions

- Trusts having business income business should be incidental to objects, books to be maintained & income to be used for objects
- Registration of trusts now compulsory u/s 12AB (10(23C) and 80G also as the case may be) – Earlier Sections 12A/12AA – Relaxation by Cir 6 / 2023
- Maintain books (Rule 17AA)
- Get accounts audited and file audit report by due date (Form 10B / Form 10BB) – 1 month prior to S.139(1)
- 10 (23C) 5 crore income institutions audit not required – ITR must – registration not required
- File ITR u.s.139(4A) (139(1) or 139(4)?) circular 173/193/2019-ITA-I-23.04.2019 – can't claim by updated return
- · Order of filing Form 10 / 9A, 10B and then ITR

# Overview - Anonymous Donations (S. 115 BBC)

- Donation where donor's identity is unknown (be careful with UPI and imps fund transfers)
- Not taxable in the case of religious trusts and religious and charitable trusts receiving anonymous donations for religious purposes.
- For others anonymous donations are taxable at 30% + SC + Cess
- Threshold limit Rs. 1,00,000 or 5% of total donations, whichever is higher

# Overview – Tax at special situations

- When assessment of a year is completed without giving exemption – Assessed income of that year is taxable at MMR – till AY 2022-23 and from subsequent years 30%. This is a year to year affair. Note – AO cannot cancel registration.
- Exit tax on conversion to non charitable trust or trust cease to exist – E.g. cancellation of registration, modification of objects without taking fresh registration etc. – Exit tax = Accreted income x MMR, where Accreted income is the value of net assets on the specified date.

# Finance Act 2020

- Provisions regarding re-registration, provisional registration, regularisation of provisional registration etc. introduced in Sections 10(23C), 12AB & 80G. Cut off date got extended up to 31.03.2022 – Discussed elsewhere. Re registration time further extended to 25.11.2022. Again extended to 30.09.2023.
- Audit reports Form 10B or Form 10BB now required to be e-filed 1 month prior to the ITR due date u/s 139(1) – earlier they need be filed only along with ITR (wef AY 2020-21) – Refer circular 15/2022 & 16/2022 for CIT's power to condone delay. – Forms have undergone change
- Corpus donation given to other registered entities shall not be regarded as application of income u.s. 11 & 10(23C) – (wef AY 2020 – 21)
- Section 80G Filing of statement in respect of donors Forms 10BD & 10BE – Cut off date got extended up to 30.06.2023 from 31.05.2023 – Circular 6 /2023.

## Finance Act 2021

- Section 10(23C) (iiiad) & (iiiae) Small income institutions (educational / medical) – Ceiling enhanced from Rs. 1 crore to Rs. 5 Crores (wef AY: 2022 – 23)
- Amendment common to S 11 and S 10(23C) wef AY: 2022 – 23
  - Corpus donations must be invested in S 11(5) modes
  - Amounts spent from the following sources will not be allowed as application of income
    - Corpus donation
    - Income accumulated to the extent of 15% year to year
    - · Loans.

However when the funds are replenished or loan is repaid, application disallowed can be claimed as deduction – Refer Finance Act 2023 also

- Excess application of earlier years cannot be set off

# Finance Act 2022

- •Two regimes are spelt out
  - Section 10(23C) regime (10(23C) cases)
  - Section 12A / 12AA / 12AB r/w/s 11 regime (12 A Cases)
- •12 A cases have self contained code for taxation. However, 10(23C) cases depend on 12A provisions on many procedural aspects like accumulation of income, related party transactions etc.
- •The amendments mainly seek to bring consistency between S 10(23C) and S 12A.

## FA: 2022 - Amendments to bring consistency

•A trust/institution is required to apply at least 85 percent of its income towards charitable activities in a particular year. However, in the event this threshold is not met, the law allows for accumulation of funds to be applied for charitable purposes in the future years (not exceeding 5 years). Such accumulation is subject to certain conditions (5 11(2) / 11(5) etc). Now, such conditions are made applicable to 10(23C) cases also. (AY 2023-24)

•Currently, under the 12A regime, income diverted/excessive benefits provided to trustees/other specified persons result in such amount becoming taxable for the trust/institution. Now, such conditions are made applicable to 10(23C) cases also. (AY: 2023 – 24)

•Currently, under the 12A regime, there is a requirement to file a Return of Income for claiming exemption. Now, such a condition is made applicable to 10(23C) cases also. (AY 2023 – 24)

•Currenly, re-organisation (i.e., conversion, merger or transfer of assets on dissolution) of trusts/institutions governed by 12A regime with any non-qualifying entity (i.e., an entity that is not governed by either of the regimes) triggers a taxation under the accreted income provisions. Now, the accreted income provisions are made applicable to 10(23C) regime as well. AY 2023-24



## FA 2022 - Period of utilisation of accumulation

- •A trust/institution is required to apply at least 85 percent of its income towards charitable activities in a particular year. However, in the event this threshold is not met, the law allows for the accumulation of funds to be applied for charitable purposes in the future years (not exceeding 5 years), subject to certain conditions.
- •Currently, such accumulated funds can be applied even in the year subsequent to the previous year upto which accumulation is done—if it is not used in such subsequent year as well, then the funds not applied become taxable in such subsequent year.
- •Now, the option of allowing application in such subsequent year is done away with therefore, if the accumulated funds are not entirely applied up to the previous year of accumulation, then the funds not applied become taxable in such last year.
- •Effective from AY 2023-24
- •Issue income accumulated in earliesr years whether become income in the  $6^{th}$  year or  $5^{th}$  year ?

# FA 2022 - Application of income to be reckoned only on 'payment' basis

- ·Currently, there is no explicit provision determining the manner of reckoning the application of income (i.e., either accrual basis or cash basis could be followed).
- •Now, it is proposed that the application of income shall be reckoned only on 'payment' basis.
- •This change is effective from FY 2021-22 (AY: 2022 23)
- •Closing balances of creditors and accounts payable must be reduced from application of income. In the first year we cannot add thereto opening balance of creditors and accounts payable. Whether advances paid could be deducted is a debatable point.

# FA: 2022 - Computation of taxable income resulting on account of certain prescribed non-compliances

- AY 2023 24 onwards

  \*Currently, there is no explicit provision determining the manner of computation of taxable income resulting on account of non-compliances. Presently officers tax the gross receipts without allowing application of income.
- •Now, it is provided that the taxable income resulting on account of prescribed noncompliances (such as (a) not maintaining prescribed books of accounts, (b) not filing the Return of Income, and (c)carrying on commercial activities for consideration beyond the prescribed threshold of 20%) shall be computed after uction of revenue expenditure incurred in India, but subject to the following conditions:
- •Expenditure should not be a donation or contribution to any person.
- •Expenditure incurred without withholding appropriate tax or expenditure incurred in cash beyond the prescribed threshold shall not be allowed.
  •Expenditure incurred from the corpus or any loan or borrowing shall not be
- allowed.
- •Depreciation on an asset, the cost of which is claimed as application of income in any year, shall not be allowed.

# FA: 2022 - New tax rate prescribed for certain specified income – 115BBI

- •Currently, there is an ambiguity on the tax rate that applies, where certain specified incomes of the trust/ institution become taxable.
- •Now, it is provided that specified income (resulting from violations such as (i) accumulation of funds for prohibited purposes, (ii) partial application of accumulated funds, (iii) deployment of funds in prohibited investments, and (iv) diversion of income/provision of excessive benefits to trustees/other specified persons) would be taxable at a flat rate of 30 percent (plus applicable surcharge if any and cess) without reduction of any expenditure or allowances or set off of
- •Other incomes (if any) of the trust/institution will be taxable per the currently applicable provisions.

# FA: 2022 - Proportionate income (instead of entire income) now made taxable on account of prescribed non-compliance

- •It is provided that if trust/institution diverts income/ provides excessive benefits to trustees/other specified persons or deploys its funds in prohibited investments only that part of income that is diverted/regarded as excessive benefit/deployed in prohibited investments would be taxable. (items iii & iv) in the previous slide
- •This position has been upheld in certain rulings even before the amendment. As discussed above, income will be taxable at a flat rate of 30 percent without any deductions.

# FA 2022: - Penalty for diversion of income/provision of excessive benefits to trustees/other specified persons - Section 271 AAE

- •A trust/institution will be liable to penalty for diversion of income/provision of excessive benefits to trustees/ other specified persons.
- •The penalty will be equal to 100 percent of the amount diverted in case of the first instance and will go up to 200 percent of the amount diverted in case of violations in subsequent years.
- •This penalty will be in addition to any other penalties that may be levied under the existing law.

# FA: 2022 - Streamlining of the administrative/procedural framework

- •Maintenance of the prescribed books of accounts
- Where the total income of the trust/institution exceeds the basic exemption limit, it is required to get its books of accounts audited.
- Currently, there are no specific books of accounts that the trust/institution is required to maintain.
- Now, it is proposed that such a trust / institution would be required to maintain the prescribed books of accounts.
- Reference is made in Form 10B and 10BB Forms
- Rule 17AA notified on 10.08.2022 Refer notification GSR 622(E) dated 10.08.2022 (https://taxguru.in/income-tax/books-accounts-maintained-

# Summary of Rule 17AA (Content courtesy - Taxguru)

- Every charitable institution is required to keep and maintain the following books of accounts and other documents:
  - Books of account including the cash book, ledger, journal, copies of bills, original bills, and any other books.
  - Books of account for a business undertaking and business carried on by assessee
  - Other documents for maintaining a record of:
    - All projects and Institutions run by the person containing details of the name address and objectives
    - Income in respect of voluntary contribution containing details of donor income from property held under trust along with the list of such
    - property and other income of institution or trust, etc The application of income in and outside India, deemed application of
    - income, income accumulated or set apart, money invested in the specified mode etc
    - Voluntary contribution received and its application
    - Loans and borrowings Properties held by trust



# Summary of Rule 17AA contd...

#### Mode in which documents may be kept

The books of account and other documents may be kept in written form, electronic form, digital form or as printouts of data stored digitally

#### Place where to be kept

The books of account and other documents shall be kept and maintained by the entities at their registered office. However books may be kept in another place if management decides to do so by passing a resolution.

## Period for which books to be maintained

The books of account and other documents shall be kept and maintained for 10 years from the end of the relevant assessment year

# FA: 2022 – Withdrawal of registration/approval provisions revamped

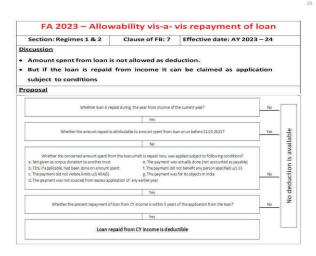
- •The provisions dealing with withdrawal of the registration/approval of a trust / institution have been revamped.
- •Notably, the new provisions enumerate certain 'specified violations' that will lead to a withdrawal of the registration/approval—amongst them is having a business that is not incidental to the attainment of its objectives, material noncompliances in other legislations, etc.

# Finance Act 2023 For the discussions below

Regime 1	Entities referred to in section  10(23C)(iv) – Approved charitable trust  10(23C)(v) – Public religious or religious / charitable trust  10(23C)(vi) – University / Educational Institutions  10(23C)(via) – Hospital / Medical institutions
Regime 2	12AA / 12AB registered entities

	ability vis-a- vi unt spent fron	s depositing back of n corpus
Section: Regimes 1 & 2	Clause of FB: 5	Effective date: AY 2023 – 24
<ul> <li>Amount spent from corpus</li> <li>But if amount spent from be claimed as application su</li> </ul>	corpus donation is	ved as deduction. replenished from income it can
Proposal	(B)	

# Whether one amount spent from corpus is replenished during the year from income of the current year? Yes Whether the amount replenished is attributable to amount spent from corpus on or before \$1.03.2017? No Whether the concerned amount spent from the corpus which is replenished now, was applied subject to following conditions? a. Not given a corpus donation to another trust b. This flagshes a corpus donation to another trust c. The payment of or before the corpus spended uly 13 c. The payment of on the before the payment was of the subjects in india d. The payment of the payment must not sourced from excess application of any earlier year Whether the present replenishment of corpus from CY income is within 5 years of the application from corpus? Yes Corpus replenished from CY income is deductible



## FA - 2023 Treatment of donation to other trusts

Section: Regimes 1 & 2 Clause of FB: 5 & 7 Effective date: AY 2024 – 25 Discussion

- Certain trusts falling within a group roll funds from one trust to another by way of donation so that each trust in the loop gets the benefit of accumulating 15% of the
- donation so that each trust in the loop gets the benefit of accumulating 15% of the respective donation

   E.g. Trusts A to E are under same group. Trust A's income of Rs. 1,00,000 is donated
- donated to Trust B. Trust B donates Rs. 85,000 (85% of Rs. 1,00,000) to Trust C. Trust C donates Rs. 72,250 (85% of Rs. 85,000) to Trust D. Trust D donates Rs. 61,413 (i.e. 85% of Rs. 72,250) to Trust E. Now Trust E has to apply Rs. 52,201 (i.e. 85% of Rs.

61,413). However, this effectively is only 52% of A's income of Rs. 1,00,000.

Proposal

 It is proposed that only 85% of eligible donations made by a trust or institution in the first regime or second regime to another trust or institution in the first regime or second regime shall be treated as application in the hands of the donor.

FA 2023 - Omission of certain provisions relating to dating back of exemption

Section: Regimes 1 & 2 Clause of FB: 8 Effective date: 01.04.2023

Discussion

- <u>Section 12A(2)</u>: Once registered under section 12AA or 12AB, exemption shall be available to the trust from the assessment year relevant to the financial year in which application for registration was made.
- <u>Section 12A(2) 2<sup>rid</sup> proviso</u> Once registration is granted u/s 12AA or 12AB, that status quo should be applied in all pending assessments of earlier years.
- Section 12A(2) 3<sup>rd</sup> proviso Once registration is granted u/s 12AA or 12AB, earlier year's assessments should not be reopened just because the trust was not registered in those years
- Section 12A(2) 4<sup>th</sup> proviso Trust will not get any immunity if registration is cancelled or application for registration is rejected

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#### Proposal

- Second and third provisos are taken away i.e. henceforth there is no immunity visà-vis earlier years for an already existing trust that applies for registration for the first time.
- Fourth proviso is also omitted.

# FA 2023 - Regarding provisional / regular registration / approval

# Discussion

Trusts or institutions formed or incorporated during the previous year are not able
to get exemption in the year of formation because they are required to apply for
registration or approval at least one month before the previous year for which
exemption is sought and registration would be granted from next AY.

#### Situation 2

 Trusts / Institutions, where activities have already commenced, are required to apply for two registrations / approvals (i.e. provisional and regular) simultaneously.

#### Proposal

#### In Situation 1

 Henceforth, the trusts / institutions shall be allowed to make application for provisional registration / approval before the commencement of activities and they get exemption from that AY.

#### In Situation 2

 The trusts / institutions that have already commenced their activities, shall make application for regular approval / registration (i.e. provisional can be skipped). IT authorities' powers are also spelt out.

# FA 2023 - Violations vis-à-vis the new registration / approval regime

Section: Regimes 1 & 2 & 80G Clause of FB: 5 & 9 Effective date: 01.04.2023

<u>Discussion</u>

- The process of granting provisional approval / registration for new trust and the reregistration / re-approval of already registered / approved trusts / institutions are automated.
- Application is filed in the portal and provisional approval / registration or reapproval / re-registration in such cases is granted in an automated manner without verification.

## Proposal

- In many cases it is found that applications are defective, not complete and contain incorrect particulars
- Therefore, proposal is made to empower CIT / PCIT to cancel the registration / approval when application referred to above is incomplete or it contains false or incorrect information.

# FA 2023 - Trusts / Institutions not filing application in certain cases

Section: Regimes 1 & 2	Clause of FB: 57	Effective date: AY 2023-24
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## Discussion

- Certain existing registered / approved trusts have not made application for reregistration or re approval
- Certain provisionally registered / approved trusts have not made application for regular registration
- Likely scenario in future A trust registered / approved for 5 years may not apply for re registration or re approval
- Section 115TD provides for levy of exit tax on accreted income when a charitable trust gets converted to a non charitable trust in the manner laid down in the Act.
- By not applying for regular registration / approval or re registration or re approval the trust gets and easy route to exit without payment of exit tax.

#### Proposal

- Amendment is proposed in Section 115TD
- If the trust fails to make application for re registration or re approval or regular registration or regular approval within the stipulated time, it shall be deemed to have been converted into any form that is not eligible for registration or approval. It will attract exit tax.
- Time limits for re-registration etc. are extended upto 30.09.2023 (refer Circular 6 /2023)
- Procedural part and definition part are also amended.

# FA 2023 - Alignment of ITR, Accumulation and Audit report due dates

Section: Regimes 1 Clause of FB: 5 and Effective date: AY 2023-24

#### Discussion (Also see Circular dated 24.05.2023)

Due date for	Due date	Remarks
ITR	31 <sup>st</sup> July	where there is no audit
	31 <sup>st</sup> October	where there is audit
Accumulation	same as ITR due date	Form 10 (section 11(2)) /
		Form 9 A (expln. to s.11 (1))
Audit report	1 month prior to ITR due	Form 10 B /
-	date i.e. 30 <sup>th</sup> September	Form 10 BB

## **Proposal**

- Due date for filing Form No 10 / 9 A is made 2 month prior to ITR due date ( 31st August in audit cases and 31st May in non-audit cases) – Circular 6 / 2023 – aligned with S.139(1) due date for Form 10 / 9A
- Reason as per Memorandum explaining the provisions "The auditors are required to report the details of form 10/9A in the audit report. Since the due date for furnishing form 9A/10 (It should have been Form 10 B / 10 BB) is one month before the due date of furnishing the ITR, auditors find it difficult to report"

# FA 2023 No exemption if return is not filed

Section: Regimes 1 Clause of FB: 5 Effective date: AY 2023-& 2 24 24

 With the introduction of the scheme of filing updated return under section 139 (8A), there arose an unintended situation wherein trusts filing updated returns became eligible for exemption.

# <u>Proposal</u>

 It is clarified that exemption will be available only if the return of income is filed under section 139 (1) or 139 (4)

August 2023

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	FA 2023 - Sect	tion 80 G
Section: 80 G	Clause of FB: 40	Effective date: AY 2024-25
Discussion		
	es a list of certain s	pecified donees.
<u>Proposal</u>		
<ul> <li>Following 3 inst donees</li> </ul>	itutions are remov	ed from the list of eligible
o 80 G (2) (a)	(ii) – Jawaharlal Ne	ehru Memorial Fund
o 80 G (2) (a)	(iii c) – Indira Gand	lhi Memorial Trust
o 80 G (2) (a)	(iii d) - Rajiv Gand	hi Foundation

## Circular No. 6 / 2023 dated 24.05.2023

- • Re-registration of trusts registered (12A / 10(23C) and 80G) under the old regime – i.e. Form 10 A cases –
  - Original due date 30.06.2021
  - •Extended to 31.08.2021 (C.12/2021 25.06.21)
  - •Extended to 31.03.2022 (C.16/2021 29.08.21)
  - •Extended to 25.11.2022 (C.22/2022 01.11.22)
  - •Now extended to 30.09.2023
- •Conversion of provisional registration to regular registration (12A and 10(23C)) Form 10AB cases
  - Original due date 31.03.2022
  - •Extended to 30.09.2022 (C.8/2022 31.03.22)
  - •Now extended to 30.09.2023
- Consequent relief also provided to those who missed the deadline

# Circular No. 6 / 2023 dated 24.05.2023 (contd...)

- Accumulation filing of Form 10 (s. 11 (2)) or Form 9A (Expln to S. 11(1)) FA 2023 due date is 2 months prior to ITR due date u.s. 139(1)
- •It is now clarified that accumulation / deemed application shall not be denied so long as Form 10 or Form 9A, as the case may be, is furnished on or before the ITR due date u.s. 139(1) – The clarification is not year specific

# Circular No. 6 / 2023 dated 24.05.2023 (contd...)

- Form 10 B / Form 10 BB require application of income / payments to be reported as 'by electronic modes' and 'other modes'. It is clarified that electronic modes referred to in the form are in addition to account payee cheque / draft / ECS
- •Form 10 BD statement of donations u.s. 80 G Form 10 BE certificate of said donation cut off date is 31<sup>st</sup> May of subsequent year For FY 2022-23, the due date is extended to 30.06.2023

## Other matters

- Whether administration of sports and games a charitable purpose – Yes – Circular 395/24.09.1984
- Compulsory acquisition of trust property (Instruction 883 – 24.09.1975) or (Right of Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act, 2013)
- Whether micro finance an activity of mutuality or a charitable purpose?
  - Shalom Charitable Ministries Vs. ACIT ITA No.
     644/Coch/2019 ITAT Cochin Against the assessee
  - Society for rural improvement Vs. DCIT ITA No.
     329/Coch/2014 ITAT Cochin In favour of the assessee
  - Mutuality is to be argued and established

# Other matters

- Preparation of financial statements Guidance note on Financial statements of non corporate entities - exposure draft dated 07.02.2023 - still lying as exposure draft - Technical guide on financial statements of non corporate entities is in vogue -There is also a technical guide on accounting for not for profit organisations. - How far the formats are compatible for NPOs?
- A library letting out premises vs a church letting out premises
- For amendment of objects CIT's permission Form 10AB code 4
- Please read carefully the conditions specified in the new registration order u.s. 12 AB / 80 G by CIT

# **Other Matters**

- Whether case laws under sections 12A / 12AA apply vis- à-vis S 12AB
- Section 10(23C) govt funded (iiiab & iiiac), less than Rs. 5 crs (iiiad & iiiae) and approved instns (vi & via) use the word 'solely' for charitable purpose SC held that 'solely' should be strictly construed Involvement in activities unrelated to the main object make them ineligible for exemption Concept of incidental and non-incidental activities discussed in the judgement Applies prospectively –New Noble Educational Society Vs. CIT (2022) 143 taxmann.com 276 (SC) 19.10.2022. No direct impact on section 12A/12AA/12AB r/w/s 11 (personal view)

# For your valuable views

Thank You

8



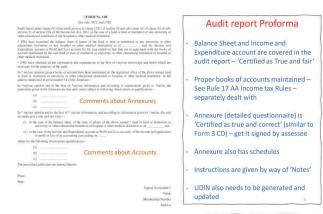
# **NEW FORM NO. 10 B ANALYSED**

(Applies to entities that are require to get accounts audited u/s 12A of (23C)) Effective from 01.04.2023 (AY 2023 - 24 onwards)

# **Amended Rules 16CC and 17B**

Notification 7 of 2023 dated 21.02.2023 (from 01.04.2023, i.e. AY 2023 - 24 onwards)

- Sections are 10(23C) clauses iv, v, vi, via and Sections 11 and 12
- Audit is attracted when income before exemption exceeds the maximum amount not chargeable to tax. So is Rule 17AA (a/c books)
- Form No 10B shall be used where (49 clauses):
  - Total income of the PY (before exemption) exceeds Rs 5 crores OR
  - The assessee had received foreign contribution during the PY OR
  - The assessee had applied any income outside India during the PY
- Form 10BB (32 clauses) shall be used in any other case where audit is attracted
- In effect, auditor is required to certify the computation of income (Refer 10 B Annexure paragraphs 21 to 35 & 10BB Annexure paragraphs 13 to 26)
- Forms comprise of Audit report, Annexure (i.e. statement of particulars), Schedules corresponding to Annexures and explanations by way of notes



						ANNES								
						Statement of								
	1.	PAN of the aud					A	B C 1	E 1 2	3 4	E:			
	2.	Name of the and	Dec											
	3.	Assessment Yea	E)											
Base Details	4.	Previous Year					To all mmyyyy 5							
	5.	Registered Add		litre			-							
	5.	Other addresses.	if reeficible				is refer	nute*>						
7	7.	Type of the audi	No.				Tour	D form D	Corpor LT Own	0.				
(CD)	8.	Whelter the an		ished ut	der an inu	nument?	Yes/N							
Registration Details	9.	Detain of registrativity consistent registration or agreement provisional approval or intification of the undirect under the Incorrecta, Act clouds of all the registrativity consistent approximately provisional approximately approximately active which there wild strategy the provision year abort provision, therefore where the madden has get the negistrativity approximately approximately approximately approximately and provisional registrativity approximately approximately and provisional registrativity approximately approximatel												
		Section under water interpretable approved providence (notified (noter note **)	donally regists	red or red	Date registration registration provision totificate (dd/men/)	exprovisional on or approxi- ally approx- at.	Notificat W Registrat	ion/Approval/ ion/ Unique ion No. Lavailable	registration/provisi registration/g		s'approval/provi roval/notification			
			(0)			121		(3)	(4)		(5)			
	10.	(a) Details of all the Author (s)/ Founder (s)/ Settlor (s)/Trustee (s)/ Members of society/Members of the Coverning Council/ Director (s)/ shareholders holding 5% or more of shareholding / Office Bearer (s) of the auditee at any time during the previous year												
		Name of person	Relation < refer note#5		stage of solding in of solder	Unique Identification Number	Id Code < refer tote##>	Address	Whether there is an relation during prev solid Yes/No	y change is ious year of	If yes, speeds the change			
		(1)	(2)		(3)	(4)	(5)	(6)	(7)		(8)			
SECTION						in row 10(a)) is no any time during th			he following details of	the natural s	persons who an			
Management		\$1. No.	Name	Uniqu Identi Numb	fication.	ID code  seler note##	Address	Non- individual person [as territored in row no- 10ust] in which beneficial ownership held	Percentage of beneficial ownership	Whether there is any charge during previous year of audit Yes/No	If yes, specify the change			
	1		-			_	-	196100		-				

# Annexure Paragraphs 1 to 10

- Basic details are called for
- Refer notes (instruction) wherever required

11.	Obje	cts of the	auditee			1	Refer Note\$					
12.	(i)				erred to in section 11 or 12, has adopted at conform to the conditions of registrati		Yes/No					
	(ii)	If yes,	please furnish follow	ving information:-								
		(A)	date of such modif	fication/ adoption (DD/?								
		(B)	within the stipulate	ation for registration ha ed period of thirty days v) of clause (ac) of sub-		Yes/No						
		(C)	If yes provide the 12A	following details regard	ling application for registration under st	ib-clause	(v) of clause (ac	of sub-section (1) of				
			S.No	Date of Applicatio	Status of registration in pursuance of application	cancella	Registration or ation based on plication	URN of such registration				

# Annexure - Paragraphs 11 to 12

- Objects refer notes
- Modification of objects which do not confirm to conditions of registration If so, file Form 10AB to obtain Commissioner's approval failure attracts exit tax

	13.	(i)		ee has been granted menenced during the		tion or provisi	ional appr	val, whether	r Yes/No					
		(0)	Hyes in 13 (i) . (	late of commencemen	t of activities				d d m	d d m m y y y y				
		(11)	classe (ac) of se	(3) is yes, whether a b-section (1) of section base (23C) of section										
		(10)		above, provide the fit tion 12A or applican							of classe (ac)	of sa		
					5.No	Date Applicat		pistration in pu			istration Carcellati ch application	œ	URN of such prostration	
					(Pending) granted Regi	Regi stration cancell		(ddinmly)	93)					
Ī	14.	(0).		ks of account and oth at such place as presci				the form	Yes/No					
		(ii)	Provide the following details of the books of account and other documents											
		S. No	Nature of Books of Account		Whether maintained in a computer	Whether maintained at		ained at any terrel place	place other than	200	ther the boo sathure n audited	ks )		
			-Refer Note555	(YesNe)	system. (Yes/No)	registered office (Yes/No)	Address of such Place		Date of intinution to Assessing Officer that books of accounts are kept at such place under proxiso to sub-role (3) of rule (17AA	(Yo	No			
			(f)	(2)	(3)	(4)	(5)	161	(7)	(8)	(3)			

# Annexure Paragraphs 13 to 14

- Provisional registration commencement of activity details - regularisation
- Maintenance of books of accounts – Rule 17 AA compliance

ı	15.	Where, i	any o	f the projects/institutions run by auditor, one of the charitable purposes is advancement of any oth	er object of general public otdity then.			
		(A)	Wi	ether any activity is being carried on by the auditee which is in the nature of trade, commerce or iness referred to in proviso to clause (15) of section 2?	Yes/No			
		(8)	Ify	es, then percentage of receipt from such activity vis-a-vis total receipts	9			
		(C)		ether such activity in the nature of trade, commerce or business is undertaken in the course of ual carrying out of such advancement of any other object of general public utility	se of Yes/No			
		(D)	Wi	either there is any activity of rendering any service in relation to any trade, continues or business any consideration as referred to in provision is classe (15) of section 27	ss Yes/No			
1		(E)	liy	es, then percentage of receipt from such activity vis-à-vis total receipts	5			
		(F)		ether such activity of rendering service is undertaken in the course of actual carrying out of such suscement of any other object of general public stility	Yes/No			
1	16.	If'A' or	D' in	15 is Yes, the aggregate annual receipts from such activities in respect of that project/institution				
1		5.No	Nin	te of Project/Institution Amount of aggregate annual receipts from activities referred	Fig 15A and 15D (In Rs.)			
		Total		N-2 0				
+		(0)	Wh	ther the auditee has any business undertaking as referred to in sub-section (4) of section 11	YeyNo			
1		107		s, then provide the following details of the business undertaking:	154.40			
П			(1)	Nature of Basiness Undertaking				
1		(ii)	Obi	Brainess Code				
	17.		(c)	Whether separate books of account have been maintained for the business undertaking seeler note?5	Yes/No			
			(d)	Income from the business undertaking for the previous year which is not to be included in the total income of the auditor as per sub-section (4) of section 11.	Amount in Rs.			
			(z)	Income from the business undertaking for the previous year which is to be included in the total income of the auditor as per-sub-section (4) of section 11	Amount in Rs.			
	18.	(0)	Who	ther the auditee has any income being profits and gains from any business as referred in seventh iso to Clause (23C) of section 10 or sub-section (4A) of section 11, as the case may be	Yes/No			
П			lfye	s, then provide the following details of such business:	Yes/No			
		-	(a)	Nature of Business				
		(n).	(b)	Basiness Code				
9			(c)	Whether separate books of account have been maintained for the business Stefer now?	Yes/No			
1			(d)	Whether the business is incidental to the attainment of the objects of the auditee	Yes/No			
П			(c)	Profits and gains from the business during the previous year	Amount in Rs.			

# Annexure Paragraphs 15 to 18

- Object of general public utility – any commercial activity involved
- Business Section 11 (4), 11 (4A), 10 (23C) compliance — incidental to objects and maintenance of books

	19.	Details o	f the receipt	s of the auc	litee on which	tax has been	deducted at s	ource referred	to in sections	s 194C or 194.	or 194H or 194Q	
		S. No.	Name of	TAN of	Amount on	Amount of	Section	Category of in	ncome/receipt		Income/receipt	Whether separate
TDS on receipts			the deductor	deductor	which tax has been deducted at source (In Rs.)	tax deducted at source	under which tax has been deducted at source	Trade, commerce or business (Rs.)	Activity of rendering any service in relation to any trade, commerce or business (Rs.)	Others (specify the nature) (Rs.)	in column 7 or 8 which is from business incidental to the attainment of the objects of the auditee. (In Rs.)	books of account have been maintained for activities income/receipt which is mentioned in column 10 (Yes/No)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	20.	Whether	the provisio	ons of twent	v second prov	iso to clause	(23C) of secti	on 10 or sub-s	ection (10) of	section 13 are	applicable.	Yes/No

# Annexure - Paragraphs 19 to 20

- Details of receipts of institution on which tax has been deducted at source
- Section 13 (10 ) / 10 (23C) 22<sup>nd</sup> proviso is attracted in cases of non-maintenance of accounts, non-filing of audit report, non-filing of ITR – in those cases, specific computation mode is prescribed

	rations reported in Form No. 108D familiard by 6		Yes/No					
Donations not be			or For the pres	KIRLYDE		(Amount in Rs.		
	orted in Form No 10823 Not required to fill Form		80					
(ii) Donatio	ns received by fund or trust or institution of the a	udier y	dichir appr	wed under classe; thy of	Amount in I	24		
mb-sect	ion (2) of section 10G is received by fund or trust or institution of the	78077	1111111111		Amount in F			
nection.	as recovered by Tabel of their or environment of the NKG onther than these dentations qualifying under classes (in) of classes can of sub-sections (2) of section	r tines	e this of sub-so	stice (2) of section NIG	Amount at 8	EL.		
Donatio	ns recovered by transf or transf or institution of	(83 II	Cod dista	ions exceeding Rt. 2000	Amount in E	či.		
of lab-s	ne approved insider side-classe (is) of classes (a) exclusin (2) of section 90G and which are not insider sub-section (5) of section 80G	(b)	charitable to from any fi- my univer- investigations	received from other must and motifation or and or motifation or trust or ony or other educational or any hospital or other station not eligible for	Amount in Rs.			
		90	Others + St	recity the nations	Amount in E	EA.		
		-	Tent machine		Amount in Ex			
	(d) Tetal (n=0)=(c)  Donations which could not be repented in from No. 198D due to non-availability of identification of							
	s required under Form No. 1181D	of statements of	Amount in Rs.					
(v) Donatio	ns received in kind		Amount in F	Es.				
Akmyn	Aborymous Donations referred to at section 1158BC							
90	Amount of attorytoous donation to/ taxable at of clause (i) of sph-section (1) of section 11588		ion HSBBC	ов ассоля об аррбсайску	Amount in B	de.		
(vi) (h)	Amount of anonymous donation not bacable a of clause (4) of sub-section (2) of section (158	IBC			Amount in E	tic		
(0)	Amount of anonymous donation not tacable in of almost though sub-section (2) of section 1.151	Amount in E	dic					
(40)	Other anonymous dynations taxable in 30 % as	Amount in Rs.						
	Total (ashical)				Amount in F	di.		
Any offi	er voluntary contribution not part of Form No. 10	ND.		«Please specify the nature"	Amount in F	de		
Total de	nation not reported in Form No HBID (230)+23	(i)+23(	uroži +23čivi	=25(v)=25(v(mg)=25(v(i))	Amount in 9	da		
24. Total voluntary or	surrbutions received by the maleter during the pro-	(% E000) §1	nt (222+23c)()	it	Amount in F	di.		
	erbation out of the total voluntary contributions of		14		Amount in 8 4 Fill School	isle PC>		
	nation forming part of corpus reducts are included				Amond in E	h.		
nob-section	resenting dotations received for the resovation on CD of section 80G eligible for exemption under retion 10 or Explanation 3A to sub-section (1) of	the plan	stom 1A to the		Amount in R Fill School			
Corpus da	nations as referred to in clause (d) of sub-section section 10 (ZMC) eligible for exemption and inves-	in clause (d) of sub-section (1) of section 11 or Explanation 1 to the third pilet for exemption and invested in moles specified under sub-section (5) of						
(H) provinces					<ul> <li>Fit Scholz</li> </ul>	ale Corpus		

# Annexure Paragraphs 21 to 27

- Paras 21 to 30 deal with income and 31 deals with application
- Filing of Form 10BD
- Division / Reconciliation of total donations into 80 G donations, foreign contributions, other donations, donations in kind and anonymous donation Donation and other voluntary contributions ledger to be thoroughly analysed



# THE COIMBATORE BRANCH OF SIRC OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Setup by an Act of Parliament)

discorne to be applied	28.	bon	cid lu	d at its its	man pretebution taken or tood or a or flast the postel	en university of a	der obsations	discoon				Amount in Riv.		
all did	23.	hom	e ippli	ot omide	hda shidrind	iphir order clear	e k) d sib-se	din (1) of	etri	ns 11		Amount in Ro. s Filt Schedule	lir App	
-	30.	Ion	chqu	nd to be a	upled in Italia b	the molter form	of ge laculons	pes: [17+2	SESS Amount in Ro.					
	31.	Appli				ann na riighk				er Hr		1/2		
		新		d private private y	agliel to that ear	alik ir relgino ;	suposes in Itali	tu dicting		r Ro	Other the Electroni (In Rx.)			
			10	3480	choties et desation to any other person during the previous							Assuria By		
			П	Object	vie sprication									
					Kelgon							Amount in Ex.		
				(8)								Assertic Ex.		
				(1)	Unoties							About in Ex.		
				IN):	Mulicitation								Arment at Ro.	
				00	Yopa							Ansatin Es.		
			81	190	freetraid v							Amount in Ro.		
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				П		(vix)	Advancesies unity	Absolution of any other objects of graced public solity						Amount or Ro.
				(00)	Application of indeed to 6	which carnot be specifically categori (VIII)		prived				Amount in Bo		
				(0)	Trui							Atorest in Ro.		
				Total	ppfication (a)+	PIXE			П			Atomic in Ro.		
		(4)	Details of application out of (i) (ii) and (ii) the exacting in prepared to excess of Ro. 50 table through								regitep	erylano jeur hi uny po	2018	
Application of Income			SN		S.No. Name of percents whom univer paid or credited		Amount of application	- 2	dide	of application		ıı	8	
dication .								«Electro c modes (Rs.)		Other fram Electronic modes (RL)	Tital	Whether any TDS has been dishested	Section under which TDS bat here deducted	
1		_	-		_	_		_	4	100		Yes/No		
7		[1]	Am	out which	t was not actually	poil being the	perion yor (	Fincheled	10	(c)		Amount in Ro.		
		(4)			dy poid during the ploation of more			tering any co	ate	princyn	rbass.	Assust in Ro.		
		(v)	Tie	lunous	telestionel as	aplicator (10)	as Jimi da	PET.				Amount in No.		

## Annexure Paragraphs 28 to 31 (part)

- Reporting of income from property held under trust
- Application of income earlier single line item – now object-wise – payment by electronic mode and otherwise to be bifurcated
- Application exceeding Rs. 50 lakhs to any person – scrutiny angle
- Adjustment for accrual accounting

	Bifun	cation of application in 31( v) into Revenue or Capital	Amount in Rs.		
(vi)	(a)	Revenue	Amount in Rs.		
	(b)	Capital	Amount in Rs.		
[vii]		ant invested or deposited back in corpus which was applied during any preceding previous year and aimed as application during that previous year.	Amount in Rs.		
(viii)	Repay	yment of loan or borrowing during the previous year which was earlier applied and not claimed as action during that previous year during that previous year.	Amount in Rs. < fill Schedule LB>		
Amou	nt to be	disallowed from application			
(ix)		ant disallowable under thirteenth proviso to clause (23C) of section 10 or Explanation 3 to sub- in (1) of section 11 read with sub-clause (ia) of clause (a) of section 40	Amount in Rs. < fill schedule TDS>		
(x)		and disallowable under thirteenth proviso to section $10(23C)$ or Explanation 3 to sub-section $(1)$ of in $11$ read with sub-section $(3)$ or $(3A)$ of section $40A$	Amount in Rs. < fill schedule 40A(3)/schedule 40A(3A)>		
(xi)	hospi	tion to any fund or institution or trust or any university or other educational institution or any tal or other medical institution referred to in sub - clauses (iv), (v), (vi) or (via) of clause (23C) of in 10 of the Act or any trust or institution referred to in sections 11 or 12 of the Act towards Corpus	if		
(xii)	hospi	tion to Any fund or institution or trust or any university or other educational institution or any tal or other medical institution referred to in sub - clauses (iv), $(v)$ , $(v)$ ) or $(v$ ia) of clause (22C) of 0 10 of the Act or any trust or institution referred to in sections 11 or 12 of the Act not having	Amount in Rs.		

# Annexure - Paragraphs 31 (part)

- Revenue vs Capital
- Corpus fund replenished utilisation from corpus not claimed in earlier year
- Repayment of loan spending from loan not claimed in earlier year
- Disallowance from application 40 (a) (ia), 40 A (3), corpus donations given, donation to other trust NOT having same objects (item xii)

2.	Taxable	e Income [30- [31(xviii) to 31(xxi)]]	Amount in Rs.
	(xxi)	Income accumulated or set apart for application to charitable or religious purposes or stated objects of trust or institution to the extent it does not exceed 15 $\%$ of the income	Amount in Rs.
	(xx)	Income accumulated as per the provisions of Explanation 3 to the third proviso to clause (23C) of section 10 or sub-section (2) of section 11	Amount in Rs. < fill Schedule AC>
	(xix)	Amount deemed to have been applied during the previous year under clause (2) of Explanation 1 to subsection (1) of section 11	Amount in Rs. < fill Schedule DI>
	(xviii)	$Total \ allowable \ application \ [\ \{31(v)+31(vii)+31(viii)-\{31(ix)\ to\ 31(xvii)\ \}]$	Amount in Rs.
	(xvii)	Any other disallowance (Please specify)	Amount in Rs.
i	(xvi)	Applied for any purpose beyond the objects of the auditee	Amount in Rs.
	(xv)	Application outside India for which approval under proviso to clause (c) of sub-section (1) of section 11 has been obtained	
	(xiv)	Application outside India for which approval under proviso to clause (c) of sub-section (1) of section 11 has not been obtained	Amount in Rs.
	(xiii)	Donation to any person other than any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub - clauses (iv), (v), (vi) or (via) of clause (22C) of section 10 of the Act or any trust or institution referred to in sections 11 or 12 of the Act	Amount in Rs.

# Annexure - Paragraphs 31 (part) to 32

- Donation to trusts not registered u.s. 12AB / 10 (23C) item xiii
- Application outside India
- Application beyond objects of trust
- Any other disallowance

	hor	ne tauhi	e mike section 115888		
33.	(2)		t the auditor has any depend income relieved to in sub-section (18) of section 11 schargeable to tax in 30 % under section 115881 and the answer of such deemed 2.	Yes/No If sex fill Schedule DI	Amount in Rs.
	(b)	to class	r the auditor has any decimed income referred to in Englanation 4 to third provise (25C) of section 10 or sub-section (3) of section (1) which is chargeable to tax for sider section 11988) and the amount of such deeped income?	Yes/No If yes fill Schedule AC	Amount in Rs.
		62	Whether income accumulated is applied for the purposes often than charitable or religious purposes or croses to be accumulated or set apart for application thereto.	YnNo	Amount in Rs.
		(0)	Whether such moone accumulated croses to remain invested or deposted in any of the forms or modes specified in sub-section (3) of section 11	Yo/No	Anour it Rs.
		(1)	Whether such income accumulated is not utilised for the purpose for which it is no accumulated or set apart during the period referred to its clause (a) of Explanation 3 to that purviso to clause (20C) of section 30 or clause (a) of sub-section (2) of section (3) of section (1).	Yes/No	Amount in Rs.
		(a)	Whether such income accomalated is credited in grad to any tred or mointain registered under section 12AA or section 12AB or to any final or institution or tract or any other-entity or other educational multitation or any hospital or other medical institution or fronted to it and clause (iv) or sub-clause (iv) or sub-clause (viii) or sub-clause count of clause (12AC) of section 10.	YrsNo	Amount in Rs.
	10	ė.	Whether the auditor has any iscome which is recome not to be excluded from the total income under secuty fire provise to clause (25C) of section 10 or clause (5)-of sub-section (1) of section 13 which is chargeable to tax 0 20 % under section 11/881 and the insociat of such income	Yn/No	Amount in Rs.
		(6)	Whether the auditor has any income which is not to be excluded from the total income under clause (b) of third provise to clause (25C) of section 10 or clause (d) of sub-section (1) of section 13 which is chargeable to tax (0.30% under section 11/58B) and the automs of such income	YesNo	Amount in Ri.
	(4)	of fix is	r the auditor has any income accommission over apart in excess of lithest per cent. sevene where such accommission is not allowed under any specific provision of the which is chargeable to tax 69:30% under section 1158881 and the amount of such 20.	YesNo	Amount in Rs.
	(r)	Whether total in	r the auditor has made any application out of India which is not excluded from some modet clause $(c)$ of sub-section $(1)$ of section $(1)$	Yes/No s if yes fill schedule let App?	Amount in Rs.
34.	Aso	FEBRUA Ó	mation which is chargeable to tax @ 30% under section 1158800		Amount in Rs.

# Annexure Paragraphs 33 to 34

- Any deemed income taxable
   30% as shown in form
   (refer FA 2022)
- Anonymous donation to be taxed @ 30%

П		Oth	r Income	Amount in Rs.	Annexure	
	35.	90	Whether the auditor has any income chargeable under section 12(2) and the amount of such income.	YesNo	Amount in Rs.	Paragraphs 35 to 36
		(6)	Recome as per Explanation 3B to sub-section (1) of section 11 in case of violation of clause or (d) of Explanation 3A to sub-section (1) of section 11 tead with clause (b) of sub-section		Amount in Rs.  < Fill Schedule Corpus	
						- Benefits to specified persons
						- Taxable receipts of eligible
			ten.		I.	religious institutions
		lei	180G bounce as get Explanation 18 to the third provision classes (SSC) of section 10 in case of classes (as to b) to e (c) set the Explanation 1As to third provision to classes (LSC) of sect classes (as the collection 180G) of sect classes (LSC) of section 180G.		Amount in Rs < Fill Schedule Corpus	religious institutions
		(c)	Income as per Explanation 1B to the third proviso to clause (2/C) of section 10 in case of clauses (a) or (b) or (c) or (d) of Explanation 1A to the third proviso to clause (2/C) of section			religious institutions referred to in Section 80G
	M.	(d)	become as per Explanation IB to the fluid proviso to clause (23C) of section 10 in case of clauses (a) or (b) or (c) or (d) of Explanation 1A to the third proviso to clause (23C) of secticate (b) of sub-section (2) of section 80G.		< Fill Schedule Corpus	religious institutions
	×	(d)	become as per Explanation 18 to the third proviso to clause (12C) of section 10 in case of clauses (a) or 0) or (c) or (d) of Explanation 1A to the third proviso to clause (2C) of sect clause (th) of sub-section (2) of section 80G become chargeable under sub-section (4) of section 11		< Fill Schedule Corpus	religious institutions referred to in Section 80G
	ж	(d) Deta	home as per Epilanatis III in the field grows to classe (2C) of ection 10 in case of classes to see b) for e/or or the Epilanatis 1A to the field provision classe (2C) of sect classes (b) and shown the Lorento MA. Boome chargade under sub-section 11 of ection 11. In our chargade under sub-section 11 of ection 11. In of capital societ transformed ander sub-section 11A/1 of section 11. Whether a capital societ transformed ander sub-section 11A/1 of section 11.	ion 10 read with	< Fill Schedule Corpus  Amount in Rs.	religious institutions referred to in Section 80G - Income from non-
	M.	(d) Desi	home up or fuluation III. Such tell sprace in vitage (2C) of section 10 in use of dones in or 30 visit (set 4); of the fuluation 18.4. In the find privation to classes (2C) of set share the first disheration 50 visit (set 18.6.). In the contract of the contract of the booten chappeds endors who extent in 16 victims 11.1. In all contract of the contract of the lot of capital user transferred under sub-section 18.1.0 of existin 11.1. What is explained to purpose in sunformed and the contract in the both in transferred purpose is sunformed and the contraction for which it is impolerant More than the contraction of the contraction of the both in transferred More than the contraction of the contraction of the contraction of the More than the contraction of the contraction of the contraction of the More than the	Yes/No	« Fill Schedule Corpus»  Amount in Rs.  Amount in Rs.	religious institutions referred to in Section 80G - Income from non-

	(A)	Income accumulate under sub-section		d proviso to chase (, ion 11 during any car			nic modes	Other than Electronic modes (Rs.)	Total Ar (Rs.) s Fill se ACS	
	(B)			n any preceding year of section 11 during year		ic modes	Other than Electronic modes (Rs.)	(Rs.)	< Fill schedule	
37.	[0]	Income of earlier	provious ye	ears up to 15% access	udated or set apar	+Electron (Rs.)	tic modes	Other than Electronic modes (Rs.)	Total Ar (Rs.)	noest
	(D)			Corpus		+Electron (Rs.)	tic modes	Other than Electronic modes (Rs.)	Total Ar (Rs.) « Fill Sc Corpus	holde
	(E)		Вс	erowed fund		+Electron (Rs.)	nic modes	Other than Electronic modes (Rs.)	Total Amount (Rx) < Fill Schedule LB*	
	E		Any oth	er (Please specify)		+Electron (Rs.)	ic nodes	Other than Electronic modes (Rs.)	Total Ar (Rs.) 4 Fill Sc LB>	
38.	Deta	ils of application resul	ling in payo	ent or credit in excer	ss of Rs. 50 lakh s	luring previous y	ear to a sing	le person out of 37		
	Sm	Name of person	PAN	Amount of application (Rs.)	М	ide of Application	E.		DS	
					+Electroni c modes	Other than Electronic modes	Total	Whether any TDS has been deducted (Yes/No)	Section under which TDS has been deduced	Anou nt of TDS

# Annexure Paragraphs 37 to 38

- Details of utilisation from 11 (2) funds, expl. to 11 (1) funds, old funds to the extent of 15%, corpus, loan break-up as electronic / other modes
- 50 lakhs to a single person from above

- 0		I.	1	E 0	T I	1	1	10	01	1
		(i)	Whet	er provisions of twenty second	d proviso to clause (23C)	of section 10 or sub	b-section (10)	of section 13 are a	applicable?	Yes/No
	39.			n (i) specify the reason why th tion (10) of section 13 are app		econd proviso to cla	ause (23C) of s	section 10 or		
			(a)	Provision of proviso to claus	se (15) of section 2 is app	plicable				Yes/No
		(ii)	(b)	condition specified in clause (b) of sub-section (1)			ection 10 or su	ib-clause (i) of		Yes/No
			(c)	condition specified in clau clause (b) of sub-section (1)			ection 10 or s	ub-clause (ii) of		Yes/No
			(d)	condition specified in twen (ba) of sub-section (1) of sec			or sub-clause	e (ii) of clause		Yes/No
				n (i), please provide comput- tion (10) of section 13	ation of income chargea	ble under twenty	second provis	o to clause (23C)	of section 10 or	
		(iii)	(a)	Income for the previous year	r					Amount in Rs.
13(10) and 22hd proviso to section 10(23c.)			(b)	Total Expenditure incurred i	in India, for the objects o	f the auditee,				Amount in
			(c)	Expenditure to be disallowed	d					

# Annexure - Paragraph 39 (part)

Specific violations – computation of income – refer amendment in Finance Act 2022

Religious Purposes	40.	(c)	Perc	Percentage of expenditure which is of edigious nature to the total income [Amount in (a)(b)]				
Part I		(b)	Total	lincene	ef æ	ditee during the previous year		Amount in Rs.
1xxxxxxx		(a)				nt of expenditure incurred during the previous year which is of a religious nature such expenditure	Yes/No	If yes specify amount in Rs.
ī		life	BC 100	litee is up	рети	ed under second proviso to sub-section (5) of section 80G, please provide the follow	ing details	
						chargeable to tax under twenty-second proviso to chanse (23C) of section 10 or 13 [a - b+cfix)]	sub-section (10) of	Amount in Rs.
				(ir	_	Total expenditure to be disallowed (i)+(ii)+(ii)+(ii)+(v)+(vi)+(vii)+(viii))	Amount in Rs.	
				(1	11)	Any other disallowance		Amount in Rs.
				(1	i)	Amount disallowable under Explanation to sub-section (10) of section 13 or E section proviso to clause (23C) of section 10 read with sub-sections 3 or 3A of se		Amount in Rs. < fill schedule 40A/34/Schedul e 40A/3A/s
				(1	i)	Amount disalfunable under Explanation to sub-section (10) of section 13 or E second proviso to clause (23C) of section 10 read with sub-clause (ia) of clause (		Amount in Rs. < fill schedule TDS disallowable >
				(1	)	Capital expenditure		Amount in Rs.
				(ir	()	Expenditure in the form of contribution or donation to any person.		Amount in Rs.
				(i	i)	Deprecution in respect of an asset, acquisition of which has been claimed as app the same or any other previous year, and	ication of income, in	Amount in Rs.
				(i	)	Expenditure from any loan or borrowing		Amount in Rs.
				(ii		Expendinge from the corpus standing to the credit of the trust or institution financial year immediately preceding the previous year relevant to the assess income is being computed.		Amount in Rs.

# Annexure Paragraphs 39 (part) to 40

- Specific violations computation of income – refer amendment in Finance Act 2022 continued
- Religious expense of 80G registered trusts

10

Death of specified persons* as selected to its sub-section (1) of section (1)  Code of Provon inferred to its sub-section (1) of section (1)  Code of Provon inferred to its sub-section (1) of section (1)  4.1. Publish of transaction referred to its section (1) of section (1)  4.2. Publish of transaction referred to its section (1) of section (1)  4.3. Whether any part of the section of property of the auditor is, or continues to be, text to any specified person for any person  4.3. Whether any land, Nucling or other property of the auditor is, or continues to be, text to any specified person for any person  4.4. Whether any land, Nucling or other property of the auditor is, or continues to be, text to any specified person for any person  4.5. Whether any land, Nucling or other property of the auditor is, or continues to be, and available for the use of any specified person not of the posts, for any publish density of persons person when the fore interest of the auditor of the property of the auditor is, or continues to be, and and and the unsons replied to the text of the auditor (1) and proves to such auditor and for unsons replied to text or of the property of the auditor of the provest or of the auditor of the aud	Note that it is been as well as while it is not a while it is no
The specified Valuation   Security of the product	Schedule TIS disallowable: Details of amounts inadmissible amount disallowable under thirteenth proviso to clause (2DC) of section 10 or subsection 11 of section 11 or out with sub-clause (a) of clause (a) of section 40.  Schedule TIS disallowable: Details of progrent or which tax to not deducted and the section (1) of section 11 or out of progrent (a) fine (b) (a) (b) (c) (c) (d) (d) (d) (e) (e) (e) (e) (e) (e) (e) (e) (e) (e
Compared to the control of the con	March   Marc
Schedule relating to accumulation u/s 11(2)    Schedule relating to accumulation with 11(2)   Schedule relating to accu	Notes to Form 10B  (1) Any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub - clause (17), (17), (17) or (19) of clause (12) of section 10 of the Act or any trust or institution referred to in sub - clause (17), (17), (17) or (19) of clause (12) of section 10 of the Act or any trust or institution referred to in sub-section (3) of section 13 shall be referred as specified person in this form;  (2) Any person referred in in sub-section (3) of section 13 shall be referred as specified person in this form;  (3) "In serial number 6, provide the address which has been decided by the management by say of a resolution and which has been intituated to the jurisdictional Assessing Officer in writing within seven days of such resolution as per the provision sub-true (13) or full referred to a person of the following codes shall be selected (details of all the registration/provisional registration or approval or provisional approval or notification which are valid during the previous year should be provided, however where the audite has got the registration or approval, after provisional registration or approval need not be provided;  (2) No Section  (1) Clause (a) of sub-section (1) of section 12AB of the Act (2) Clause (a) of sub-section (1) of section 12AB of the Act (3) Clause (a) of sub-section (1) of section 12AB of the Act (4) Clause (iii) of sub-section (1) of section 12AB of the Act (5) Clause (iii) of sub-section (1) of section 12AB of the Act (6) Clause (iii) of sub-section (1) of section 12AB of the Act (7) Clause (iii) of sub-section (1) of section 13AB of the Act (8) Clause (iii) of sub-section (1) of section 13AB of the Act (9) Clause (iii) of sub-section (1) of section 13AB of the Act (10) Clause (iii) of sub-section (1) of section 13AB of the Act (11) Clause (iii) of sub-section (1) of section 13AB of the Act (12) Clause (iii) of sub-section (1) of section 13AB of the Act (13) Clause (iii) of sub-section (1) of
Shade The Notifice Malling and property of the state will be a second to be a few of the state o	(5). #In pow 10(a), in column (2) for relation one or more of the following codes shall be selected    S. No. Section

Schedules relating to transactions with specified persons

# PEER REVIEW MEETING





# **TaxClinic**



















CPE MEETING





