Registration of Charitable Trusts

BACKGROUND

- All charitable trusts are required to get themselves registered under section 12A with CIT.

- Registration u/s 12A is mandatory to claim exemption from income tax.

- Trust once registered u/s 12A can apply for registration u/s 80G or also simultaneously.

- Donation to trust registered u/s 80G is allowed at 50% of donation amount.

Procedure of Registration 12A -s. 12AA

Procedure of Registration us 12A

- Application to be made in Form no. 10A in duplicate.
- Original trust deed along with a certified copy thereof is to be submitted.
- Two copies of statement of accounts of three previous years, and where the trust/institution is in existence for less than three years, such reduced period.

Processing of Application

Processing of Application

- On receipt of application, the commissioner shall ask for such documents and information as he may think fit.
- Once the commissioner is satisfied that the creation of trust and activities are genuine, then he may make an order in writing within six months from the end of the month in which application was made.
- Commissioner may also refuse the registration application, but he must give assessee an opportunity of being heard before such refusal.
- If registration is refused by CIT, assessee may appeal before Income Tax Appellate Tribunal.

Registration u/s 80G

Registration u/s 80G

- **ELIGIBILITY**
- The trust/institution should not spend any income for any puirpose other than charitable.
- The trust/institution should maintain regular accounts.
- The trust/institution should not be for benefit of any religion, caste or community.
- The trust/institution should be registered under Societies Registration Act or any other similar welfare Act.
- The institution should submit income tax return regularly.

Registration u/s 80G

- **PROCEDURE & DOCUMENTS**
- Application in Form no. 10G should be submitted to CIT in triplicate along with following documents.
- Copy of registration u/s 12A.
- A note on activities of the institution for the last three years.
- Copy of the audited accounts for the last three years.
- Memorandum of Association and incorporation certificate.
- List of Donors above Rs. 5000 with addresses
- Details of income and interest paid above Rs. 2500
- Declaration by trustee pf being not disqualified u/s 13(1)

Registration u/s 80G

- **ON RECEIPT OF APPLICATION BY CIT**
- CIT may call for further information or cause such inquiries/ inspection as he deems necessary to satisfy himself.
- If CIT is satisfied that all the conditions are fulfilled and with the purpose/activities of the trust, he shall grant approval.
- If CIT fails to grant approval within 6 months from the end of the month in which application was made, approval shall deemed to have been granted.

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