

Consequences of Non-compliance with Provisions of Income Tax Act, 1961(Religious and Charitable Trust/ Institutions)

PRESENTED BY:

CA MATHEW P.M. FCA, D.I.S.A

M P M & CO, CHARTERED ACCOUNTANTS

THEKKUMGOPURAM,KOTTAYAM-686001

PHONE: 9447418108

EMAIL: camathewpm@gmail.com

NON COMPLIANCE

SPECIFIED INCOME

1. Income accumulated or set apart in excess of 15%

- Income accumulated or set apart in excess of 15% of the income where such accumulation is not allowed under any specific provision of the Act;

CONSEQUENCES

- These specified income will be charged to tax @ 30%.
- Source of information for the Tax Department.

REPORTING IN ITR 7

- Statement of Income part B – T1

REPORTING IN FORM 10B/10BB

- Clause 25 of Form 10BB
- Clause 33 of Form 10B

NON COMPLIANCE	CONSEQUENCES
<p>2. <u>If income applied falls short of 85%</u></p> <ul style="list-style-type: none"> ➤ Clause 2 of the Explanation 1 of Section 11(1), i.e. where any income in respect of which an option is exercised under clause 2 of the Explanation 1 of Section 11(1) is not applied during the period referred to sub-clause (a) or (b) of the said clause. Such income not applied will be deemed to be the income either a) in the previous year immediately following the previous year in which such income was received or b) in the previous year immediately following the previous year in which the income was received 	<ul style="list-style-type: none"> ➤ Deemed income referred to in subsection (1B) of section 11 will be charged to tax @ 30% ➤ Source of information for the tax department <p><u>REPORTING IN ITR 7</u> Schedule D of ITR 7</p> <p><u>REPORTING IN FORM 10B/10BB</u></p> <ul style="list-style-type: none"> ➤ Clause 25 of Form 10BB ➤ Clause 33 of Form 10B ➤ Schedule DI of 10B
<p>3. If the income is not to be included in the total income by virtue of provisions of section 11(2) (accumulation of income for the specified purpose) and thereafter any non compliance takes place as mentioned in section 11(3).(Read section 11(2) with 11(3)).</p>	<p>Deemed income referred to in subsection (3) of section 11 will be charged to tax @ 30%</p> <p><u>REPORTING IN ITR 7</u> Schedule I of ITR 7</p> <p><u>REPORTING IN FORM 10B/10BB</u></p> <ul style="list-style-type: none"> ➤ Clause 25 of Form 10BB ➤ Clause 33 of Form 10B ➤ Schedule AC of Form 10B

Schedule D of ITR 7

Schedule D		Details of deemed application of income under clause (2) of Explanation 1 to sub-section (1) of section 11.						
Year in which income is deemed to be applied (F.Yr.)	Amount deemed to be applied during the previous year of deeming	Reason of deeming application (.) income has not been received during that year (O) any other reason	Out of the deemed application claimed, amount required to be applied	Amount taxed in any earlier assessment year(s)	Out of the deemed application claimed, amount required to be applied during the financial year pertaining to current Assessment year	Amount of deemed application claimed in earlier years, applied during the financial year pertaining to current AY	Amount which could not be applied and deemed to be income u/s 11(1B) during the previous year	Balance Amount of deemed Income being exemption claimed in earlier years on account of deemed application and required to be applied in FY 2024-25 onwards
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (6-7)	(9) = (4-6)
<i>Dropdowns to be provided</i>		<i>Dropdowns to be provided</i>						
2023-24		<i>Dropdowns to be provided</i>						
Total								

Schedule DI of ITR 7

Schedule DI: Details of deemed application under Explanation 1 to sub-section (1) of section 11 and deemed income under sub-section (1B) of section 11

Year in which income is deemed to be applied (F.Y.)	Date of furnishing Form 9A (dd/mm/yyyy)	Amount deemed to be applied during the previous year referred to in column 1	Reason of deeming application (a) income has not been received during that year (b) any other reason	Out of the deemed application claimed earlier, amount required to be applied	Amount taxed in any earlier assessment year out of the amount referred to in column (5) (Fill schedule DA)	Out of the deemed application claimed, amount required to be applied during the financial year pertaining to current assessment year	Amount of deemed application claimed in earlier years, applied during the financial year relating to current AY	Amount which could not be applied and deemed to be income under section 11(1B) during the previous year	Balance Amount of deemed application
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)-(6)	(8)	(7)-(8)=(9)	(5)-(7)=(10)
<i>Dropdowns to be provided</i>			<i>Dropdowns to be provided</i>						

Schedule I of ITR 7

Schedule I		Details of amounts accumulated / set apart within the meaning of section 11(2) or in terms of third proviso to section 10(23C)/10(21)/10(21) read with section 35(1).					
Year of accumulation (F. Yr.)	Amount accumulated in the year of accumulation	Purpose of accumulation	Amount applied for charitable/religious/Scientific research/ social science or statistical research purposes upto the beginning of the previous year	Balance	Amount taxed in any earlier assessment year(s)	Balance available for application	Amounts applied for charitable or religious /Scientific research/ social science or statistical research purpose during the previous year out of previous years' accumulation
(1)	(2)	(3)	(4)	(5) = (2-4)	(6)	(7) = (5-6)	(8)
2018-19							
2019-20							
2020-21							
2021-22							
2022-23							
2023-24							
Total							

Year of accumulation (F.Yr.)	Amount applied for purposes other than the purpose for which such accumulation was made (if applicable)	Amount credited or paid to any trust or institution registered u/s 12AB or approved under sub-clauses (iv)/(v)/(vi)/(via) of clause (23C) of section 10 (if applicable)	Balance amount available for application	Amount invested or deposited in the modes specified in section 11(5) out of 11	Amount invested or deposited in the modes other than specified in section 11(5) out of 11 (if applicable)	Amount which is not utilized during the period of accumulation (if applicable)	Amount deemed to be income within meaning of sub-section (3) of section 11 (if applicable)
	(9)	(10)	(11) = (7-8-9-10)	(12)	(13)	(14)	(15) = (9+10+13+14)
2018-19							
2019-20							
2020-21							
2021-22							
2022-23							
2023-24							
Total							

NON COMPLIANCE	CONSEQUENCES
<p>4. <u>Income applied directly or indirectly for the benefit of any person</u></p> <p>➤ Any income/ deemed income which is not to be excluded from total income under section 13(1)(c) or under the twenty first proviso to clause (23C) of section 10.</p> <p>Any income or property ensures, used or applied directly or indirectly for the benefit of any person referred to in section (13) (3).(Any part of Income or any Property)</p>	<p>➤ Income will be charged to tax at 30%</p> <p>➤ Source of information for the tax department</p> <p><u>REPORTING IN ITR 7</u></p> <p>Part B – TI – Statement of income of ITR 7</p> <p><u>REPORTING IN FORM 10B/10BB</u></p> <p>➤ Clause 25 of Form 10BB</p> <p>➤ Clause 33 of Form 10B</p> <p>➤ Schedule SP of Form 10B</p>

NON COMPLIANCE

5. Investment or Deposits of Funds Outside the Forms or Modes Specified in Section 11(5)

Investment or Deposits of Funds Outside the Forms or Modes Specified in Section 11(5)

Any income which is not to be excluded from total income under the provisions of section 13(1)(d) or not exempted under clause (23C) of section 10 on account of violation of the provisions of clause (b) of the third proviso of clause (23C) of section 10 or.

(i) Investment or deposits of any funds otherwise than in any one or more of the forms or modes specified in section 11(5). (ii) (A) any shares in a company other than shares in a Public Sector Company. (B) Shares prescribed not in accordance with section 11(5).

CONSEQUENCES

- Income will be charged to tax at 30%
- Source of information for the tax department

REPORTING IN ITR 7

Part B – TI – Statement of income of ITR 7

REPORTING IN FORM 10B/10BB

- Clause 25 of Form 10BB
- Clause 33 of Form 10B
- Schedule SP of Form 10B

Schedule SP of Form 10B

Schedule SP-a: Whether any part of income or property of the auditee is lent, or continues to be lent, to the specified person during the previous year?

S. No.	Name of specified person	PAN of specified person	Details		Details of Security			Details of interest	
			Nature of income or property which is lent	Amount for which income or property is, or continues to be, lent to specified person for any period during the previous year	Nature of security	Value of security	Value of adequate security	Actual rate of interest that is charged	Adequate rate of interest
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Schedule SP-b: Details of land, building or other property of the auditee which is, or continues to be, made available during the previous year for use of the specified person, during the previous year :

S. No.	Name of specified person	PAN of specified person	Details of asset		Duration for which asset is, or continues to be, made available for the use of specified person during the previous year,		Details of rent for the previous year		Details of other compensation for the previous year		
			Nature of asset	Address	From dd/mm/yyyy	To dd/mm/yyyy	Amount of rent	Adequate rent	Nature	Amount of compensation	Adequate compensation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			< land/ building/ other property >								

Schedule SP-c: Details of salary, allowance or otherwise which is paid to the specified person out of the resources of the auditee for services rendered by him during the previous year						
S. No.	Name of specified person	PAN of specified person	Nature of services rendered by specified person	Details of payment for the previous year		
				Nature of payment	Amount of payment (in Rs)	Reasonable amount for services
(1)	(2)	(3)	(4)	(5) < Salary/ Allowance/ Otherwise (please specify)>	(6)	(7)

Schedule SP-d: Details of the services of the auditee are made available to the specified person during the previous year?									
S. No.	Name of specified person	PAN of specified person	Details of services		Details of remuneration for the previous year		Details of compensation for the previous year		
			Nature of services made available	Value of services made available (In Rs.)	Actual amount of remuneration for the service	Adequate remuneration for the service	Nature of compensation for the service	Actual amount of compensation for the service	Adequate compensation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Schedule SP- e 1 : Details of any share, security is purchased by or on behalf of the auditee from the specified person during the previous year?													
S. No.	Name of specified person	PAN of specified person	Nature of property purchased	Details of Shares or Security					Details of other property being movable				
				Name of the company/ concern of which the shares are purchased	Number of shares purchased during the previous year	Price of each share/security	Total consideration paid share or security	Adequate consideration for shares or security	Nature of property	Number of property purchased	Price of property	Total consideration paid for property during the previous year	Adequate Consideration
			< Share/ Security/ Other Property >										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

Schedule SP- e 2 : Details in case of other property being immovable:

S. No.	Name of specified person	PAN of specified person	Type of asset	Address of property	Area (in Sq ft)	Stamp duty value	Details of Consideration	
							Amount of consideration paid for asset	Adequate consideration for asset
			< Land/ Residential/ Commercial Property etc)>					

Schedule SP- f 1: Details of any share, security sold by or on behalf of the trust or institution to a specified person during the previous year?

S. No.	Name of specified person	PAN of specified person	Nature of property sold	Details of Shares or Security					Details of Other Property being Movable				
				Name of the Company or Concern of which the shares are sold	Number of shares sold during the previous year	Price of each share or security	Total consideration share /security	Adequate consideration for share or security	Nature of movable property	Number of movable properties sold	Price of movable property	Total consideration for property during the previous year	Adequate consideration
			< Share/ Security/										
			Other Property >										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

Schedule SP- f 2: Details in case of other property being immovable:

S. No.	Name of specified person	PAN of specified person	Type of asset	Address of property	Area (in Sq ft)	Stamp Duty Value	Details of Consideration	
							Amount consideration of asset	Adequate consideration for asset
			< Land/ Residential/ Commercial Property etc>					

Schedule SP-g: Details of any income or property which is is diverted during the previous year in favour of any specified person

S No	Name of specified person in whose favor income or property diverted	PAN of specified person	Details of Income or property that is diverted	
			Nature of Income or property that is diverted	Value of income or property that is diverted (In Rs.)
(1)	(2)	(3)	(4)	(5)

NON COMPLIANCE	CONSEQUENCES
<p data-bbox="137 328 815 378">6. <u>Income applied outside India</u></p> <p data-bbox="137 442 1146 549">Any income which is not excluded from the total income under section 11(1)(c)</p>	<ul data-bbox="1184 328 2114 435" style="list-style-type: none">➤ Income will be charged to tax at 30%➤ Source of information for the tax department <p data-bbox="1184 442 1668 492"><u>REPORTING IN ITR 7</u></p> <p data-bbox="1184 499 2127 606">Item no. 5 and 6 of clause B of Schedule A of ITR 7.</p> <p data-bbox="1184 614 1911 664"><u>REPORTING IN FORM 10B/10BB</u></p> <ul data-bbox="1184 671 1719 778" style="list-style-type: none">➤ Clause 25 of Form 10BB➤ Clause 33 of Form 10B

Item no. 5 and 6 of clause B of Schedule A of ITR 7

B	Expenditure not allowed as application, other than application out of source of fund at C2 to C7 (B1 + B2 + B3 + B4+B5+B6+B7+B8) Note: Amount entered in Sl. No. B should be out of Sl. No. A	B	NIL	NIL	NIL
1	Donation to trust or institution registered u/s 12AB or approved u/s 10(23C)(iv)/(v)/(vi)/(via) towards Corpus	1	NIL	NIL	NIL
2	Donation to trust or institution registered u/s 12AB or approved u/s 10(23C)(iv)/(v)/(vi)/(via) other than towards corpus in case of donations out of accumulated income	2	NIL	NIL	NIL
3	Donation to trust or institution registered u/s 12AB or approved u/s 10(23C)(iv)/(v)/(vi)/(via) not having same objects	3	NIL	NIL	NIL
4	Donation to any person other than trust or institution registered u/s 12AB or approved u/s 10(23C)(iv)/(v)/(vi)/(via)	4	NIL	NIL	NIL
5	Application outside India for which approval as per proviso to section 11(1)(c) is obtained	5	NIL	NIL	NIL
6	Application outside India for which approval as per proviso to section 11(1)(c) is not obtained	6	NIL	NIL	NIL
7	Applied for any purpose beyond the objects of the trust or institution	7	NIL	NIL	NIL

Clause 25 of Form 10BB

24.	Taxable income 22- [23(xvi) to 23(xix)]	Amount in Rs.
25.	Income taxable under section 115BBI	Amount in Rs.
26.	Anonymous donation which is chargeable to tax @ 30 % under section 115BBC	Amount in Rs.

Clause 33 of Form 10B

Section 115BBI

33.	Income taxable under section 115BBI				
	(a)	Whether the auditee has any deemed income referred to in sub-section (1B) of section 11 which is chargeable to tax @ 30 % under section 115BBI and the amount of such deemed income?	Yes/No If yes fill Schedule DI	Amount in Rs.	
	(b)	Whether the auditee has any deemed income referred to in Explanation 4 to third proviso to clause (23C) of section 10 or sub-section (3) of section 11 which is chargeable to tax @ 30 % under section 115BBI and the amount of such deemed income?	Yes/No If yes fill Schedule AC	Amount in Rs.	
	(i)	Whether income accumulated is applied for the purposes other than charitable or religious purposes or ceases to be accumulated or set apart for application thereto	Yes/No	Amount in Rs.	
	(ii)	Whether such income accumulated ceases to remain invested or deposited in any of the forms or modes specified in sub-section (5) of section 11	Yes/No	Amount in Rs.	
	(iii)	Whether such income accumulated is not utilised for the purpose for which it is so accumulated or set apart during the period referred to in clause (a) of Explanation 3 to third proviso to clause (23C) of section 10 or clause (a) of sub-section (2) of section 11	Yes/No	Amount in Rs.	
	(iv)	Whether such income accumulated is credited or paid to any trust or institution registered under section 12AA or section 12AB or to 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 (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10	Yes/No	Amount in Rs.	
	(c)	(i)	Whether the auditee has any income which is income not to be excluded from the total income under twenty first proviso to clause (23C) of section 10 or clause (c) of sub-section (1) of section 13 which is chargeable to tax @ 30 % under section 115BBI and the amount of such income	Yes/No	Amount in Rs.
	(ii)	Whether the auditee has any income which is not to be excluded from the total income under clause (b) of third proviso to clause (23C) of section 10 or clause (d) of sub-section (1) of section 13 which is chargeable to tax @ 30 % under section 115BBI and the amount of such income	Yes/No	Amount in Rs.	
	(d)	Whether the auditee has any income accumulated or set apart in excess of fifteen per cent. of the income where such accumulation is not allowed under any specific provision of the Act and which is chargeable to tax @ 30 % under section 115BBI and the amount of such income ?	Yes/No	Amount in Rs.	
	(e)	Whether the auditee has made any application out of India which is not excluded from total income under clause (c) of sub-section (1) of section 11	Yes/No < If yes fill schedule Int App>	Amount in Rs.	

NON COMPLIANCE

Application out of Corpus Donation

Any amount credited or paid out of income referred to in clause (a) or clause (b) being a contribution with a specific direction that it shall form part of the corpus;
(Explanation 2 of section 11(1))

CONSEQUENCES

- Shall not be treated as application of income for charitable or religious purpose.

NON COMPLIANCE	CONSEQUENCES
<p><u>Section 40(a)(ia) and 40A(3) & 40(3A).</u></p> <p>For the purpose of determining the amount of application under section 11(1) (a) and (b)</p> <p>i) If Tax is not deducted at source, if applicable.</p> <p>ii) If the payment or aggregate of payment in a day exceeding Rs.10,000 other than in specified form as specified in section 40A(3/3A).</p> <p>(Explanation 3 of section 11(1) for the purpose of section 11(1) of clauses (a) and (b))</p>	<p>Application will be subject to section 40(a)(ia) and 40A(3) & 40(3A).</p> <p><u>WHERE TO REPORT</u></p> <p>For section 40a(ia)</p> <p>Clause 7(iv) of part B- T1 (statement of Income). Clause 23(vii), schedule TDS disallowable of Form 10BB & clause 31(ix) , schedule TDS of Form 10B.</p> <p>For section 40A(3) and (3A)</p> <p>Clause 7 (v) of part B- T1 (statement of income). Clause 23(viii) schedule 40 A(3) and 40 A(3A) of Form 10BB & clause 31(x) schedule 40A (3) & 40 A (3A) of Form 10B.</p>

Clause 7 (iv) and (v) of part B- T1 (statement of Income) of ITR 7

7	Additions			
	i	Income chargeable under section 115BBI <Total of Sl. No 7 of Schedule 115BBI>	7i	
	ii	Income in respect of which exemption under section 11 is not available, being anonymous donation (<i>Diii of schedule</i>)	7ii	
	iii	Income chargeable under section 12(2)	7iii	
	iv	Amount disallowable under section 11(1) r.w.s 40(a)(ia) or 10(23C) r.w.s. 40(a)(ia)	7iv	
	v	Amount disallowable under section 11(1) r.w.s 40A(3)/(3A) or 10(23C) r.w.s. 40A(3)/(3A)	7v	
	vi	Income as per Explanation 3B in case of violation of clause (a) or (b) or (c) of Explanation 3A to section 11(1) read with section 80G(2)(b)	7vi	
	vii	Income as per Explanation 1B in case of violation of clause (a) or (b) or (c) of Explanation 1A to section 10(23C) read with section 80G(2)(b)	7vii	
	viii	Any other income on which exemption is not allowable under the Income-tax Act	7viii	
	ix	Total [7i+7ii+7iii+7iv+7v+7vi+7vii+7viii]	7ix	

Clause 23(vii) and (viii), schedule TDS disallowable of Form 10BB

(vii)	Amount disallowable under thirteenth proviso to clause (23C) of section 10 or Explanation 3 to sub-section (1) of section 11 read with sub-clause (ia) of clause (a) of section 40	Amount in Rs. < Fill schedule TDS Disallowed>
(viii)	Amount disallowable under thirteenth proviso to section 10(23C) or Explanation 3 to sub-section (1) of section 11 read with sub-section (3) or (3A) of section 40A	Amount in Rs. < Fill schedule 40A(3)/schedule 40A(3A)>

Clause 31(ix) and (x) , schedule TDS disallowable of Form10B.

Amount to be disallowed from application		
(ix)	Amount disallowable under thirteenth proviso to clause (23C) of section 10 or Explanation 3 to sub-section (1) of section 11 read with sub-clause (ia) of clause (a) of section 40	Amount in Rs. < fill schedule TDS>
(x)	Amount disallowable under thirteenth proviso to section 10(23C) or Explanation 3 to sub-section (1) of section 11 read with sub-section (3) or (3A) of section 40A	Amount in Rs. < fill schedule 40A(3)/schedule 40A(3A)>
(xi)	Donation to 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 (23C) of section 10 of the Act or any trust or institution referred to in section 11 or 12 of the Act towards Corpus	Amount in Rs.
(xii)	Donation to 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 (iv), (v), (vi) or (via) of clause (23C) of section 10 of the Act or any trust or institution referred to in section 11 or 12 of the Act not having	Amount in Rs.

Schedule 40 A(3) and 40 A(3A) of Form 10BB

Schedule 40A(3): Details of amount is disallowable under thirteenth proviso to section 10(23C) or Explanation 3 to sub-section (1) of section 11 read with sub-section (3) of section 40A						
S. No.	Date of payment	Amount of payment (In Rs)	Nature of payment (In Rs)	Details of payee		
				Name	PAN or Aadhaar, if available	Address

Schedule 40A(3A): Details of Amount disallowable under thirteenth proviso to section 10(23C) or sub-section (1) of section 11 read with sub-section (3A) of section 40A						
S. No.	Date of payment	Amount	Nature	Details of payee		
				Name	PAN or Aadhaar, if available	Address

Schedule 40 A(3) and 40 A(3A) of Form 10B

Schedule 40A(3): Details of amount is disallowable under thirteenth proviso to section 10(23C) or Explanation 3 to sub-section (1) of section 11 read with sub-section (3) of section 40A						
S. No.	Date of payment	Amount of payment (In Rs.)	Nature of payment (In Rs.)	Details of payee		
				Name	PAN or aadhaar, if available	Address

Schedule 40A(3A): Details of Amount disallowable under thirteenth proviso to section 10(23C)/sub-section (1) of section 11 read with sub-section (3A) of section 40A						
S. No.	Date of payment	Amount	Nature	Details of payee		
				Name	PAN or Aadhaar, if available	Address

NON COMPLIANCE	CONSEQUENCES
<p style="text-align: center;"><u>Application from amount received for renovation /repair</u></p> <p>➤ In the case of a trust or institution includes any temple, mosque, gurdwara, church or other places notified under clause (b) of subsection (2) of section 80G. Any voluntary contribution (corpus) received for the purpose of renovation or repair .If</p> <ol style="list-style-type: none"> not applied such corpus for the purpose for which the voluntary contribution was made; Applies such corpus for making contribution or donation to any person; Does not maintain such corpus as separately maintainable Does not invest or deposit such corpus in the forms and modes specified under sub-section (5) of section 11. <p>Read explanation 3B with explanation 3A for the purpose section 11(1)</p>	<p>➤ Such sum shall be deemed to be the income. ➤ Source of information for the tax department</p> <p><u>REPORTING IN ITR 7</u> Clause A(1) (i) of Schedule J of ITR 7</p> <p><u>REPORTING IN FORM 10B/10BB</u> clause 17 of Form 10BB. clause of 22(i) of form 10B & Schedule corpus of Form10B. .</p>

Clause A(1) (i) of Schedule J of ITR 7

Schedule J		Statement showing the funds and investments as on the last day of the previous year [to be filled by assesses claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]]										
MENT OF FUNDS	A	Details of corpus										
	1	Corpus Donation	Opening Balance as on 01.04.2023 (corpus not applied till 31.03.2023)	Received/Tras as corpus during the year	Applied during the year	Amount invested or deposited back into corpus (which was earlier applied and not claimed as application) where application from corpus is made on or after 01.04.2021.	Total amount invested or deposited back into corpus	Financial year in which (4) was applied earlier	Closing Balance as on 31.03.2024	Invested in modes specified in Sec 11(5) as on 31.03.2024	Amount taxed in assessment year 2023-24	Invested in modes other than specified in Sec 11(5) as on 31.03.2024
			(1)	(2)	(3)	(4)	(5)	(6)	(7) = (1+2+5-3)	(8)	(9)	(10) = (7-8-9)

Clause 17 of Form 10BB

Voluntary contributions	12.	Whether auditee has filed Form No. 10BD for the previous year < If No then skip to serial number 14 >	Yes/No
	13.	Sum total of donations reported in Form No. 10BD furnished by the auditee for the previous year	(Amount in Rs.)
	14.	Donations not reported in Form No 10BD/ Not required to fill Form No. 10BD	Amount in Rs.
	15.	Total voluntary contributions received by the auditee during the previous year [13+14]	Amount in Rs.
	16.	Total Foreign Contribution out of the total voluntary contributions stated in 15	Amount in Rs.
	17.	Voluntary Contribution forming part of corpus (which are included in 15)	Amount in Rs.
	18.	Anonymous donations taxable @30% under section 115BBC	Amount in Rs.
	19.	Application outside India for which approval as per the proviso to clause (c) of sub-section (1) of section 11 has been obtained	Amount in Rs.
	20.	Voluntary contributions required to be applied by the auditee during the previous year [15-(17+18+19)]	Amount in Rs.
	21.	Income other than voluntary contributions derived from property held under the trust referred to in section 11	Amount in Rs.

Clause of 22(i) of Form 10B

22.	Total Sum of donations reported in Form No. 10BD furnished by the auditee for the previous year				(Amount in Rs..)
	Donations not reported in Form No. 10BD/Not required to fill Form No. 10BD				
(i)	Donations received by fund or trust or institution of the auditee which is approved under clause (b) of sub-section (2) of section 80G			Amount in Rs.	
(ii)	Donations received by fund or trust or institution of the auditee which qualifies for deduction under section 80G (other than those donations qualifying under clause (b) of sub-section (2) of section 80G or sub-clause (iv) of clause (a) of sub-section (2) of section 80G)			Amount in Rs.	
(iii)	Donations received by fund or trust or institution of the auditee approved under sub-clause (iv) of clause (a) of sub-section (2) of section 80G and which are not eligible under sub-section (5) of section 80G	(a)	Cash donations exceeding Rs. 2000	Amount in Rs.	
		(b)	Donations received from other charitable trusts and institution or from any fund or institution or trust or any university or other educational institutions or any hospital or other medical institution not eligible for deduction	Amount in Rs.	
		(c)	Others < Specify the nature>	Amount in Rs.	
		(d)	Total (a)+(b)+(c)	Amount in Rs.	

Schedule corpus of Form10B.

Schedules to fill as may be applicable < refer to instructions> Form 10B

Schedule Corpus: Details of Corpus														
Type of corpus donation	Opening balance at the beginning of the previous year (Corpus not applied till the beginning of the previous year) (1)	Received/Treated as corpus during the previous year (2)	Applied during the previous year (3)	Amount invested or deposited back in to corpus (which was earlier applied and not claimed as application fulfilled the conditions) (4)	Total amount invested or deposited back in to corpus (5)	Financial year in which was applied earlier (6)	Closing balance (7) [(1+2+5)-3]	Invested in modes specified in section 11(5) (8)	Amount taxed in previous assessment year (9)	Invested in modes other than specified in section 11(5) as on last day of the previous year (10)	If corpus donation is of type (i) then whether it fulfills the following conditions			
											Amount applied out of corpus for the purpose other than for which the voluntary contribution was made	Contribution or donation to any person;	Maintained as not separately identifiable	Invested or deposited in the forms and modes other those specified under sub-section (5) of section 11.

[illegible]

NON COMPLIANCE

Investing or Depositing back of Corpus

If any of the violation takes place at the time of application from the corpus.

1. The application was in the form of corpus donation to another trust.
2. If TDS was not deducted (where applicable) at the time of payment.
3. If any payment exceeds ₹10,000 was made in cash (not as per form specified in Section 40A(3/3A)).
4. If the payment benefits a person mentioned in Section 13(1)(c).(Read section 13(3))
5. If the application is made outside India without Board approval.
6. If the investment or deposit is not made within 5 years from the end of the year, the application was made.

CONSEQUENCES

- Such depositing back of corpus will not be considered as application.
- Source of information for the tax department

REPORTING IN ITR 7

- Clauses A1 of schedule J of ITR 7

REPORTING IN FORM 10B/10BB

- Clauses 23(v) of Form 10BB.
- 31(vii) of Form 10B
- Schedule corpus of Form 10B.

NON COMPLIANCE	CONSEQUENCES
<p><u>Application from any loan or borrowing</u></p> <p><u>If any of the violation takes place at the time of application from any loan or borrowing.</u></p> <ol style="list-style-type: none"> 1. The application was in the form of corpus donation to another trust. 2. If TDS was not deducted (where applicable) at the time of payment. 3. If any payment exceeds ₹10,000 was made in cash (not as per form specified in Section 40A(3/3A)). 4. If the payment benefits a person mentioned in Section 13(1)(c). (Read section 13(3)) 5. If the application is made outside India without Board approval. 6. If the repayment is not made within 5 years from the end of the year the application was made. 	<ul style="list-style-type: none"> ➤ Such repayment of any loan or borrowing will not be considered as application. ➤ Source of information for the tax department <p><u>REPORTING IN ITR 7</u></p> <ul style="list-style-type: none"> ➤ Clauses A2 of schedule J of ITR 7 <p><u>REPORTING IN FORM 10B/10BB</u></p> <ul style="list-style-type: none"> ➤ Clauses 23(vi) of Form 10BB. ➤ 31 (Viii) of Form 10B ➤ Schedule corpus of Form 10B.

➤ Clauses A1 & A2 of schedule J of ITR 7

Schedule J

Statement showing the funds and investments as on the last day of the previous year [to be filled by assesses claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]]

A 1	Details of corpus										
	Corpus Donation	Opening Balance as on 01.04.2023 (corpus not applied till 31.03.2023)	Received/Treated as corpus during the year	Applied during the year	Amount invested or deposited back into corpus (which was earlier applied and not claimed as application) where application from corpus is made on or after 01.04.2021.	Total amount invested or deposited back into corpus	Financial year in which (4) was applied earlier	Closing Balance as on 31.03.2024	Invested in modes specified in Sec 11(5) as on 31.03.2024	Amount taxed in assessment year 2023-24	Invested in modes other than specified in Sec 11(5) as on 31.03.2024
MENT OF FUNDS		(1)	(2)	(3)	(4)	(5)	(6)	(7) = (1+2+5-3)	(8)	(9)	(10) = (7-8-9)

A 2	Details of loan and borrowings						
	Opening Balance As on 01.04.2023	Loan & Borrowings taken for applications towards objectives during the year	Applied for the objects of the trust or institution during the year	Amount of repayment of loan or borrowing during the year (which was earlier applied and not claimed as application) where application from any loan or borrowing is made on or after 01.04.2021.	Financial year in which (4) was applied earlier	Total Repayment of loan or borrowing during the year	Closing Balance as on 31.03.2024
	(1)	(2)	(3)	(4)	(5)	(6)	(7) =(1+2-6)

Clauses 23(v),(vi) of Form 10BB.

23.	Application of income (excluding application not eligible and reported under serial number 27)	
(i)	Total amount applied for charitable or religious purposes in India during the previous year	Amount in Rs.
(ii)	Amount which was not actually paid during the previous year [if included in (i)]	Amount in Rs.
(iii)	Amount actually paid during the previous year which accrued during any earlier previous year but not claimed as application of income in earlier previous year	Amount in Rs.
(iv)	Total amount to be allowed as application [23(i)- 23(ii) +23(iii)]	Amount in Rs.
(v)	Amount invested or deposited back in corpus which was applied during any preceding previous year and not claimed as application during that previous year	Amount in Rs. < >
(vi)	Repayment of loan or borrowing during the previous year which was earlier applied and not claimed as application during that previous year	Amount in Rs.

Clause 31(vii) (Viii) of Form 10B

(vii)	Amount invested or deposited back in corpus which was applied during any preceding previous year and not claimed as application during that previous year.	Amount in Rs. < fill Schedule Corpus>
(viii)	Repayment of loan or borrowing during the previous year which was earlier applied and not claimed as application during that previous year during that previous year.	Amount in Rs. < fill Schedule LB>

NON COMPLIANCE	CONSEQUENCES
<p data-bbox="410 386 924 432"><u>Transfer of Capital Asset</u></p> <p data-bbox="168 501 1174 661">➤ In the case of transfer of capital asset, if the net consideration is not wholly or partially used for acquiring another capital asset (Section 11(1A))</p>	<p data-bbox="1207 386 2214 486">➤ The benefit of deemed application will not be available</p> <p data-bbox="1207 501 1691 546"><u>REPORTING IN ITR 7</u></p> <p data-bbox="1207 558 1933 604">➤ Clause A11 of schedule A of ITR 7.</p> <p data-bbox="1207 615 1933 661"><u>REPORTING IN FORM 10B/10BB</u></p> <p data-bbox="1207 672 1939 718">Clause 36(Capital Asset) of Form 10B</p>

Clause A11 of schedule A of ITR 7.

Schedule A		Amount applied to stated objects of the trust/institution during the previous year from all sources referred to in C1 to C7 of this table- [to be filled by assessee claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]				
			Amount			
A	Application towards the stated objects of the trust/institution		Revenue	Capital	Total	
1	Donation(s) made to trust or institution(s) registered u/s 12AB or approved u/s 10(23C)(iv)/(v)/(vi)/(via)– Other than Corpus (100% of donations made need to be entered here)		1			
1a	85% of the donation(s) made to trust or institution(s) registered u/s 12AB or approved u/s 10(23C)(iv)/(v)/(vi)/(via)– Other than Corpus		1a			
2	Religious		2			
3	Relief of poor		3			
4	Educational		4			
	5	Yoga	5			
	6	Medical relief	6			
	7	Preservation of environment	7			
	8	Preservation of monuments etc.	8			
	9	General public utility	9			
	10	Application which cannot be specifically identified under 1 to 9 above	10			
	11	Cost of new asset for claim of Exemption u/s 11(1A) (restricted to the net consideration)	11			
	12	Total (A1a to A11)	12			

Clause 36 (Capital Asset) of Form 10B

Capital Asset	36.	Details of capital asset transferred under sub-section (1A) of section 11		
	(1)	Whether a capital asset being property held under trust wholly for charitable or religious purpose is transferred and the net consideration for which it is transferred?	Yes/No	Amount in Rs.
	(2)	Whether deemed application is claimed as per clause (a) of sub-section (1A) of section 11 and the amount of such deemed application?	Yes/No	Amount in Rs.
	(3)	Whether a capital asset being property held under trust in part only for charitable or religious purpose is transferred and the net consideration for which it is transferred?	Yes/No	Amount in Rs.
	(4)	Whether deemed application is claimed as per clause (b) of sub-section (1A) of section 11 and the amount of such deemed application?	Yes/No	Amount in Rs.

NON COMPLIANCE

CONSEQUENCES

Non-Incidental Business or Lack of Separate Accounts (Section 11(4A))

If the business is not incidental to the attainment of the main objects or separate books of accounts are not maintained.(section 11 (4A))

- 11(1),11(2),11(3) &11(3A), shall not apply in relation to any income ,being profits and gains of business, unless the business is incidental to the attainment of the objectives

NON COMPLIANCE

- The value of any services, being medical or educational services, made available by charitable or religious trust running a hospital or medical institution or an educational institution, to any person referred to in clauses (a) or clauses(b), or clauses(c), or clauses (cc), or clauses (d) of sub-section (3) of section 13.(section 12(2))

CONSEQUENCES

- Such value shall be deemed to be income
REPORTING IN ITR 7
 - Clause 7(iii) of part B-T1 -Statement of Income.
- REPORTING IN ITR 10B/10BB**
 - Clause 35(a) of Form 10B.

Clause 7(iii) of part B-T1 -Statement of Income.

7	Additions			
	i	Income chargeable under section 115BBI <Total of Sl. No 7 of Schedule 115BBI>	7i	
	ii	Income in respect of which exemption under section 11 is not available, being anonymous donation (Diii of schedule)	7ii	
	iii	Income chargeable under section 12(2)	7iii	
	iv	Amount disallowable under section 11(1) r.w.s 40(a)(ia) or 10(23C) r.w.s. 40(a)(ia)	7iv	
	v	Amount disallowable under section 11(1) r.w.s 40A(3)/(3A) or 10(23C) r.w.s. 40A(3)/(3A)	7v	
	vi	Income as per Explanation 3B in case of violation of clause (a) or (b) or (c) of Explanation 3A to section 11(1) read with section 80G(2)(b)	7vi	
	vii	Income as per Explanation 1B in case of violation of clause (a) or (b) or (c) of Explanation 1A to section 10(23C) read with section 80G(2)(b)	7vii	
	viii	Any other income on which exemption is not allowable under the Income-tax Act	7viii	
	ix	Total [7i+7ii+7iii+7iv+7v+7vi+7vii+7viii]	7ix	
8	Income chargeable u/s 11(4)			8

Clause 35(a) of Form 10B.

Other Income	Other Income			Amount in Rs.
	35.	(a)	Whether the auditee has any income chargeable under section 12(2) and the amount of such income.	Yes/No Amount in Rs.
		(b)	Income as per Explanation 3B to sub-section (1) of section 11 in case of violation of clause (a) or (b) or (c) or (d) of Explanation 3A to sub-section (1) of section 11 read with clause (b) of sub-section (2) of section	Amount in Rs. < Fill Schedule Corpus>

NON COMPLIANCE	CONSEQUENCES
<u>Specified violations(Issues with Auditee's Income or Activities)</u>	
<p>a) Income Not Used for Trust's Purpose: If the income is used for something other than the trust's objectives.</p> <p>b) Business Income: If the trust earns business income that is not incidental to attainment of its objectives, or if separate books of accounts are not kept for business activities.</p> <p>c) Private Religious Use: If the trust uses any of its income for private religious purposes, not benefiting the public.</p> <p>d) Benefit to Specific Group: If the trust uses its income to benefit a particular religious community or caste.</p> <p>e) Non-Genuine Activities: If the trust's activities are not genuine or not being carried out in accordance all or any of the conditions subject to which it was registered .</p>	<p>➤ If the PCIT or CCIT</p> <p>a) has noticed occurrence of one or more specified violations</p> <p>b) Has received a referenced from AO under the second proviso to section 143(3)</p> <p>➤ Such case has been selected in accordance with the risk management strategy, formulated by the Board from time to time, for any previous year.</p> <p>➤ PCIT or CCIT after calling such information, if he is satisfied himself about the occurrence or other wise any specified violations have taken place; pass an order in writing canceling the registration after giving a reasonable opportunity of being heard,</p>

NON COMPLIANCE	CONSEQUENCES
<p>f) Non-Compliance with Laws: If the trust has not followed any laws, and the decision about non-compliance is final or undisputed.</p> <p>g) Incomplete or False Application: If the application under Section 12A(1)(ac) is not complete or it contains false/inaccurate information. (Section 12AB(4))</p>	<p>➤ If he is not satisfied that one or more specified violation have taken place, pass an order in writing refusing to cancel the registration.</p> <p><u>REPORTING IN ITR 10B/10BB</u></p> <p>Clause 30 of Form 10BB Clause 43 of Form 10B</p>

Clause 30 of Form 10BB

30.	Whether the auditee has incurred any specified violation as referred to in Explanation 2 to the fifteenth proviso to clause (23C) of section 10 or Explanation to sub-section (4) of section 12AB and the amount of such violation		Yes/No	Amount in Rs.
	(a)	Income of the auditee has been applied, other than for the objects of the trust or institution.	Yes/No	Amount in Rs.
	(b)	Whether the auditee has income from profits and gains of business which is not incidental to the attainment of its objectives or separate books of account are not maintained by auditee in respect of the business which is incidental to the attainment of its objectives.	Yes/No	Amount in Rs.
	(c)	Whether the auditee, referred to in clause (a) of sub-section (1) of section 13, has applied any part of its income from the property held under a trust for private religious purposes, which does not enure for the benefit of the public.	Yes/No	Amount in Rs.
	(d)	Whether the auditee, referred to in clause (b) of sub-section (1) of section 13, has applied any part of its income for the benefit of any particular religious community or caste.	Yes/No	Amount in Rs.
	(e)	Whether any activity being carried out by the auditee is not genuine or is not being carried out in accordance with all or any of the conditions subject to which it was registered.	Yes/No	Amount in Rs.
	(f)	Whether the auditee has not complied with the requirement of any other law, for the time being in force, and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality.	Yes/No	

Clause 43 of Form 10B

Specified Violation	43.	Specified Violation		
		Whether the auditee has incurred any specified violation as referred to in Explanation 2 to the fifteenth proviso to clause (23C) of section 10 or Explanation to sub-section (4) of section 12AB and the amount of such violation	Yes/No	Amount in Rs.
	(a)	Income of the auditee has been applied, other than for the objects of the trust or institution.	Yes/No	Amount in Rs.
	(b)	Whether the auditee has income from profits and gains of business which is not incidental to the attainment of its objectives or separate books of account are not maintained by auditee in respect of the business which is incidental to the attainment of its objectives.	Yes/No	Amount in Rs.
	(c)	Whether the auditee, referred to in clause (a) of sub-section (1) of section 13, has applied any part of its income from the property held under a trust for private religious purposes, which does not enure for the benefit of the public.	Yes/No	Amount in Rs.
	(d)	Whether the auditee, referred to in clause (b) of sub-section (1) of section 13, has applied any part of its income for the benefit of any particular religious community or caste.	Yes/No	Amount in Rs.
	(e)	Whether any activity being carried out by the auditee is not genuine or is not being carried out in accordance with all or any of the conditions subject to which it was registered.	Yes/No	Amount in Rs.
	(f)	Whether the auditee has not complied with the requirement of any other law, for the time being in force, and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality.	Yes/No	< If yes, fill schedule other law violation>
	44.	Whether there is any claim of depreciation or otherwise has been made in terms of Explanation 1 to clause (23C) of section 10 or sub-section (6) of section 11 in respect of any asset, acquisition of which has been claimed as an application of income and the amount of such depreciation?	Yes/No	If yes specify the amount

NON COMPLIANCE	CONSEQUENCES
<p>Anonymous Donations:</p> <p>If the person receiving a donation doesn't keep a record of the donor's identity indicating the name and address and such other particulars as may be prescribed .(Anonymous donation).</p> <p>Section 115BBC..</p> <p>Exceptions: This provision doesn't apply if:</p> <ul style="list-style-type: none"> • The donation is made only for religious purposes. • The donation is for a religious and charitable trust, but not for an anonymous donation made with a specific direction that such donation is meant for a specific university, educational institution, hospital, or medical institution run by the trust. 	<p>➤ Tax will be charged at the rate of 30% on the aggregate of anonymous donations received in excess of the higher of the following, namely;</p> <ol style="list-style-type: none"> a) 5% of the total donations received by the assessee ; or b) One lakh rupees <p>➤ Source of information for the tax department</p> <p><u>REPORTING IN ITR 7</u></p> <p>Clause D of schedule VC of ITR 7</p> <p><u>REPORTING IN ITR 10B/10BB</u></p> <p>Clause 18 of Form 10BB Clause 23(vi) of Form 10B</p>

Clause D of schedule VC of ITR 7

	D	Anonymous donations, chargeable u/s 115BBC [Applicable to assessee claiming exemption u/s 11 or 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via) or 10(23C)(iiia) or 10(23C)(iiiae)]			
		i	Aggregate of such anonymous donations received	i	
		ii	5% of total donations received at Sl. No. C+Di or 1,00,000 whichever is higher	ii	
		iii	Anonymous donations taxable u/s 115BBC @ 30% (i – ii)	iii	{to be taken as nil, if negative}

Clause 18 of Form 10BB

Voluntary contributions	12.	Whether auditee has filed Form No. 10BD for the previous year < If No then skip to serial number 14 >	Yes/No
	13.	Sum total of donations reported in Form No. 10BD furnished by the auditee for the previous year	(Amount in Rs.)
	14.	Donations not reported in Form No 10BD/ Not required to fill Form No. 10BD	Amount in Rs.
	15.	Total voluntary contributions received by the auditee during the previous year [13+14]	Amount in Rs.
	16.	Total Foreign Contribution out of the total voluntary contributions stated in 15	Amount in Rs.
	17.	Voluntary Contribution forming part of corpus (which are included in 15)	Amount in Rs.
	18.	Anonymous donations taxable @30% under section 115BBC	Amount in Rs.
	19.	Application outside India for which approval as per the proviso to clause (c) of sub-section (1) of section 11 has been obtained	Amount in Rs.
	20.	Voluntary contributions required to be applied by the auditee during the previous year [15-(17+18+19)]	Amount in Rs.

Clause 23 (vi) of Form 10B

23. |

Donations not reported in Form No. 10BD /Not required to fill Form No. 10BD				
(i)	Donations received by fund or trust or institution of the auditee which is approved under clause (b) of sub-section (2) of section 80G			Amount in Rs.
(ii)	Donations received by fund or trust or institution of the auditee which qualifies for deduction under section 80G (other than those donations qualifying under clause (b) of sub-section (2) of section 80G or sub-clause (iv) of clause (a) of sub-section (2) of section 80G)			Amount in Rs.
(iii)	Donations received by fund or trust or institution of the auditee approved under sub-clause (iv) of clause (a) of sub-section (2) of section 80G and which are not eligible under sub-section (5) of section 80G	(a)	Cash donations exceeding Rs. 2000	Amount in Rs.
		(b)	Donations received from other charitable trusts and institution or from any fund or institution or trust or any university or other educational institutions or any hospital or other medical institution not eligible for deduction	Amount in Rs.
		(c)	Others < Specify the nature>	Amount in Rs.
		(d)	Total (a)+(b)+(c)	Amount in Rs.
(iv)	Donations which could not be reported in Form No 10BD due to non-availability of identification of donor as required under Form No. 10BD			Amount in Rs.
(v)	Donations received in kind			Amount in Rs.
(vi)	Anonymous Donations referred to in section 115BBC			
	(a)	Amount of anonymous donation not taxable under section 115BBC on account of applicability of clause (i) of sub-section (1) of section 115BBC		Amount in Rs.
	(b)	Amount of anonymous donation not taxable under section 115BBC on account of applicability of clause (a) of sub-section (2) of section 115BBC		Amount in Rs.
	(c)	Amount of anonymous donation not taxable under section 115BBC on account of applicability of clause (b) of sub-section (2) of section 115BBC		Amount in Rs.
	(d)	Other anonymous donations taxable @ 30 % under section 115BBC		Amount in Rs.
	(e)	Total (a+b+c+d)		Amount in Rs.
(vii)	Any other voluntary contribution not part of Form No. 10BD		<Please specify the nature>	Amount in Rs.
(viii)	Total donation not reported in Form No. 10BD [23(i)+23(ii)+23(iii)(d) +23(iv)+23(v)+23(vi)(e)+23(vii)]			Amount in Rs.

NON COMPLIANCE

Impact of proviso to section 2(15), section 13(8), and section 13(10)

Impact of Applicability of proviso to section 2(15)

- a) If the provisions of sub-section 13(8) are applicable to any trust or institutions- i.e., Nothing contained in section 11 or 12 shall operate so as to exclude any income from the total income, if the first proviso to section 2(15) becomes applicable. First proviso to section 2(15) states that the advancement of any other object of general public utility shall not be a charitable purpose if it involves the carrying on any activity in the nature of trade, commerce or business or any activity of rendering any service in relation to any trade, commerce or business for a cess or fee or any other consideration (i) unless such activity is undertaken in the course of actual carrying out of advancement of any other object of general public utility. (ii) Receipts from such activity do not exceed 20% of total receipts.

CONSEQUENCES

- If such violation/violations takes place Income of the trust chargeable to tax shall be computed according to Part B3 of statement of Income – Part B

REPORTING IN ITR 7

- Clause A26 of ITR 7

REPORTING IN ITR 10B/10BB

- Clause 39 of form 10B

NON COMPLIANCE	CONSEQUENCES
<p>b)Violations of Provisions under Section 12A(1)(b) and 12A(1)(ba):</p> <p>I. Violation of Provisions under Section 12A(1)(b)</p> <p>Books of Account and Audit:</p> <p>Section 12A(1)(bi): Trusts and institutions do not maintain books of accounts and other documents in a prescribed form and manner.</p> <p>Section 12A(1)(bii): Trusts and institutions not get their accounts audited before the due date under Section 44AB and not furnishing the audit report by that date..</p> <p>II. Violation of Provisions under Section 12A(1)(ba) –</p> <p>Filing Return of Income:</p> <p>Trusts and institutions do not t file their return of income under Section 139(4A) within the due date prescribed in Sections 139(1) or 139(4). If any one or more violation takes place section 13(10) will apply.</p>	<p>➤ Income of the trust chargeable to tax shall be computed according to the Part B3 of statement of Income –Part B</p> <p><u>REPORTING IN ITR 7</u></p> <p>➤ Clause A26 of ITR 7</p> <p><u>REPORTING IN ITR 10B/10BB</u></p> <p>➤ Clause 39 of form 10B</p>

Part B3 - Applicable if total income chargeable to tax u/s twenty-second proviso to section 10(23C) or section 13(10)		
If yes in Sl. No. A(26) of Part A-General, please provide computation of Income chargeable under twenty second proviso to Clause (23C) of section 10/Sub-section (10) of section 13		
1	Total Income for the previous year other than Sl. No. 7	NIL
2	Total Expenditure incurred in India, for the objects of the assessee,	NIL
3	Expenditure to be disallowed	
	(i) Expenditure from the corpus standing to the credit of the trust or institution as on the end of the financial year immediately preceding the previous year relevant to the assessment year for which income is being computed	NIL
	(ii) Expenditure from any loan or borrowing	NIL
	(iii) Depreciation in respect of an asset, acquisition of which has been claimed as application of income, in the same or any other previous year; and	NIL
	(iv) Expenditure in the form of contribution or donation to any person.	NIL
	(v) Capital expenditure	NIL
	(vi) Amount disallowable under Explanation to sub-section (10) of section 13 or Explanation to twenty second proviso to clause (23C) of section 10 read with sub-clause (ia) of clause (a) of section 40	NIL
	(vii) Amount disallowable under Explanation to sub-section (10) of section 13 or Explanation to twenty second proviso to clause (23C) of section 10 read with sub-section 3 of section 40A	NIL
	(viii) Amount disallowable under Explanation to sub-section (10) of section 13 or Explanation to twenty second proviso to clause (23C) of section 10 read with section (3A) of section 40A	NIL
	(ix) Any other disallowance	NIL
	(x) Total expenditure to be disallowed (i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii)+(ix)	NIL

4	Additions			
	(i)	Income chargeable under section 115BBI <Total of Sl. No 7 of Schedule 115BBI>		NIL
	(ii)	Income in respect of which exemption under section 11 is not available, being anonymous donation (Diii of schedule VC)		NIL
	(iii)	Income chargeable under section 12(2)		NIL
	(iv)	Income as per Explanation 3B in case of violation of clause (a) or (b) or (c) of Explanation 3A to section 11(1) read with section 80G(2)(b)		NIL
	(v)	Income as per Explanation 1B in case of violation of clause (a) or (b) or (c) of Explanation 1A to section 10(23C) read with section 80G(2)(b)		NIL
	(vi)	Any other income on which exemption is not allowable under the Income-tax Act		NIL
	(vii)	Total Additions (i)+(ii)+(iii)+(iv)+(v)+(vi)		NIL
5	Income chargeable u/s 11(4)			NIL
6	Sum total [(1-2+3x)+4vii+5)]			NIL
7	Income not forming part of item No. 6 above			
	i	Income from house property [3 of Schedule HP] (enter nil if loss)		NIL
	ii	Profits and gains of business or profession [as per item No. D48 of schedule BP]		NIL
	iii	Income under the head Capital Gains		
	a	Short term		
	ai	Short-term chargeable @ 15% (9ii of item E of schedule CG)		NIL
	aii	Short-term chargeable @ 30% (9iii of item E of schedule CG)		NIL
	aiii	Short-term chargeable at applicable rate (9iv of item E of schedule CG)		NIL
	aiv	Short-term chargeable at special rates in India as per DTAA (9v of item E of Schedule CG)		NIL
	av	Total Short-term (ai + aii + aiii + aiv) (enter nil if loss)		NIL
	b	Long term		
	bi	Long-term chargeable @ 10% (9vi of item E of schedule CG)		NIL
	bii	Long-term chargeable @ 20% (9vii of item E of schedule CG)		NIL
	biii	Long-term chargeable at special rates in India as per DTAA (9viii of item E of schedule CG)		NIL
	biv	Total Long-term (bi + bii + biii) (enter nil if loss)		NIL
	c	Sum of Short-term/Long-term capital gains (av+biv) (enter nil if loss)		NIL
	d	Capital gain chargeable @ 30% u/s 115BBH (C2 of schedule CG)		NIL
	e	Total capital gains (c + d)		NIL
	iv	Income from other sources [as per item No. 9 of Schedule OS]		NIL
	v	Total (7i+7ii+7iii+7iv)		NIL

8	Losses of current year to be set off against 7v (total of 2xiv, 3xiv and 4xiv of Schedule CYLA)	
9	Total Income (6+7-8)	
10	Income which is included in 9 and chargeable to tax at special rates (total of col. (i) of schedule SI)	
11	Anonymous donations, included in 9, to be taxed under section 115BBC @ 30% (Diii of Schedule VC)	
12	Income chargeable u/s 115BBI, included in 9, to be taxed @ 30% (Sl. No 7 of Schedule 115BBI)	
13	Income chargeable to tax under twenty-second proviso to clause (23C) of section 10 or sub-section (10) of section 13 (9-10-11-12)	

General Rule for Deducting Expenditures:

The **income of a trust or institution** will be computed after allowing deductions for the **expenditure incurred** in India for the **objects of the trust or institution**, subject to certain conditions:

Conditions for Allowing Deductions:

1.No Deduction from Corpus:

The expenditure should **not** be taken from the **corpus** of the trust or institution, i.e., the funds available at the end of the previous financial year.

2.No Deduction from Loan or Borrowings:

The expenditure should **not** be from any **loan or borrowing**.

3.No Depreciation for Assets Already Claimed:

The **claim for depreciation** cannot be made for assets that were previously purchased by the trust or institution, where the **purchase cost** was already claimed as **application of income** in the current or any previous year.

4.No Deduction for Donations:

Expenditures should **not** be in the form of **contributions or donations** to any other person or entity.

Specific Sections that Apply:

The provisions of **Section 40A(ia)**, **Section 40A(3)**, and **Section 40A(3A)** will apply to these deductions. These sections typically deal with:

- **Section 40A(ia)**: Deduction for payments made without TDS (Tax Deducted at Source).
- **Section 40A(3)**: Deduction for cash payments exceeding a certain limit.
- **Section 40A(3A)**: Further provisions on certain types of expenses.

Clause A26 of ITR 7

(A26)	Whether provisions of twenty second proviso to Section 10(23C) or Section 13(10) are applicable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If “Yes”, please furnish below information, whether:	
(a)	Provisions of proviso to clause (15) of section 2 are applicable	<input type="checkbox"/> Yes <input type="checkbox"/> No
(b)	Conditions specified in clause (a) of tenth proviso to 10 (23C) / sub-clause (i) of clause (b) of sub-section (1) of section 12A have been violated	<input type="checkbox"/> Yes <input type="checkbox"/> No
(c)	Conditions specified in clause (b) of tenth proviso to 10 (23C)/ sub-clause (ii) of clause (b) of sub-section (1) of section 12A have been violated	<input type="checkbox"/> Yes <input type="checkbox"/> No
(d)	Conditions specified in twentieth proviso to 10(23C)/ clause (ba) of sub-section (1) of section 12A have been violated	<input type="checkbox"/> Yes <input type="checkbox"/> No

Clause 39 of form 10B

13(10) and 22nd proviso to section 10(23C)	39.	(i)	Whether provisions of twenty second proviso to clause (23C) of section 10 or sub-section (10) of section 13 are applicable?		Yes/No		
		(ii)	If yes in (i) specify the reason why the provisions of twenty second proviso to clause (23C) of section 10 or sub-section (10) of section 13 are applicable?				
			(a)	Provision of proviso to clause (15) of section 2 is applicable		Yes/No	
			(b)	condition specified in clause (a) of tenth proviso to clause (23C) of section 10 or sub-clause (i) of clause (b) of sub-section (1) of section 12A have been violated		Yes/No	
			(c)	condition specified in clause (b) of tenth proviso to clause (23C) of section 10 or sub-clause (ii) of clause (b) of sub-section (1) of section 12A have been violated		Yes/No	
			(d)	condition specified in twentieth proviso to clause (23C) of section 10 or sub-clause (ii) of clause (ba) of sub-section (1) of section 12A have been violated		Yes/No	
		(iii)	If yes in (i), please provide computation of income chargeable under twenty second proviso to clause (23C) of section 10 or sub-section (10) of section 13				
			(a)	Income for the previous year		Amount in Rs.	
			(b)	Total Expenditure incurred in India, for the objects of the auditee,		Amount in Rs.	
			(c)	Expenditure to be disallowed			
					(i)	Expenditure from the corpus standing to the credit of the trust or institution as on the end of the financial year immediately preceding the previous year relevant to the assessment year for which income is being computed	Amount in Rs.
					(ii)	Expenditure from any loan or borrowing	Amount in Rs.
					(iii)	Depreciation in respect of an asset, acquisition of which has been claimed as application of income, in the same or any other previous year; and	Amount in Rs.
					(iv)	Expenditure in the form of contribution or donation to any person.	Amount in Rs.
(v)	Capital expenditure				Amount in Rs.		
(vi)	Amount disallowable under Explanation to sub-section (10) of section 13 or Explanation to twenty second proviso to clause (23C) of section 10 read with sub-clause (ia) of clause (a) of section 40				Amount in Rs. < fill schedule TDS disallowable >		
(vii)	Amount disallowable under Explanation to sub-section (10) of section 13 or Explanation to twenty second proviso to clause (23C) of section 10 read with sub-section 3 or 3A of section 40A				Amount in Rs. < fill schedule 40A(3)/Schedule 40A(3A)>		
(viii)	Any other disallowance				Amount in Rs.		
(ix)	Total expenditure to be disallowed (i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii))				Amount in Rs.		
	(d)			Income chargeable to tax under twenty-second proviso to clause (23C) of section 10 or sub-section (10) of section 13 [a – b+c(ix)]		Amount in Rs.	

NON COMPLIANCE

Accreted income Section 115 TD read with section 12AC

➤ A Specified person has:

1. converted in to any form which is not eligible for grant of registration u/s 12AA OR 12AB OR approval u/s 10 (23C) (iv), (v),(vi) And (via)
2. merged with any entity other than an entity which is a trust or institution having objects similar to it and registered u/s 12AA or 12AB or approved u/s 10 (23C) (iv), (v),(vi) And (via)
3. failed to transfer upon dissolution all its assets to any other specified person within a period of 12months from the end of the month in which the dissolution take place.

CONSEQUENCES

- The amount by which the aggregate FMV of the total assets of the specified person exceeds the total liability of the such specified person computed in accordance with the method of valuation., as may be prescribed and will be charged to tax at MMR.

But, the accreted income as is attributable to the following asset and liability shall be ignored

1.FMV of assets directly acquired out of income referred to in section 10(1) Less Liability in respect of the asset

2. FMV of assets acquired during the period from the date of creation or establishment to the effective date of registration/provisional registration u/s 12AB respectively and has not been allowed benefit of section 11 and 12

3. FMV of assets and liabilities, if any, related to such asset, which have been transferred to any other specified person within the period specified in section 115TD(1(c))

REPORTING IN ITR 7

Schedule 115TD of ITR 7

Schedule 115TD of ITR 7

Schedule 115TD		Accreted income under section 115TD (Applicable if exemption claimed u/s 11 and 12 or 10(23C)(iv)/10(23C)(v)/10(23C)(vi)/10(23C)(via)			
1	Aggregate Fair Market Value (FMV) of total assets of specified person	1			
2	Less: Total liability of specified person	2			
3	Net value of assets (1 – 2)	3			
4	(i) FMV of assets directly acquired out of income referred to in section 10(1)	4i			
	(ii) FMV of assets acquired during the period from the date of creation or establishment to the effective date of registration/provisional registration/approval u/s 12AB or 2 nd Proviso to section 10(23C), if benefit u/s 11 and 12 or section 10(23C)(iv)/10(23C)(v)/ 10(23C)(vi)/10(23C)(via) respectively not claimed during the said period	4ii			
	(iii) FMV of assets transferred in accordance with third proviso to section 115TD(2)	4iii			
	(iv) Total (4i + 4ii + 4iii)	4iv			
5	Liability in respect of assets at 4 above	5			
6	Accreted income as per section 115TD [3 – (4iv – 5)]	6			
7	Additional income-tax payable u/s 115TD at maximum marginal rate	7			
8	Interest payable u/s 115TE	8			
9	Specified date u/s 115TD	9			
10	Additional income-tax and interest payable	10			
11	Tax and interest paid	11			
12	Net payable/refundable (10 - 11)	12			
13	Date(s) of deposit of tax on accreted income	Date 1 <i>DD/MM/YYYY</i>	Date 2 <i>DD/MM/YYYY</i>	Date 3 <i>DD/MM/YYYY</i>	
14	Name of Bank and Branch				
15	BSR Code				
16	Serial number of challan				
17	Amount deposited				

NON COMPLIANCE	CONSEQUENCES
<ul style="list-style-type: none">➤ Unreasonable benefits to specified person u/s 13(3)	<ul style="list-style-type: none">➤ Penalty which is equal to amount of income applied by such trust/institution for the benefit of specified person.➤ Twice the amount of such income where the violation is noticed again in any subsequent year (Penalty u/s 271AAE)



REGISTRATION AT A GLANCE

S. NO	Section	Categories	Time limit for application	Forms
1	12A (1)(ac)(i)	Trust/ Institution registered under Erstwhile section 12A/12AA on or before 31.03.2021	Within 3 months from 01.04.2021, ie.. 30.06.2021, due date 5 times extended and presently 30.06.2024	NA
2	12A (1)(ac)(ii)	Trust/ Institution registered under section 12AB and the period of the said registration is due to Expire	At least 6 months prior to expiry of the said registration	10 AB
3	12A (1)(ac)(iii)	Trust/institution provisionally registered under section 12AB	At least 6 months before the expiry period of the provisional registration or within 6 months of commencement of activities, which ever earlier	10 AB

S. NO	Section	Categories	Time limit for application	Forms
4	12A (1)(ac)(iv)	Trust/ Institution whose registration is inoperative due to the first proviso to section 11(7)	At least 6 months before the commencement of the assessment year from which the said registration is sought to be made operative	10 AB
5	12A (1)(ac)(v)	Trust/ institution which has modified the objects in a manner not confirming to the conditions of registration	Within 30 days from the date of the said adoption or modification	10 AB
6	12A(1)(ac)(vi) (up to 30.09.2023)	In any other case	At least 1 month before the commencement of the previous year relevant to the assessment year from which the said registration is sought	NA

S. NO	Section	Categories	Time limit for application	Form
From 01.10.2023				
6A	12A (1)(ac)(vi) (A)	Provisional registration where activities have not been commenced	Do	10A
6B	12A (1)(ac)(vi) (B)	Direct regular registration where activities have been commenced	The year from which the benefit of exception desire	10 AB

Note: Provided that where the application is filed beyond the time allowed in sub-clause (i) to (vi), the principal commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, **condone such delay** and such application shall be deemed to have been filed within time.

The application shall be accompanied by following documents:

- a) Where the applicant is created, or established, under an instrument, self- certified copy of such instrument creating or establishing the applicant;
- b) Where the applicant is created, or established, otherwise than under an instrument, self-certified copy of the document evidencing the creation or establishment of the applicant;
- c) Self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be;
- d) Self-certified copy of registration under Foreign Contribution (Regulation) Act, 2010 (42 of 2010), if the applicant is registered under such Act;
- e) Self –certified copy of existing order granting registration under section 12A or section 12AA or section 12AB , as the case may be;
- f) Self-certified copy of order of rejection of application for grant of registration under section 12A or section 12AA or section 12 AB, as the case may be, if any
- g) Whether the applicant has been in existence during any year or years, self-certified copies of annual accounts not being more than 3 years;
- h) Where a business undertaking is held by the applicant as per provisions of section 11(4) self certified copies of annual accounts of such business undertaking not being more than 3 years and self –certified copies of audit report under section 44AB for such period;
- i) Where the income of the applicant includes profits and gains of business as per the provisions of sub-section 4A of section 11 and the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts and audit report of such business relating to such prior year or years not being more than 3 years;
- j) self- certified copy of the documents evidencing adoption or modification of the objects
- k) Note on the activities of the applicant.

S. NO	Section	Categories	Time limit for application	Forms
1	Approval or institution of fund under clause (i) of first proviso to sub section (5) of section 80G	Erstwhile approval under section 80(G) (5)(vi)	NA	NA
2	Clause (ii) of first proviso to sub section (5) of section 80G	Trust/ Institution approved under section 80G(5) and the period of the said approval is due to Expire	At least 6 months prior to expiry of the said period.	10 AB
3	Clause (iii) of first proviso to sub section (5) of section 80G	Trust/institution provisionally approved under section 80G(5)	At least 6 months before the expiry period of the provisional approval or within 6 months of commencement of activities, whichever ever earlier.	10 AB

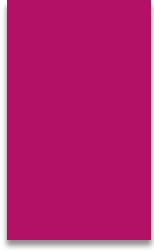
S. NO	Section	Categories	Time limit for application	Form
4	first proviso to sub section (5) of section 80G) (up to 30.09.2023)	In any other case	At least 1 month before the commencement of the previous year relevant to the assessment year from which the said approval is sought (trust or institutions applying for the first time for approval (up to 30.09.2023))	NA
From 01.10.2023				
4A	first proviso to sub section (5) of section 80G	Provisional approval where activities have not been commenced	Do	10A
4B	first proviso to sub section (5) of section 80G	Direct regular approval where activities have been commenced	At any time after the commencement of such activities.	10 AB

The application shall be accompanied by following documents:

- a) Where the applicant is created, or established, under an instrument, self- certified copy of such instrument;
- b) Where the applicant is created, or established, otherwise than under an instrument, self-certified copy of the document evidencing the creation or establishment of the applicant;
- c) Self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be;
- d) Self-certified copy of registration under Foreign Contribution (Regulation) Act, 2010 (42 of 2010), if the applicant is registered under such Act;
- e) Self –certified copy of existing order granting registration under clause (vi) of subsection (5) of section 80G;
- f) Self-certified copy of order of rejection of application for grant of approval under clause (vi) of subsection (5) of section 80G, if any;
- g) Where the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of the applicant relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up;
- h) Note on the activities of the applicant.

MANDATORY CLAUSES NEED TO BE INCLUDED IN THE TRUST DEED

1. Provisions regarding “Amendment” should be specific that any amendment to the Trust Deed/Memorandum of Association/Bye-laws will be carried out only with the prior approval of the Commissioner of Income Tax having jurisdiction.
2. The mandatory clause on “Dissolution” stipulated that in the event of dissolution/winding up of the Trust/society/institution/organization the assets remaining as on the date of dissolution shall, under no circumstances, be distributed among the trustees/members of the managing committee/governing body but the same shall be transferred to another Charitable Trust/Society whose objects are similar to those of this Trust/society/ and which is registered u/s 12A/12AA/12AB as well as enjoys recognition under Section 80G of the Income Tax Act at the time of transfer or shall be vested with the Government.
3. Provisions in the Trust Deed/Memorandum of Association/Bye Laws that the funds of the Trust/Society/Association/Institution will be invested strictly in accordance with provisions of Section 11 (5) r.w.s.13 (1) (d) of the Income Tax Act.
4. Provisions that the Trust/Society/Institution/Organization formed/constituted shall be irrevocable.
5. Provisions to the effect that if powers to effect amendment to the Trust Deed/Memorandum of Association/Bye Laws have been given the Trustees/Office bearers, it would not be extended to altering the basic character of the Trust/Society/Institution/Organization and further, no such amendments which may prove to be repugnant to the provisions of sections 2 (15), 11, 12, 13 and 80G the Income Tax Act, shall be made.



- 6) Provisions to the effect that the objects/activities of the Trust/Society/Institution/Organization shall be carried out only in India
- 7) Provisions that the accounts of the Trust/Society/Institution/Organization shall be regularly maintained and every year, the accounts shall be closed by 31st March and the same shall be audited by a qualified Chartered Accountant.
- 8) The instrument is devoid of a specific clause in the Trust Deed/Memorandum of Association/Bye laws of the income and the funds of the Trust/Society/Institution/Organization will solely be utilized for the objects and no portion of it will be utilized for payment to the Trustees/Members/Office bearers by way of profit/dividend/interest etc.
- 9) There should be a specific clause to the effect that the benefits of the Trust/Society/Institution/Organization are open to all, irrespective of caste, religion, creed, sex etc.
- 10) If the Trust /Society/Institution/Organization do not intend to run any business, it may please be provided by way of amendment to the Trust Deed/Memorandum of Association/Bye laws that it will not function in the nature of conducting any business activity and not for the purpose of profits.
- 11) In case the Trust/Society/Institution/Organization intend to run any business then it may be specified that it will satisfy the conditions stipulated in Section 11(4) and proviso to Section 80G(5)(1) of the Income Tax Act, 1961.

?



?

QUESTIONS?

?

?



THANK YOU

Feel free to reach me at, +91 9447418108 or camathewpm@gmail.com if you have any queries