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LATEST CIRCULAR

Applicability of proviso to Section 2(15): Where the purpose of a Trust or institution is relief to poor, education or medical relief it will constitute 'charitable purpose' even if it incidentally involves the carrying on of commercial activities. The newly inserted proviso to Sec. 2(15) will apply only to entities whose purpose is 'advancement of any other object of general public utility'. Hence, such entities will not be eligible for exemption u/s 11 or u/s 10(23C), if they carry on commercial activities. Where industry or trade associations claim both to be charitable institutions as well as mutual organisations and their activities are restricted to contributions from and participation of only their members, proviso to Sec.2(15) will not apply owing to principle of mutuality. However, if such organisations have dealings with non-members, their claim to be charitable organisations would be governed by the additional conditions stipulated in proviso to Section 2(15). **Circular No.11 /2008 dt 19.12.2008**