

# **New Compliance Procedures of Charitable Institutions under the Income Tax Act**

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# New Scheme for Registration u/s 12AB

◆ In the Union Budget of 2020, Government proposed significant changes in the registration procedure of Charitable or Religious Trusts/ Institutions or Educational Institutions which are registered under section 12AA (*erstwhile*) of the Income Tax Act.

◆

All the Charitable or Religious Institutions/ Trusts or Educational Institutions availing exemptions under the following sections:-

Section 12A

~~Section 12AA~~

Section 10(23C)

Section 80G

are now required to renew registrations under sections **12AB** of the Income Tax Act, 1961 to continue to avail exemptions under section 10 or section 11 of the Income Tax Act.

Section 12AA which prescribes the registration process for the registration of Trusts or Institutions will cease to exist and a new section 12AB will come into force with effect from-

01-06-2020

*deferred to*

01-10-2020

*deferred to*

*01-04-2021*

# The registration procedure is prescribed under newly inserted section 12AB by Finance Act, 2020

- ◆ The Central Board of Direct Taxes, by **Notification No. 19/2021-Income Tax Dated- 26th March, 2021**, amended the Income Tax Rules, 1962 called as **Income-tax (6<sup>th</sup> Amendment) Rules, 2021**
- ◆ The Amended Rules and Forms will be applicable from **1st April, 2021** and all charitable trusts and institutions already registered u/s 12A or 12AA or 10(23C) and having 80G certificate must apply for re-registration/re-approval of their registration before **30th June, 2021**.

## Appropriate Authority for Application

- The application shall be made online by Filing Form 10A along with the required documents to the Commissioner or Principle Commissioner who shall pass an order granting approval or rejection within three months from date of commencement of new provisions
- Further, in case where Commissioner or Principle Commissioner is satisfied that the charitable/religious trusts institution etc. have not complied with the objects mentioned or any other law, shall cancel the registration of charitable/religious trusts institution etc. after providing the reasonable opportunity of being heard.

## **Validity period of Registration**

**Provisional Registration granted for new applicants (other than re-registration or re-approval etc) will be valid for 3 years.**

Permanent registration once granted shall be valid for 5 years.

## **Registration Procedure**

- ❖ The application can be made by filing form 10A online on the income tax site *incometaxindiaefiling.gov.in*
- ❖ The form is available on the income tax website under *Income Tax Forms Section* under *e-file* menu which is visible after login to the website.

Section	Rules	Application Form	Certificate of Regn in Form	Remarks
12A	17A	Form 10A	Form 10AC	<i>in case of application under sub-clause (i) or (vi) of clause (ac) of sub-section (1) of section 12A to the Principal Commissioner or Commissioner authorised by the Board</i>
12A	17A	Form 10AB	Form 10AD	<i>in case of application under sub-clause (ii) or (iii) or (iv) or (v) of clause (ac) of sub-section (1) of section 12A to the Principal Commissioner or Commissioner under the said clause</i>



Section	Rules	Application Form	Certificate of Regn in Form	Remarks
10(23C)	2C	Form 10A	Form 10AC	<i>in case of application under clause (i) or clause (iv) of first proviso to clause (23C) of section 10 to the Principal Commissioner or Commissioner authorised by the Board;</i>
10(23C)	2C	Form 10AB	Form 10AD	<i>in case of application under clause (ii) or clause (iii) of first proviso to clause (23C) of section 10 to the Principal Commissioner or Commissioner under the said proviso</i>

Section	Rules	Application Form	Certificate of Regn in Form	Remarks
35(1)	5CA	Form 3CF and 10A	<p><i>On receipt of an application in Form No. 10A, the Principal Commissioner or Commissioner, authorised by the Board shall issue a sixteen digit alphanumeric <b>Unique Registration Number (URN)</b> to the applicants making application as per sub-rule (1).</i></p>	<p><i>If, at any point of time, it is noticed that Form No.10A has not been duly filled in by not providing fully or partly, or by providing false or incorrect information or documents required to be provided under sub-rules (1) or (2) or by not complying with the requirements of sub- rules (3) or (4), the Principal Commissioner or Commissioner, after giving an opportunity of being heard, may cancel the Unique Registration Number (URN) issued under sub-rule (5)and such Unique Registration Number (URN) shall be deemed to have never been issued.</i></p>

Section	Rules	Application Form	Certificate of Regn in Form	Remarks
80G	11AA and 18AB	Form 10A	<p><i>On receipt of an application in Form No.10A, the Principal Commissioner or Commissioner, authorised by the Board shall pass an order in writing granting approval under clause (i) or (iii) of the second proviso read with third proviso of sub-section (5) of section 80G in form 10AC and issue a sixteen digit alphanumeric Unique Registration Number (URN) to the applicants making application as per clause (a) of the sub-rule (1).</i></p>	<p><i>in case of application under clause (i) or clause (iv) of first proviso to subsection (5) of section 80G to the Principal Commissioner or Commissioner authorised by the Board; or</i></p>

Section	Rules	Application Form	Certificate of Regn in Form	Remarks
80G	11AA and 18AB	Form 10AB	<p><i>In case of an application made in Form No. 10AB under clause (ii) of the sub-rule (1), the order of approval or rejection or cancellation under second proviso to sub-section (5) of section 80G shall be in Form No. 10AD and in case if the approval is granted, sixteen digit alphanumeric number</i></p> <p><i>Unique Registration Number (URN) shall be issued, by the Principal Commissioner or Commissioner referred to in second proviso to sub-section (5) of section 80G.</i></p>	<p><i>in case of application under clause (ii) or clause (iii) of first proviso to subsection (5) of section 80G to the Principal Commissioner or Commissioner authorised under the said proviso.</i></p>

# Prescribed Time Limit

Sl No	Trusts availing exemption under / section	Prescribed Form	Time Limit	Remarks
1	12A or 12AA	Form 10A	Within 3 months from April 1, 2021	
2	Section 12AB (after getting renewed) vide amendment in Finance Act 2020	Form 10AB	At least 6 months prior to expiry	
3	provisionally registered under section 12AB (Section 12AB is under new process effective from April 1, 2021)	Form 10AB	At least 6 months prior to expiry of period of the provisional registration or within 6 months of commencement of its activities, whichever is earlier.	
4	where registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11	Form 10AB	at least 6 months prior to the commencement of the assessment year from which the said registration is sought to be made operative	Registration u/s 12A or 12AA shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10

# Prescribed Time Limit

<b>Sl No</b>	<b>Trusts availing exemption under / section</b>	<b>Prescribed Form</b>	<b>Time Limit</b>	<b>Remarks</b>
5	where trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration	Form 10AB	within a period of 30 days from the date of the said adoption or modification	
6	In any other case (incl. provisional registration)	Form 10A	at least 1 month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought	
<b>Important:-</b> The existing form 10A and 10AA are replaced by new form 10A and Form 10AB				

## Following significant Changes that took place as a result of new forms notified

- ◆ In case PAN or Aadhaar number of Author/Founder/ Settlor/Trustee/ Member of society/Member of the Governing Council/ Director/ shareholder holding 5% or more of shareholding / Office Bearer is not available they can provide Taxpayer Identification Number of the country where the person resides, Passport number, Elector's photo identity number, Driving License number or Ration card number.
- ◆ Now applicants need to provide details of registration on DARPAN Portal or under FCRA Act or any provision of Income-tax Act

- ◆ Applicants need to confirm if they have filed an Income Tax Return of the last assessment year.
- ◆ Earlier 10G form for 80G registration has been withdrawn, the same can be applied now with Form 10A or 10AB as the case may be.
- ◆ Applicants need to provide details of Income & Expenditure of Religious Activity.
- ◆ Applicants need to provide details related to Assets & Liabilities and Income.