

Section 10(23C)(iv) of the Income-tax Act, 1961 - Exemptions - Charitable or religious trusts/institutions - Clarification regarding period of validity of approvals issued under section 10(23C)(iv), (v), (vi) or (via) and section 80G(5) of the Income-tax Act

Circular No. 7/2010 [F.No.197/21/2010-ITA-I], Dated 27-10-2010

The Board has received various references from the field formations as well as members of public about the period of validity of approvals issued by the Chief Commissioner of Income Tax, District Collector

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explained in the explanatory memorandum to Finance (No.2) Bill, 2009 was as under:

“Further as per clause (vi) of sub-section (5) of section 80G of the Income-tax Act, 1961, the institutions or funds to which the donations are made have to be approved by the Chief Commissioner of Income-tax in accordance with the rules prescribed in rule 11AA of the Income-tax Rule, 1962. The proviso to this clause provides that any approval granted under this clause shall have effect for such assessment years or years, not exceeding five assessment years, as specified in the approval.

The 80G certificate of Charity Alliance was valid till 31/12/2010 and hence will be deemed to have been extended in perpetuity unless specifically withdrawn.

Due to this limitation imposed on the validity of such approvals, the approved institutions or funds have to bear the hardship of getting their approvals renewed from time to time. This is unduly burdensome for the bona fide institutions or funds and also leads to wastage of time and resources of the tax administration in renewing such approvals in a routine manner.

Therefore, it is proposed to omit the proviso to clause (vi) of sub-section (5) of section 80G to provide that the approval once granted shall continue to be valid in perpetuity. Further, the Commissioner will also have the power of withdraw the approval if the Commissioner is satisfied that the activities of such institution or fund are not genuine or are not being carried out in accordance with the objects of the institution or fund. This amendment will take effect from 1st day of October, 2009. Accordingly, existing approvals expiring on or after 1st October, 2009 shall be deemed to have been extended in perpetuity unless specifically withdrawn.”



It appears that some doubts still prevail about the period of validity of approval under Section 80G subsequent to 1.10.2009, especially in view of the fact that no corresponding change has been made in Rule 11A (4). To remove any doubts in this regard, it is reiterated that any approval under Section 80G (5) on or after 1.10.2009 would be a one time approval which would be valid till it is withdrawn.

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See our 80G certificate on page 2

PLEASE READ THIS: The donor within India get 50% rebate from his taxable amount, if he or she donates any amount for the mission of the **Charity Alliance**. The exemption works by reducing the donated amount from your taxable salary. Hence if your taxable income in a year is Rs. 2,00,000 and you make a donation of Rs.10,000. Then your net taxable income will become Rs.1,95,000. Your tax will now be calculated on this new amount basis the prevailing tax rates. For more details talk to your Chartered accountant and retain this certificate along with the donation receipt which will be required when you file your Income Tax returns. **Charity Alliance** Tel.: (+91-11) 26947483, info@CharityAlliance.in Web: www.CharityAlliance.in



**OFFICE OF THE
DIRECTOR OF INCOME TAX (E)
3RD FLOOR, AAYAKAR BHAWAN
DISTT. CENTRE LAXMI NAGAR,
DELHI - 110092.**

No. DIT(E) 2008-2009/ C-936/ 926

DATED : 4/6/2008

NAME & ADDRESS OF THE APPLICANT :

**CHARITY ALLIANCE
D-84, ABULFAZAL ENCLAVE-1,
JAMIA NAGAR, NEW DELHI-110025.**

SUB : ORDER UNDER SECTION 80G (5)(vi) OF THE INCOME TAX ACT, 1961

On verification of the facts stated before me/hearing before me, I have come to the conclusion that this organization satisfies the conditions u/s 80G of the Income Tax act, 1961. The institution/Fund is granted approval subject to the following conditions:-

1. The Donee institutions shall forfeit this benefit provided under the law, if any of the conditions stated herein is not complied with/abused/whittled down or in any way violated.
2. This exemption is valid for the period from **01/01/2008** to **31/12/2010** and subject to the following conditions.

CONDITIONS:-

- i) You shall maintain your accounts regularly and also get them audited to comply with sec. 80G(5)(iv) read with section 12A(b) and 12A(c) and submit the same before the assessing officer by the due date as per section 139(1) of the Income Tax Act 1961.
- ii) Every receipt issued to donor shall bear the number and date of this order and shall state the date upto which this certificate is valid (from **01/01/2008** to **31/12/2010**).
- iii) No change in the deed of the trust/association shall be affected without the due procedure of Law, i.e. by the order of the jurisdictional High Court and its intimation shall be given immediately to this office.
- iv) The approval to the institution/fund shall apply to the donations received only if the fund/institution, established in India for charitable purpose, fulfills the conditions as laid down in section 80G (i),(ii),(iii),(iv) & (v) of the Income Tax Act 1961.
- v) This office and the assessing officer shall also be informed about the managing trustees or Manager of your Trust/Society/Non Profit Company and the places where the activities of the Trust/Institution are undertaken/likely to be undertaken to satisfy the claimed objects.

You are requested to file the return of income of your fund/institution as per section 139(1)/(4A)/(4C) of the Income Tax Act, 1961.



Copy to:

1. The Applicant as above.
2. The Assessing Officer.

(S.K. SINGH)
Director of Income Tax
(Exemptions), New Delhi

Director of Income Tax
(Exemptions) Aayakar Bhawan
Distt. Centre, Laxmi Nagar
Delhi-110092

(SUDHA SINGH)
Income Tax Officer (E)(Hqrs.)
For Director of Income Tax,
New Delhi

Income Tax Officer H.O. (E)
Aayakar Bhawan, 11th Floor, Distt. Centre,
Laxmi Nagar, Delhi-110092

80G perpetuity circular (on page 1) makes our 80G perpetually valid.