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Charitable Trusts
Revision & Reference Notes
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Author:

Anand V Kabra

anandvkabra@gmail.com

www.anandvkabra.blogspot.com

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AN1

sec. 11 & 12
can be
applied
when

↓

Registration
of
Trust
u/s
- 10(23C)
- 12AA
&
CA, Audit
Income <
250,000

(Basic
Exemption)

Prerequisites

Tax Slabs
similar
To Ind.
Assessee

Starting Point

2(15) Charitable Purpose (inclusive)

[Depending on source of Receipt, it is to be fixed up]
Q.16(a) & (b)

No Restriction,
in any case it will be
"Charitable Purpose"

- Relief of Poor
- Education
- Yoga
- Medical Relief
- Prevention of Environment (watersheds/forests/wildlife)

If Receipts from Trade/Business/Service < 20% Total Receipts
Then only "Charitable Purpose"

Advancement of any other
Objectives of General Public.

If such Receipts Exceeds 20%.

sec. 13(8) NO Exemption u/s

10(23C) / 11 / 12

Need Not to cancel Registration
Disallowance will be calculated
by AO, u/s 143(3)

NON-Application of
sec. 11 & sec. 12
i.e. exemption
not available

IF Application of Income is for

- 13(1)(a) PRIVATE Religious Purpose
- 13(1)(b) Particular Religious community / Caste
- 13(1)(c) for the Benefit of SPECIFIED Persons
- 13(1)(d) Funds Not Invested in sec 11(6) securities

AN2. Anonymous Donor Received by

Charitable Trust Religious Trust
u/s 115BBC @ 30%
Q.171 NOT Tax-able

sec. 12(2) & 13(6)

Educational & medical Facility to specified Person

Exemption to the extent of amt Received from such person. Not available

Remaining amt. allowed as Exempt.

AN3

Exemption secⁿ combination, Restricted to

12AA (1) (2) 10(23C)
↓
10(1) + 10(23C)
11/12

- Author of Trust
- Founder of the Institution
- Any Trustee / Manager of Institute
- Relative of above
- Any entity in which above people have substantial int.
- Any person; contribution > 50000 in PY, "substantial contributor"

monetary amt in cash/otherwise aries to above, whole amt disallowed

sec. 14 (q)

Property held under TRUST
includes "Business
Undertaking"

→ CONDITIONS

- Business/Trade is incidental to the attainment of the objectives of the Trust.
- separate Books of A/c maintained.

sec. 11(1)

Income from property held
for Charitable/Religious
Purposes.

Q.25 -

Q.19

AN1
Nature
of
Expenditure

- Revenue
- Capital (No Depⁿ allowed)

Q.17

Q.27
AN2

Capital
Gain on
Sale of
Asset
used to
Buy
Capital Assets
amt.
(for charitable
purpose)

↓
amounts to
"Applica"
of Income

1) Unconditional Exempt

@15% of Gross Receipts
(11)(1)(a) AN1

2) Conditional Exempt

85% of the income,
to the extent applied AN1
for such purposes
in India

3) Corpus Donations

sec. 11(1)(d)



- Any amount not Rec.
in that PY; &

Assessee submits
Declaration on or before
139(1)

• It shall be
treated as
DEEMED APPLICATION
OF INCOME

subject to that,
in the immediately
succeeding year
is received &
Applied for the
such purpose.



11(2)

Exemption if
Income accumulated
for specific purpose

- If 85% of the amount cannot be utilized/applied; &
- set aside/apart/accumulated
- for such purpose

conditions to be complied:

- 1) Declaration to be filed to AO
- 2) on/before due date u/s 139(1)
- 3) the amt. is invested u/s 11(5)

2) ↓

(1) 13(9) Withdrawal of Exemption

- 1) NO Declaration to AO on or before due date u/s 139(1)
- OR 2) ROI Not filed before 139(1)

(2) Withdrawal of Exemption 11(3)

IF specific conditions
NOT SATISFIED Q.29

- 1) Income applied for a purpose other than specified in the declaration;
- 2) Investment ceases to remain ^{as} the said specified in sec. 11(5)
- 3) If not utilized within 5 yrs
- 4) If donation made to any Trust u/s ~~23~~ 10(23C) or 12AA

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1.TDS (Tabular), TCS, Other Provisions,

2.Assessment Procedure

(Flow Charts in one page)

3.Search Seizure (Flow Chart form)

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