

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

CHENGALPATTU DISTRICT BRANCH (SIRC)
(Formerly Known as Kanchipuram District Branch)



E- Newsletter
September 2024



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ARTICLES INVITED FROM MEMBERS

Note: Articles are invited from members for publishing in newsletter. The articles shall be either on the specific subject or a general article. Members can send their articles with Name, Membership Number, Mobile Number, Residential Address, Office Address & Photo to our E-mail id mentioned below:

E-mail id: chengalpattu@icai.org

Note: The views expressed in the articles published, are their own views and Chengalpattu District Branch does not endorse or take responsibility.



From the Chairman's Desk



My Dear Esteemed Members,

Greetings to all the members of the Chengalpattu District Branch (SIRC)

We are stepping into the month of September 2024. The start of September not only denotes the start of corporate compliance season and also the start of festival season for the next three months.

The first celebration in the month of September starts from remembering and honouring our Teachers and Principal on the Teachers Day. It is the most fitting start for any festive season with Guru Vandhanam.

The month of August has marked as a significant month in the history of our branch. The long awaited the Foundation Stone Laying ceremony for our Branch new building had been laid in the Golden hands of President of ICAI CA. Ranjeet Kumar Agarwal in the presence of Vice President of ICAI CA. Charanjot Singh Nanda on August 22nd 2024.

We talk a lot about hope, helping and teamwork. Our whole message is that we are more powerful together.

The combined results of several people working together is often much more effective than could be that of an individual working alone.

The above quotes were clearly evident during the program and also during our branch initiative of collecting and handing over more than Rs.15.00 lakhs to the CABF. The CABF collection was made within the shortest period of time (within one week). We were happier with the number of members who contributed for the CABF than the amount itself.

Little Drops make a mighty ocean. This quote was once again realised during our initiative.

Our strength lies in our community. The connections we build, the knowledge we share, and the support we offer each other are what make our professional journey rewarding. Building and maintaining a vibrant professional community is at the heart of what we carry out at our branch. do. Our meetings and member spotlights are all part of our effort to foster connections and share knowledge. I urge all the members to get involved, whether by attending events, contributing to discussions, or mentoring fellow members. Your participation not only enriches your own experience but also contributes to the collective success of our community.



E-Newsletter - Chengalpattu District Branch (SIRC)

I want to express my heartfelt gratitude to each of you for your unwavering commitment and hard work. It is your passion and expertise that drive the success of our profession and uphold the standards we all value so deeply.

As always, if you have any thoughts or feedback, please feel free to reach out. Your insights are invaluable as we continue to work together towards excellence.

I, on behalf of our branch thank all the members for their unwavering support for the branch initiatives. Looking at the support extended by all our members, I am sure that our branch will reach greater heights in the years to come

Thank you for being an integral part of this dynamic community.

Wishing you all a productive, happy and fulfilling September.

Jai Hind. Jai ICAI

Warm regards,

**CA Narasimma Raghavan R
Chairman
Chengalpattu District Branch (SIRC)**



CPE MEETING

Topic : UNION BUDGET 2024-25 HIGHLIGHTS - DIRECT TAX & INDIRECT TAX

Speaker : CA. BHUVANESWARI R V & CA. MUTHU ABHIRAMI T V

Date : 01st August 2024, Thursday

Time : 6.00 PM to 8.00 PM

Venue : Our Branch Premises





CPE MEETING

Topic : ALL ABOUT CHARITABLE TRUST, ASSOCIATION & SOCIETY UNDER THE AEGIS OF DIRECT TAXES COMMITTEE

Speaker : CA. PRASANTH SRINIVAS

Date : 14th August 2024, Wednesday

Time : 5.00 PM to 8.00 PM

Venue : Our Branch Premises





PROGRAM

Program: 78 Independence Day Flag Hoisting

Date: 15.08.2024, Thursday

Venue: Proposed New Branch Premises





CPE MEETING

TOPIC : TRANSFER PRICING

Speaker: CA. MUTHU PALANIAPPAN C

Date: 20th August 2024, Tuesday

Time: 6.00 PM to 8.00 PM

Venue: Our Branch Premises





PROGRAM

Program: Foundation Stone Laying Ceremony

Date: 22.08.2024, Thursday

Time: 07.00 am

Venue: Proposed Site of Chengalpattu Dt Branch of SIRC, Tambaram sanatorium Railway Station East Side, Iyappa Nagar, Tambaram, Chennai, Tamil Nadu 600059













PROGRAM

Program: 56th Regional Conference for Chartered Accountants

Date: 10.08.2024, Saturday

Venue: Bengaluru





CPE MEETING

TOPIC : STREAMLINING EWAY COMPLIANCE : A CASE STUDY

Speaker: CA. MOHIT BOHRA

Date: 29th August 2024, Thursday

Time: 6.00 PM to 8.00 PM

Venue: Our Branch Premises





CA Bhuvaneswari R V

UNION BUDGET 2024-25 HIGHLIGHTS - DIRECT TAX & INDIRECT TAX

From the Speech.....

- Decreased Tax Incidence
- Reduced Compliance burden & logistics cost for Trade & industry
- Enhanced Revenues of the CG & SG
- Further Simplifications & Rationalizations
- Custom Duty proposals to support domestic mfg, deepen local value addition.

Customs Duty



COMMODITY (<i>few</i>)	OLD RATE	NEW RATE
SOLAR GLASS	NIL	10% from 01/10/2024 Notification No.50/2017
AMMONIUM NITRATE	7.5%	10%
PVC FLEX BANNERS	10%	25%
GARDEN UMBRELLAS	20%	20% or Rs.60/piece whichever is higher
EXPORT OF GOODS IMPORTED FOR REPAIRS	6 MONTHS	1 YEAR
RE-IMPORT OF GOODS FOR REPAIRS UNDER WARRANTY	3 YEARS	5 YEARS

Customs Duty



COMMODITY (fee)	OLD RATE	NEW RATE
CANCER DRUGS – 3 ITEMS	10%	NIL
MOBILE PHONES & RELATED PARTS	20%	15%
CRITICAL MINERALS(lithium,copper,coalt)-25ITEMS	7.5%,2.5%,	NIL
CG USED IN MFG OF SOLAR CELLS & PANELS	7.5%	NIL
GOLD BAR / SILVER BAR	15%	6%
PLATINUM	15.4%	6.4%
FERRO NICKLE	2.5%	NIL

Customs Act

Section 28DA – **Certificate** of Origin, **Proof** of Origin.

Section 65 – Proviso to specify the manufacturing process In relation to class of goods that shall not be permitted in a warehouse.

Section 143AA, 157 – “Any other person” to be inserted.

Notification 27/2024, Customs dated 12.07.2024 – To give retrospective effect to this notification from 01.07.2017. “Exemption in respect of goods imported by SEZ developer or SEZ unit for authorised operations from the levy of Compensation Cess”

Notification 37/2023, Customs dated 10.05.2023 – Crude soya bean oil, Crude sunflower oil. ~~11.05.2023~~ - 30.06.2023 ➡ 01.05.2023 - 30.06.2023

Exempted from payment of customs duty & agriculture infrastructure & development cess.

CGST

- Section 9 (Scope of Levy) – “un-denatured extra neutral alcohol used for mfg of alcoholic liquor for human consumption, equal amendments in Section 5 of IGST and Section 7 of UTGST.

- Section 11A – Power not to recover GST not levied / short levied as a result of general practice.

- Section 13(3)

clause b - ~~“by the supplier”~~ – “by the supplier in case invoice is required to be issued by supplier”

clause c – the date of issue of invoice by the recipient in cases where invoices are required to be issued by the recipient.



CGST – ITC Eligibility

Section 16(5) – Time limit for ITC upto 30.11.2021 for FY 2017-18, 2018-19, 2019-20, 2021-22.

Section 146 of Finance Bill (2)2024, No refund of taxes paid / ITC reversed which would not have been paid

Section 16(6) – ITC to be allowed for the period “date of cancellation – date of order of revocation of cancellation” if RETURNS are filed within 30 days from the date of order of revocation, subject to time limit u/s 16(4).

No refund if tax is paid / ITC reversed

CGST

Section 39(3) – GST TDS u/s. 51, Furnish a return every calendar month whether or not such deductions are made or not

Section 54(15) – No refund of unutilized ITC/IGST paid for SEZ supplies when they are subject to export duty.

Section 70 – 1(A) “All persons summoned under 70(1) are bound to attend, either in person / authorized representative. Persons so appearing shall state the truth / make statement / produce documents and other things as may be required.



CGST – Demands & Recovery

Section 74A (FY 2024 – 25 onwards)

- Tax not paid/short paid/erroneously refunded/ITC wrongly availed/utilised for FY 2024-25.
- SCN to be issued within 42 months from Due date of furnishing Annual return to which the Tax/ITC pertains to OR within 42 months from the date of erroneous refund.
- No SCN if TAX < than Rs.1000
- Penalty – Other than fraud/wilful/suppression 10% of Tax OR Rs.10000 whichever is HIGHER
 - Fraud/wilful/suppression 100% of Tax
- Time limit for Order, within 12 months from date of issue of SCN.
- Further extension for 6 months by Commissioner / any person upto rank of DC.

CGST- Demands & Recovery

Opting to Pay Tax.....

- Pre SCN Pay TAX + INTEREST based on ascertainties by own / officer for Non-Fraud Cases
- Post SCN Pay TAX + INTEREST within 60 days, NO Penalty for Non-Fraud Cases
- Pre SCN Pay TAX + INTEREST + 15% Penalty for Fraud Cases based on ascertainties by own / officer for Fraud Cases
- Post SCN Pay TAX + INTEREST + 25% Penalty within 60 days for Fraud Cases
- Post ORDER Pay TAX + INTEREST + 50% Penalty within 60 days.



CGST – Appeals to Appellate Tribunal

Section 112(1) – w.e.f 01.08.2024 “from the date on which the order sought to be appealed against is communicated to the person preferring appeal” OR “the date as may be notified by the Govt for filing appeal before Appellate Tribunal, Whichever is Later”

Section 112(3) – w.e.f 01.08.2024 “from the date on which the order has been passed” OR “the date as may be notified by the Govt for filing application before Appellate Tribunal, Whichever is Later”

Section 112(6) – “or permit the filing of an application within 3 months after the expiry of the period referred to in subsection (3)”

Section 112(8) – Pre-deposit to appeal to Appellate Tribunal 20% to 10%. Maximum amount of Pre-deposit Rs.50 Crores to Rs.20 Crores.

CGST – Waive Interest & Penalty

Section 128A

<i>Notice issued u/s 73</i>	<i>Orders issued</i>	<i>Applicability</i>
Yes	No	YES
Yes	Order passed by Officer, Order NOT passed by First Appeal / Revisional authority	YES
Yes	Order passed by Officer, Order passed by FAA/RA Order NOT passed by Appellate Tribunal	YES



CGST – Waive Interest & Penalty

Section 128A

- Pertaining to periods 01.07.2017 – 31.03.2020 or Parts
- Said person pays the **FULL TAX** as per notice/order on or before the date to be notified by Govt. —◇—
- When Appeal proceedings are initiated, **Additional TAX** to be paid within 3 months from date of order.
- Interest & Penalty paid already, **NO REFUND**.
- Not applicable where amount is payable due to erroneous refunds.
- Appeal / Writ to be withdrawn before the Date to be notified.
- No Interest, No Penalty
- All proceedings shall be deemed to be concluded.

CGST – Few Other Provisions

Section 17(5) – Section 74 in respect of any period upto FY 2023-24.

Section 31(3)(f) – Supplier solely registered for the purpose of deducting GST TDS u/s 51 shall not be considered as a registered person.

Section 122(1B) – “Any E-Commerce operator who is liable to collect TCS u/s 52”

Schedule III – Para 9, Activities of apportionment of co-insurance premium by the lead insurer to the co-insurer for the joint services of lead insurer and co-insurer. Lead insurer pays GST on entire premium paid by insurer.

– Para 10, Services by insurer to the re-insurer for which ceding/reinsurance commission is deducted from the reinsurance premium. GST is paid by the reinsurer on the gross reinsurance premium.



CA. PRASANTH SRINIVAS

**TAXATION OF CHARITABLE AND RELIGIOUS TRUSTS
PRACTICAL ISSUES AND RECENT DEVELOPMENTS**

Contents

- 12AB registration / 80G approval
- Application of Income
- Filing of audit report, ITR and filing u/s 80G
- Related party transactions
- Prebudget wish list
- Proposals in Union Budget 2024

12AB registration / 80G approval

12AB / 80 G Requirements post 01.10.2023

- Where activities of the trust are yet to commence
- Apply for provisional registration (straight through process)
- Regularize the provisional registration within the timeframe prescribed (Scrutiny process)
- Where activities of the trust have commenced
- Apply for regular registration – Scrutiny process
- Regular registration / approval shall be renewed every 5 years
- Unintended anomaly in section 80G

Trust – already commenced activity – has 12 A registration – already filed return and claimed exemption u/s 11 – Under which provision of section 80G it will apply for approval? – Proviso under section 80G(5) – reproduced in next slide



Unintended anomaly –Section 80G(5)

(vi) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Principal Commissioner or Commissioner;

Provided that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—

(i) where the institution or fund is approved under clause (vi) [as it stood immediately before its amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020], within three months from the 1st day of April, 2021; (Re-approval of entities approved under old provision)

(ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period; (Renewal of approval under the new provision)

(iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier; (regularization of provisional approval)

(iv) in any other case, where activities of the institution or fund have— (i.e. approval sought for the first time)

(A) not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; (provisional)

(B) commenced and where no income or part thereof of the said institution or fund has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 or section 11 or section 12 for any previous year ending on or before the date of such application, at any time after the commencement of such activities:] struck off portion deleted by FB 2024 wef 01.10.2024



Circular No. 07/2024 dated 25.04.2024

CBDT extends due date for filing Form 10A/10AB upto 30th June, 2024

The Central Board of Direct Taxes (CBDT), has issued Circular No. 07/2024 dated 25.04.2024 further extending the due date for filing Form 10A/ Form 10AB under the Income-tax Act, 1961 (the 'Act') upto 30th June, 2024.

•
CBDT had earlier extended the due date for filing Form 10A/ Form 10AB by trusts, institutions and funds multiple times to mitigate genuine hardships of the taxpayers. The last such extension was made by Circular No. 06/2023 extending the date to 30.09.2023.

•
Considering the representations received by CBDT requesting for further extension of due date for filing of such Forms beyond the last extended date of 30.09.2023, and with a view to avoid genuine hardships to taxpayers, CBDT has extended the due date of filing Form 10A/ Form 10AB upto 30th June, 2024, in respect of certain provisions of section 10(23C)/ section 12A/ section 80G/ and section 35 of the Act.

CBDT further clarifies that, if any such existing trust, institution or fund had failed to file Form 10A for AY 2022-23 within the extended due date, and subsequently, applied for provisional registration as a new entity and received Form 10AC, can also now avail this opportunity to surrender the said Form 10AC and apply for registration for AY 2022-23 as an existing trust, institution or fund, in Form 10A till 30th June 2024.

It is also clarified that those trusts, institutions or funds whose applications for re-registration were rejected solely on the grounds of late filing or filing under wrong section code, may also submit fresh application in Form 10AB within the aforesaid extended deadline of 30th June, 2024.

The applications as per Form 10A/ Form 10AB shall be filed electronically through the e-filing portal of Income Tax Department. The Circular No. 07/2024 is available on www.incometaxindia.gov.in



**Sri Nrisimha Priya Charitable Trust vs. Central Board of Direct Taxes
[2024] 161 taxmann.com 209 (Madras)**

•Facts of the Case

- The petitioner, a charitable trust, was granted provisional approval under section 80G(5) by filing Form No. 10A. Subsequently, the petitioner applied for regular approval by filing Form No. 10AB. The application was filed beyond the due date as per the provisions of section 80G(5).
- The Central Board of Direct Taxes (CBDT) issued a circular 6/2023 extending the due date for filing Form No. 10AB for re registration of existing approval under section 80G(5) only and not for regularizing provisional approval.
- The petitioners filed a writ petition before the Madras High Court challenging the CBDT's circular.

High Court Held

- The High Court held that when the impugned circular was issued, the CBDT stated that the reason was to mitigate genuine hardship faced by the trusts in the digital filing of the respective forms. It was essential to note that the only reason shown for exercising the powers was that these trusts faced hardship since they could not apply on time.
- No discrimination or differentiation was made between the existing trusts and the new trusts at the first instance when the circular was issued. When the reason stated by the Board was to mitigate genuine hardship, no reason whatsoever is mentioned to omit “the clause (i) of the first proviso to sub-section (5) of Section 80G of the Act” in respect of the new trusts applying under Form No. 10AB alone.
- There is no reason whatsoever to leave out the new trusts with respect to approval under Section 80G alone. The differential treatment is not based on any substantial distinction that is real and pertinent to the object of the circular. The discrimination is artificial.
- The relevant paragraph only reiterated the eligibility of deduction and the amendments made to Section 115TD of the Finance Act, 2023. Thus, the impugned clause of the circular was declared illegitimate, arbitrary, and ultra vires the Constitution of India.



Application of Income

85% of current year's income must be applied

- Application from loan, corpus donation and income accumulated from earlier years are not allowed as deduction. Trust can neither claim loss nor any loss can be carried forward
- Application shall be subject to disallowances specified u/s 40(a)(ia) and 40A(3)
- Application shall be computed on cash basis. (i.e., opening balance of creditors can be added to application and closing balance of creditors shall be reduced from application)

What if 85% of current year income is not applied?

- Amount to the extent of 15% can be unconditionally accumulated
- The surplus beyond that shall become taxable at applicable rates.
- Surplus can be accumulated vide explanation to Section 11(1) – Form 9A – e-file – state reasons for accumulation – time limit as per the Act is 2 months prior to 139(1) due date – Circular 6/2023 restored it back to 139(1) due date
- Surplus can be accumulated up to 5 years u/s 11(2) – E-File Form 10 stating the purpose of accumulation - time limit as per the Act is 2 months prior to 139(1) due date – Circular 6/2023 restored it back to 139(1) due date – Accumulated funds shall be invested as specified in Section 11(5)
- For condonation of delay in filing Forms 10 or 9A – refer circular 17/2022

Application out of corpus donation / loan

- Amount applied using corpus donation or loan funds is not allowed as deduction
- If amount once applied from corpus donation is subsequently replenished using current year income, the amount replenished can be claimed as deduction.
- Similarly if loan taken is repaid using current year income, the repayment can be claimed as deduction
- Replenishment of corpus / repayment of loan are subject to restrictions:
- If amount spent prior to 01.04.2021 is replenished or repaid, no deduction will be allowed, even when the amount spent was disallowed in the relevant year.
- If replenishment or repayment is after a period of 5 years from the year of spending, no deduction will be allowed. (if loan period is 25 years, deduction will be allowable only for first 5 years)
- Un applied corpus donation shall be invested as specified u/s 11(5)



Deduction in respect of depreciation (Section 11(6))

- When cost of asset acquired is claimed as deduction, depreciation thereon cannot be claimed.
- In respect of asset acquired out of loan, cost cannot be claimed as deduction. Also there are restrictions regarding claiming deduction in respect of loan repaid. Therefore, why not claim depreciation on the asset.
- Depreciation is not on the block of assets at Section 32 rate. It shall be SLM as per the accounting principles.
- It may also be noted that depreciation is to be deducted from income and not added to application.

Donation by one trust to another

- Deduction available to the donor trust will be limited to 85% of the amount donated
- CBDT circular 3/2024

Representations have been received by the Central Board of Direct Taxes (CBDT) raising concerns as to whether the balance 15% of donation to other trust / institution would be taxable or would be eligible for 15% accumulation, since the funds would not be available, having been already disbursed.

CBDT has examined the matter with reference to the issues raised above. Vide Circular No. 3/2024 in F.No.370142/5/2024-TPL dated 06.03.2024, issued today, the matter has been clarified by illustrative examples, for lucid understanding. The said Circular is available on circular-3-2024.pdf (incometaxindia.gov.in).

CBDT circular 3/2024

4. The matter has been examined with reference to the issues raised in paragraph 3 and it is reiterated that eligible donations made by a trust / institution to another trust / institution under any of the two regimes referred to in para 2 shall be treated as application for charitable or religious purposes only to the extent of 85% of such donations. It means that when a trust / institution in either regime donates Rs. 100 to another trust / institution in either regime, it will be considered to have applied 85% (Rs. 85) for the purpose of charitable or religious activity. It is clarified that 15% (Rs. 15) of such donations by the donor trust / institution shall not be required to be invested in specified modes under section 11(5) of the Act as the entire amount of Rs. 100 has been donated to the other trust / institution and is accordingly eligible for exemption under the first or second regime.



CBDT circular 3/2024

This is illustrated by following example where Trust1, Trust2 and Trust3 are trusts or institutions under any of the two regimes. Further, Trust1 is making eligible donation to Trust2 and Trust2 is further making eligible donation to Trust3.

Sl. No.	Particulars	Trust1	Trust2	Trust3
1.	Income (A)	300	100	100
2.	Income which is required to be applied (B = 85% of A)	255	85	85
3.	Application of income			
4.	Donation to other trusts under the first or second regime (C)	100	100	Nil
5.	Amount to be considered as application of income against the donations at row no. 3 [as per clause (iii) of the Explanation 2 to third proviso to clause (23C) of section 10 or clause (iii) of the Explanation 4 to sub-section (1) of section 11 of the Act]. (D = 85% of C)	85	85	
6.	Balance income for application (E = A - C)	200	Nil	100
7.	Application other than Sl. No. 4 (F = 85% of E)	170	Nil	85
8.	Remaining income which may be accumulated without Form No. 10 / 9A (G = 15% of E)	30	Nil	15
9.	Funds required to be invested in section 11(5) modes (H = G)	30	Nil	15
10.	Exemption of income (I = C + F + G)	300	100	100

Filing of audit report, ITR and filing u/s 80G

Filing of audit report (Refer ICAI GN issued in July 2024)

- Form No. 10B
- Gross receipts > Rs. 5 crores or
- Receipt of FC or
- Application of income outside India
- Form No. 10BB
- In any other case where audit is warranted u/s 12A
- In the case of small trusts, not in receipt of foreign money and not having foreign spending, with gross receipts less than basic exemption, audit is not required and hence Form 10B / 10BB is also not required.
- Audit report has to be e-filed one month prior to 139(1) due date. Belated audit report can result in disallowance of income applied. Twice extended in AY 2023-24 (a) up to 31.10.2023 (Circular 16/2023) and (b) up to 31.03.2024 (Circular 2/2024).
- For condonation of delay in filing audit report – refer Circulars 15/2022 & 16/2022
- Books to be maintained as mentioned in Rule 17AA



Filing of ITR

- Exemption can be claimed in both the cases
- Return u/s 139(1)
- Belated return u/s 139(4)
- Exemption cannot be claimed in an updated return
- Order of uploading of forms shall be
- Step 1 – Forms 10 / 9 A
- Step 2 – Form 10B or 10BB
- Step 3 – Forms 3CA/3CB and 3CD, if applicable
- Step 4 – ITR 7
- New ITR 7 asks for acknowledgment number of Form 10B/10BB and UDIN of Form 10B/10BB
- On a first attempt, the system insisted that the person approving Form 10B/10BB shall have digital signature. (till last year aadhaar otp was ok)

Filing u/s 80G

- Form 10 BD – List of donors – Due date May 31
- Form 10 BE – Donation receipt generated from the portal – Due date May 31
- Late fee – Rs. 200 per day – Section 234G
- Penalty – Rs. 10,000 to Rs. 1,00,000 – Section 271 K
- Form 10BD once filed on time can be revised subsequently without any late fee

Related party transactions

- Beneficiaries are meant to be public. Hence, if benefits are conferred by the trust to specified related parties, penal consequences follow
- Reporting in audit report
- Tax u/s 115BBI
- Penalty u/s 271AAE – 100% first time 200% subsequently
- Can lead to cancellation of registration



Prebudget wish list

- Set right the anomaly in proviso to Section 80G(5) – i.e., how a 12AB registered trust, which has claimed exemption u/s 11 apply for 80G approval. (partly granted)
- Monetary limit u/s 13 is a paltry sum of Rs. 50,000. This may be enhanced at least to Rs. 5,00,000 (not considered)
- Loan repayment conditions may be made assessee friendly
- If applications from loans taken prior to 01.04.2021 were not claimed in the respective years, repayment thereof should be allowed (not considered)
- The period of 5 years to claim repayment is too small. This may be enhanced to 25 or 30 years. (not considered)
- Disallowance of 15% in respect of donation by one trust to another may be restricted only to Charitable trusts and religious trusts may be spared. (not considered)

AMENDMENTS IN UNION BUDGET 2024 RELATING TO CHARITABLE TRUSTS

Limited merger of Section 10(23C) into Sections 11 to 13

Effective Date: 01.10.2024

Clause of FB: 4, 6 & 9

•Existing provision

Many provisions in Section 10(23C)(iv)(v)(vi) & (via) are almost identical to Sections 11 to 13. Year to year amendments are made to synchronize both. Now they are proposed to be integrated to avoid duplication and to bring simplicity.

•Proposal

- Applications seeking approval or provisional approval u/s 10(23C)(iv), (v), (vi) or (via) filed on or after 01.10.2024 shall not be considered.
- Applications filed under these sub-clauses before 01.10.2024, and which are pending would be processed and considered under those provisions itself.
- Approved trusts, funds or institutions would continue to get the benefit of exemption, as per the provisions of 10(23C)(iv), (v), (vi) or (via), till the validity of the said approval.
- They would be eligible to apply for registration, subsequently, under sections 11 to 13. Amendments have accordingly been proposed in section 12A.
- Certain eligible modes of investment, specified in clause (b) of third proviso to S 10(23C) shall be protected in the second regime, by way of amendment in section 13.



CONDONATION OF DELAY IN FILING APPLICATION FOR REGISTRATION (S 12A PROVISO)

Effective Date: 01.10.2024

Clause of FB: 6

•Existing provision

A trust seeking registration under section 12AB must apply for registration / renewal etc. within the timelines specified in clause (ac) of sub-section (1) of section 12A. Failing which, it may lose exemption, it may be subject to exit tax u/s 115TD etc.

•Proposal

It is proposed that the Principal Commissioner/ Commissioner may be enabled to condone the delay in filing application and treat such application as filed within time. The delay may be condoned if he considers that there is a reasonable cause for the same.

CORRECTING ANOMALY IN PROVISO – CLAUSE IV(B) TO SECTION 80G(5)

Effective Date: 01.10.2024

Clause of FB: 26

•Existing provision

Vide amendment effective from 01.10.2023, a trust, which had claimed exemption u/s 10(23C) or Section 11, could not make an application for approval u/s 80G. If applied, CITs rejected the applications. This was an unintended anomaly.

•Proposal

Clause B referred to above is proposed to be amended so that trusts that have claimed exemption u/s 10(23C) or 11 could also apply for approval u/s 80G. However this should have been proposed wef 01.10.2023 instead of 01.10.2024.



Rationalizing timelines for disposing off applications u/s 12AB / 80G

Effective Date: 01.10.2024

Clause of FB: 7 & 26

•Existing provision

In both cases, applications are to be disposed off by the PCIT/CIT within 6 months from the end of the month in which they are filed.

•Proposal

For better administration and monitoring, it is proposed to rationalise timelines for disposing applications made by trusts or funds or institutions to six months from the end of the quarter in which the application was received.

Merger of a trust covered u/s 10(23C) with one u/s 11 & vice versa

Effective Date: 01.10.2024

Clause of FB: 7 & 26

•Existing provision

When a trust or institution which is approved / registered under the first or second regime, as the case may be merges with another approved / registered entity under either regime, it may attract the provisions of Chapter XII-EB, relating exit tax in certain circumstances.

•Proposal

It is proposed that conditions under which the said merger shall not attract provisions of Chapter XII-EB, may be prescribed, to provide greater clarity and certainty to taxpayers. A new section 12AC is proposed to be inserted for this purpose.

Conclusion

Creating a trust, ensuring compliance and closing down a trust, all require lots of our professional time, effort and stress. Don't forget that we are not charitable institutions. So bill adequately.



Upcoming Programs

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)
CHENGALPATTU DISTRICT BRANCH (SIRC)

Topic : Tax Audit

Speaker : Eminent Speaker

Date : 10th September 2024, Tuesday

Place : Branch Premises

Topic : Preparation of financial statements : An overview

Speaker : Eminent Speaker

Date : 19th September 2024, Thursday

Place : Branch Premises
