Registration of Charitable & Religious Institutions for Income tax Exemption

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The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

New Delhi

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Direct Taxes Committee and

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Foreword

Our members have always been instrumental in developing and proactively making our country most sought after economic destination in the world. The developments that are happening in the area of taxation are quite intriguing and regular. Every year changes are made in the taxation laws especially law pertaining to Charitable Institutions. Our members having expertise in the area can analyze such changes& ensure compliances to avoid litigation.

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Despite the fact that the profession of Chartered Accountancy has diversified in many ways, practice in the area of direct taxation is still one of the pre-dominant areas for the Chartered Accountants. Our members keep themselves abreast with ever changing taxation laws thus are attaining commanding heights in this area and are also complying with the professional obligations in an effective manner. As you may be aware that the Finance Act 2020 has enacted a new process for registration and fresh/re-registration of concerned assessees by amending section 12A and 80G of the Income-tax Act, 1961 w.e.f. 01.04.2021. A need is being felt to bring out a publication for guiding our members in this regard.

The Institute of Chartered Accountants of India (ICAI) too has always been proactive in disseminating the knowledge and honing the skills of its members. I am really happy to note that yet another step in this direction has been taken by the Direct Taxes Committee of ICAI as they have come out with this publication namely ***"Registration of Charitable & Religious Institutions for Income tax Exemption"*** so as to assist the members in meeting their professional commitments in an effective manner.

I appreciate the efforts of CA. Chandrashekhar V. Chitale, Chairman, Direct Taxes Committee and CA. Satish K. Gupta, Vice-Chairman, Direct Taxes Committee who have worked selflessly for bringing out this publication in a timely manner.

I am sure that this publication will help the members in discharging their professional commitments in a better manner.

Date: 29.05.2021
Place: New Delhi

CA. Nihar N Jambusaria
President, ICA

Preface to the First Edition

Taxation continues to be one of the pre dominant areas of engagements for chartered accountants. Provisions pertaining to registration and exemption of Charitable and Religious institutions have undergone significant changes in the recent years especially in the years 2020 and 2021. In fact, each charitable institution seeking exemption from payment of income tax is required to obtain fresh registration/approval from the Income tax Department. Accordingly, there requirement to have a quick guidance from DTC of the ICAI on this subject can be useful.

Philanthropy in India has a deep and broad foundation in the society. India's earliest philanthropists pioneered the concept of building wealth for the public good. Accordingly, to promote such objective, the Income-tax Act, 1961 enacted provisions for proper registration and providing exemption to such assessees. The fraternity has been putting its best efforts to remain updated on the subject and discharge the responsibilities in a manner that justifies the confidence reposed in it.

To elaborate the recent changes made in this regard and to provide proper guidance to the members, this publication would prove to be very useful. This publication covers the law relating to exemption and registration, new provisions, new registration process, Procedure for revival of existing inoperative Trusts, FAQs etc. for enabling the members to better understand the said provisions.

Under the aforesaid circumstances, we at the Direct Taxes Committee thought it fit to bring out this publication namely ***" Registration of Charitable & Religious Institutions for Income tax Exemption"*** as a handy tool to assist the fraternity to make proper compliance of the new provisions in more objective manner and with consciousness towards related documentations.

We are sincerely thankful to CA. Nihar Niranjan Jambusaria, President, ICAI and CA. (Dr.) Debashis Mitra, Vice-President, ICAI for being guiding force behind all initiatives being taken by the Committee.

We are pleased to place on record my sincere gratitude for the involvements and contributions by all the Committee members and our dear Council Colleagues of ICAI. We are sure that this effort of DTC of ICAI would go a long way in assisting our members in making utmost compliance of the new provisions.

We are extremely thankful to our Members of the Study Group formed at Pune under the convenorship of Chairman, DTC, who worked selflessly and dedicatedly to prepare the draft of this publication after taking all inputs from the said group members formed in this regard. We appreciate the efforts of our following study group members who provided valuable inputs for this publication; CA. Sameer Ladda, CA. Suresh Mehta, CA. Bhuvanesh Kankani, CA. Rajendra D. Patil, CA. Mrudula Joshi, CA. Vedvati Lele, CA. Sarika Kurnurkar and CA. Jayant Adhyapak.

Last but not the least, I appreciate the dedicated efforts of CA. Shrutika Oberoi, Secretary, Direct Taxes Committee and the entire Secretariat of Direct Taxes Committee for their technical and administrative assistance in bringing out this first edition of the said publication in limited time.

CA. Satish K. Gupta
Vice-Chairman,

CA. Chandrashekhar V. Chitale
Chairman,

Date: 29.05.2021

Place: New Delhi

Acknowledgement

The Direct Taxes Committee of ICAI acknowledge the contribution made by the following members of the study group constituted for the purpose of developing the publication namely **'Registration of Charitable & Religious Institutions for Income tax Exemption'.** We place on record our gratitude for their contribution in enrichment of knowledge of the members:

- **CA. Chandrashekhar V. Chitale, CCM – Convenor**
- **CA. Sameer Ladda**
- **CA. Suresh Mehta**
- **CA. Bhuvanesh Kankani**
- **CA. Rajendra D. Patil**
- **CA. Mrudula Joshi**
- **CA. Vedvati Lele**
- **CA. Sarika Kurnurkar**
- **CA. Jayant Adhyapak**

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Chapter 1
Introduction

Charity

Philanthropy in India has a deep and broad foundation in society. India's earliest philanthropists pioneered the concept of building wealth for the public good. After independence, the Indian republic's socialist policies meant that government initiatives, rather than private efforts, were expected to provide for the needs of citizens. Philanthropy developed less rapidly as a result. Yet during this time the Indian diaspora played an important role in contributing to Indian society through philanthropy, particularly in establishing hospitals, schools and colleges around the country. Many were established to express their gratitude to the country of their birth and to share their good fortune.

It is interesting to note that the Companies Act, 2013 makes it mandatory for certain companies to incur expenditure on CSR – Corporate Social Responsibility – initiatives.

Charitable Institution

A charitable institution or organization or charity is an organization whose primary objectives are philanthropy and social well-being. The efforts can range from educational, religious or other activities serving the public interest or common good.

The legal definition of a charitable organization and of charity is different in one or the other shed, between countries and may also vary amongst various regions of the country. The regulation, the tax treatment, and the manner in which local law affects charitable institutions also vary.

In India such organisations are constituted as a charitable trust or a society under the state laws or a company under provisions of the Companies Act, 2013. Certain public religious organisations exist or come into existence on certain initiative of persons belonging to any community. Persons also create such institutions through their will and the property or a part of it is settled on charity on demise of the person.

One can do charity individually also by offering food, medicines, education or money to any needy person or group. For example, in draught prone area or

in summer, drinking water dispensation canters are run by certain individuals or businesses.

Charitable institutions are constituted to carry out social, charitable or religious initiatives on a bigger scale. It also enables various persons to contribute to the cause of charity. Because of charitable institutions, schools, colleges, research institutions, hospitals, places of worship, community halls, etc. have come up. Social objects like water supply, sanitation, conservation of natural resources, historical monuments, etc. are also undertaken by such institutions.

Income tax Exemption

Charitable institutions or organizations should not use any of their funds to profit individual persons or entities associated with the institution. However, some charitable organizations have come under scrutiny for spending a disproportionate amount of their income to pay the salaries of their leadership.

In India, the Income tax Act, 1961 (the Act) provides a complete code to grant exemption for public charitable and public religious institutions. The exemption is provided if certain conditions that are prescribed under the law are followed. In order to examine eligibility of the institution for exemption, the process of registration has been provided in the Act. The registration enables the institution to have an assurance for grant of exemption if its functioning follows the stipulated law.

New process of registration

The Finance Act, 2020 made overhaul in provisions relating to registration of charitable and religious institution with the Income tax Department. There was complete change in registration process. It is through means of technology. It is one database on pan India basis. The registration once granted shall expire after certain period. Re-registration is necessary to continue benefit of tax exemption.

The registration is necessary for enjoying tax exemption by charitable institutions.

The relevant extract explaining the intention behind the amendment and scope of amendment is as under: -

“It is also felt that the approval or registration or notification for exemption

should also be for a limited period, say for a period not exceeding five years at one time, which would act as check to ensure that the conditions of approval or registration or notification are adhered to for want of continuance of exemption. This would in fact also be a reason for having a non-adversarial regime and not conducting roving inquiry in the affairs of the exempt entities on day-to-day basis, in general, as in any case they would be revisiting the concerned authorities for new registration before expiry of the period of exemption. ***This new process needs to be provided for both existing and new exempt entities.****"*

"*(iii) an entity approved, registered or notified under clause (23C) of section 10, section 12AA or section 35 of the Act, as the case may be, shall be required to apply for approval or registration or intimate regarding it being approved, as the case may be, and on doing so, the approval, registration or notification in respect of the entity shall be valid for a period not exceeding five previous years at one time calculated from 1st April, 2020."*

Due to the Covid-19 pandemic, government had to withdraw the aforesaid new law for registration of charitable and religious institution was withdrawn.

Thereafter, by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, w.e.f. 1-4-2021 new procedure for fresh registration has been made applicable.

New rules and forms have also been prescribed by notification no.212 dated 26.03.2021 from 1-4-2021.

Purpose of Handbook

Canvass of the booklet covers registration and renewal of registration under the new section 12AB of the Act for charitable institutions seeking to enjoy tax exemption and for eligibility for deduction under section 80G for donations received. Sections 10(23C) of the Act also affords tax exemption for certain institutions. n

It is imperative for professionals and stakeholders to comprehend the new registration and renewal procedure and law. This will support them in legally complying with the new provisions which will enable the benefit of exemption to the appropriate trusts and institutions.

Chapter 2
Law Relating to Exemption

Incomes which do not form part of total income are contained in Chapter III of the Income tax Act, 1961 (the Act). These are commonly called as exempt incomes. Law relating to exemption for charitable and religious institutions is contained in sections 11 to 13. Words 'institution', 'trust' no profit object company' are used interchangeably, in this publication as law for tax exemption is uniformly applicable irrespective of category of the entity.

Charitable purpose has been defined as:

Clause (15) of Section 2

"charitable purpose" includes relief of the poor, education, yoga, medical relief, preservation of environment (including watersheds, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest, and the advancement of any other object of general public utility:

Provided that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of 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, irrespective of the nature of use or application, or retention, of the income from such activity, unless—

(*i*) such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility; and

(*ii*) the aggregate receipts from such activity or activities during the previous year, do not exceed twenty per cent of the total receipts, of the trust or institution undertaking such activity or activities, of that previous year;

The term religious activity is not defined in the Income Tax Act. The litmus test is however, that the religious purpose must be public in nature. A Religious Trust may be private or public. Section 13(1)(a) excludes from exemption a private religious Trust, which does not ensure for the benefit of the public. Thus, a Trust for a private family deity to which the public or a

particular class has no access, is taxable. Hon'ble Supreme Court in Deoki Nandan v. Murlidhar (AIR 1957 SC 133), thus held, for the purpose of expatiating .....arguments on the question of distinction between a public Trust and a private Trust..... argued that the distinction between a private Trust and a public Trust is that in the former, the beneficiaries are specific individuals, whereas, in the latter, they are general public or a class thereof. In the former, the beneficiaries are persons who are ascertained or capable of being ascertained and in the latter, they constitute a body which is not capable of ascertainment.

Section 11 of the Act provides that subject to provisions of sections 60 to 63, the following income of a religious or charitable trust or institution are not included in its total income:

(a) Income from property held under trust wholly for charitable or religious purposes [Section 11(1)(a)] to the extent to which such income is applied to such purposes in India; and, where any such income is accumulated for such application, to the extent to which the income so accumulated is not in excess of fifteen per cent of the income from such property

(b) Income from property held under trust which is applied in part only for charitable or religious purposes [Section 11(1)(b)] conditions specified in (a) above are observed in respect of the part of income.

In both the cases, voluntary contributions shall be deemed to be part of the income; and if, in the previous year, the income applied to charitable or religious purposes in India falls short of eighty-five per cent of the income (*i*) for the reason that the whole or any part of the income has not been received during that year, or (*ii*) for any other reason, then in can be so applied in the year of receipt of in the year subsequent to such year or in the year subsequent to that year, as the case may be.

Any payment to other eligible Trust being contribution with a specific direction that it shall form part of the corpus is not considered as application.

Provisions of Section 40(a)(ia) and 40A(3) and (3A) are required to be complied while making application.

Amount of application shall be determined without any deduction of

depreciation in respect of any asset, acquisition of which has been claimed as an application of income.

(c) Income from property held under trust which is applied for charitable purposes outside India [Section 11(1)(c)] if spent outside India as per directions of the Board.

(d) Voluntary contributions forming part of corpus are exempt [Section 11(1)(d)].

Where eighty-five per cent of the income referred to in clause (*a*) or clause (*b*) above is not so applied, during the previous year but is accumulated, either in whole or in part, for such application income so accumulated or set apart shall not be included in the total income if formalities are observed. Accumulation cannot be made for more than five years.

Separate provisions for exemption of capital gain have been made. Excess expenditure over income incurred in any particular year, then such excess expenditure cannot be claimed as application the any subsequent year.

The forms and modes of investing or depositing the money of the Institution cannot be other than those prescribed.

Section 13 of the Act provides for forfeiture of exemption in certain circumstances. For example, any part of the income of a trust for private religious purposes which does not enure for the benefit of the public, any funds are invested otherwise than in any one or more of the forms specified in section 11(5); any part of the income or property is lent to or used for benefit of any interested person [defined in section 13 (3)], etc.

The income of the fund or trust or institution or university or any other educational institution or hospital or any other medical institution referred in section 10(23C) (iv) or (v) or (vi) or (via) is exempted if conditions specified therein are complied with.

Where a trust or an institution has been granted registration under section 12A and the said registration is in force for any previous year, then exemption under section (23C)(1) and (46) shall not be available and vice versa. However, change in option of section for exemption is available.

DTC has a separate publication on Taxation of Charitable Institutions, which is under process of updating. The same may be referred for further elucidation.

Chapter 3
Conditions for Exemption

1. Conditions for applicability of exemption under sections 11 and 12 are prescribed in section 12A of the Act. It provides that exemption shall not apply for income of any trust or institution

   unless the following conditions are fulfilled, namely:-

   (*a*) the person in receipt of the income has made an application for registration of the trust or institution in the prescribed form and in the prescribed manner

   (*b*) where the total income of any religious or charitable the trust or institution as computed under this Act without giving effect to the provisions of section 11 and section 12 exceeds the maximum amount which is not chargeable to income-tax in any previous year, the accounts of the trust or institution for that year have been audited by an accountant as defined in the *Explanation* below section 288(2) *before the specified date referred to in section 44AB and the person in receipt of the income furnishes by that date* the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed;

   (*ba*) the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under that section.

2. Registration of charitable or religious institution under the Income tax Act, 1961 (the Act) is a must. At times, one carries an impression that registration under Public Charitable Trusts Act or Societies Registration Act or section 8 of the Companies Act, 2013 (or section 25 of the Companies Act, 1956) is sufficient. This is incorrect. If any charitable or religious institution desires to enjoy exemption from payment of income tax, separate registration under the Income tax Act is compulsory.

3. The process of registration of charitable or religious institution under the Income tax Act has undergone a substantial change and it is the very purpose of this publication to amplify the new law and procedure.

4. Where total income of the religious or charitable trust or institution without ignoring the provisions of section 11 and section 12 exceeds the maximum amount which is not chargeable to income-tax in any previous year, then there is compulsory requirement of audit of accounts of the institution. The accounts of the trust or institution for such year should be subjected to audit by a chartered accountant in practice or audited by an accountant defined in the *Explanation* below section 288(2). The audit report thus obtained should be *furnished by the specified date referred to in section 44AB* of the Act.

   DTC has a separate publication on Taxation of Charitable Institutions, which is under the process of updating. The same may be referred for further elucidation.

5. It is also mandatory for the religious or charitable trust or institution to furnish its return of income on or before the due date prescribed under section 139(4A) r.w.s. 139(1) of the Act. If return of income is not filed on or before the due date, the religious or charitable trust or institution will lose its exemption.

Chapter 4
Requirement of Registration

1. The procedure of registration has undergone substantial change from April 1, 2021. In words of Hon. Finance Minister *"Further, in order to claim the tax exemption, the charity institutions have to be registered with the Income Tax Department. In the past, the process of the registration was completely manual and scattered all over the country. In order to simplify the compliance for the new and existing charity institutions, I propose to make the process of registration completely electronic under which a unique registration number (URN) shall be issued to all new and existing charity institutions. Further, to facilitate the registration of the new charity institution which is yet to start their charitable activities, I propose to allow them provisional registration for three years".*

2. The Finance Act, 2020 changed the law relating to registration of charitable and religious institution that are desirous of claiming and continue to claim exemption from payment of income tax. This new law was made applicable from April 1, 2020. However, due to advent of pandemic, considering difficulty in complying the procedural requirements, the new law was deferred and brought into operation from April 1, 2021 vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020.

3. The changes, in nutshell, clause (ac) has been inserted in sub-section (1) of section 12A of the Act. This clause classifies institutions into certain baskets and prescribes the procedure. Section 12AB has been newly inserted to prescribe Procedure for fresh registration.

4. Clause (*ac*) of sub-section (1) of section 12A is operative w.e.f. 1-4-2021. The said clause provides that notwithstanding anything contained in clauses (a), (aa) and (ab) which prescribed procedure for making application for eligibility for exemption from income tax. The clause (ac) further provides that the person in receipt of the income has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust

or institution and such trust or institution is registered under section 12AB for being entitled for tax exemption.

5. The CBDT has revised Rule 17A prescribing procedure for registration of the trusts or institutions under newly inserted section 12A(1)(ac) of the Act. A Notification No. G.S.R. 212(E) dated 26th March, 2021 has brought about these changes from April 1, 2021.

6. Clause (*ac*) of section 12A (1) classifies charitable and religious institution into six baskets – five of which are specific and the last is residuary one. Form for making application and time limit has been prescribed for each category. The baskets and related application forms are as follows:

   (i) The trust or institution is registered under section 12A or under section 12AA.

   Thus, in this category, the trusts or institutions which are already registered with the Income tax Department for enjoying exemption provided under section 11 and 12 of the Act.

   The Application should be made within three months from the 1st day of April, 2021.

   Form No. 10A should be used for making an application.

   (ii) The trust or institution is registered under section 12AB and the period of the said registration is due to expire.

   This category includes such trusts or institutions which apply for registration with the Income tax Department under the new regime. These trusts or institutions will be registered under section 12AB of the Act. This registration shall be granted for a period of five years. Thus, it will expire at the end of five years and shall require re-registration.

   The Application should be made at least six months prior to expiry of the said period.

   Form No. 10AB should be used for making an application.

   (iii) The trust or institution has been provisionally registered under section 12AB.

Newly constituted trusts or institutions need quick registration for collection of donations and to commence activities. The trusts or institutions not having registration with the Income tax Department, may decide to get such registration. Registration to such trusts or institutions under the new regime is granted quickly. These trusts or institutions will be provisionally registered under section 12AB of the Act. This provisional registration shall be granted for a period of three years. It is also necessary for such trusts or institutions provisionally registered also require to seek ordinary registration on commencement of activity. Thus, trusts or institutions will be provisionally registered shall require registration in ordinary course, as while granting provisional registration no scrutiny is undertaken.

The Application should be made at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier;

Form No. 10AB should be used for making an application.

(iv) Registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11.

Section 11(7) provides that where a trust or an institution has been granted registration for claiming exemption under section 11 and 12 and the said registration is in force for any previous year, then, exemption cannot be claimed under section 10 (1), 10 (23C) and 10(46) for that previous year: Registration for claiming exemption under section 11 and 12 shall become inoperative from the date on which the trust or institution is approved under section 10 (23C) or is notified under section 10 (46), as the case may be, or on April 1, 2021, whichever is later. The trust or institution, whose registration has become inoperative for claiming exemption under section 11 and 12 because of the approval under section 10(23C) or notification under section 10(46), as the case may be, such trust may desire to abandon exemption under these clauses of section 10 and decide to claim exemption under section 11 and 12. This category includes such category of trusts or institutions.

The Application should be made at least six months prior to the commencement of the assessment year from which the said registration is sought to be made operative.

Form No. 10AB should be used for making an application.

(v) The trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration.

It is possible that the trust or institution gets registration from the income tax department for claiming exemption under section 11 and 12. While getting registration document of constitution like trust deed, society bye-laws, memorandum of association, etc. This document lists out objects of the trust or institution. After registration with the income tax department, trustees may desire to modify objects. In such circumstances, it is necessary to allow the authority to revisit the document and take decision on continuation of registration.

Of course, if clauses other than those specifying objects are modified, such trusts or institutions are not covered or in fact, their registration shall continue without as it is.

The Application should be made within a period of thirty days from the date of the said adoption or modification.

Form No. 10AB should be used for making an application.

(vi) Any other case.

That means any trust or institution that does not fall in any of the categories from (i) to (v), above. Largely, trusts or institutions that are newly constituted shall get covered into this category. Further, if registration of any trusts or institutions, lapses take place in maintaining time lines for application or registration is cancelled for any reason and such trusts or institutions desire to be eligible for exemption under section 11 and 12 of the Act, such category of trusts or institutions are covered in this category.

The Application should be made at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought.

Form No. 10A should be used for making an application.

7. Thus, the new law has categorised all the trusts and institutions into aforesaid six categories for the purpose of registration or re-registration. The forms and time line has been prescribed.

This categorisation in above table is explained through examples, as under:

Sr. No. (i): Modern Education Society is already registered in October, 2017, under section 12AA of the Act under existing provisions. Thus, its registration is valid as at March 31st, 2021. Under the amended provisions, it will have to re-apply for the registration under sub- clause (i) of clause (ac) of sub-section (a) of section 12A of the Act up to 30th June, 2021.

Sr. No. (ii): The registration will be granted to trusts like Modern Education Society in the previous year 2021-22 under new law. It will expire on march 31, 2026. Therefore, before expiry of registration, at least six months prior to that date i.e. on are before September 30th, 2025 application for re-registration should be made.

Sr. No. (iii): Indian Medical Foundation is constituted on September 30th, 2021. Foundation shall be provisionally registered under Section 12AB of the Act under the amended provisions in Financial Year 2021-2022. The Foundation shall be granted provisional registration for three years i.e. up to March 31st, 2024. In this case, the Indian Medical Foundation should apply for re-registration at least six months prior to that date i.e. on are before September 30th, 2023.

However, the newly set up medical institution, it commences its educational activities on May 1, 2022. In such circumstances, the Foundation should apply for re-registration at least six months after that date i.e. on are before October 31st, 2022.

Sr. No. (iv): City Union University is enjoying exemption under section 10(23C) since Financial Year 2015-16. It is enjoying this exemption till financial year 2024-25. It is desirous of claiming exemption under section 11 and 12 from financial year 2025-26. should apply for

registration at least six months prior to commencement of the financial year i.e. on are before September 30th, 2024.

Sr. No. (v): The trust or institution set up for providing shelter and food to needy senior citizen and activities, The trust is assumed to have been registered in July, 2010 and is registered under the Income tax Act from Financial Year 2021-22 to 2025-26. now adopts the music therapy treatment as an additional and new part of its medical objects. The date of this adoption or modification is 15th July, 2022. In this situation, the application for re-registration will have to be made by the 14th (and not 15th) August, 2021, under this clause.

Sr. No. (vi): Indian Education Society is established newly on 11th June, 2021. It seeks a registration from the Assessment Year 2022-2023. For a newly constituted institution, previous year commences from the date of constitution. Accordingly, it should apply for registration one month prior to commencement of previous year.

Yoga Shakti, a section 8 Company is an old institute operating for several years. However, it did not seek registration under provisions of the Income tax law. Board of Directors decide to obtain registration for exemption under section 11 and 12 of the Act from Financial Year 2022-23. Application for registration should be made on or before February 28th, 2022.

8. Sub-section (2) of section 12A provides that where an application has been made on or after the 1st day of June, 2007, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution from the assessment year immediately following the financial year in which such application is made. It is provided that no action under section 147 shall be taken by the Assessing Officer in case of such trust or institution for any assessment year preceding the aforesaid assessment year only for non-registration of such trust or institution for the said assessment year. This concession shall not apply in case of any trust or institution which was refused registration or the registration granted to it was cancelled at any time under *section 12AA*.

Chapter 5
New Procedure for Registration

1. The Principal Commissioner or Commissioner are given authority to grant registration for the trusts or institutions making application for registrations under section 12AB of the Act.

2. The procedure and authority of the Principal Commissioner or Commissioner to deal with the application has been provided in the law. These authority on receipt of an application shall do the following table:

<table>
<tr><th>Sr. No.</th><th>Category of Trust or Institution</th><th>Action and authority to Principal Commissioner or Commissioner</th></tr>
<tr><td>(a)</td><td>The trust or institution is registered under section 12A or under section 12AA</td><td>To pass an order in writing registering the trust or institution for a period of five years</td></tr>
<tr><td>(b)</td><td>The trust or institution is registered under section 12AB and the period of the said registration is due to expire.</td><td rowspan="4">To call for such documents or information from the trust or institution or make such inquiries as he thinks necessary in order to satisfy himself about—
(A) the genuineness of activities of the trust or institution; and
(B) the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its objects;
And after satisfying himself about the objects of the trust or institution and the genuineness of its activities under item (A) and compliance of the requirements under item (B), of sub-clause (i),—</td></tr>
<tr><td>(c)</td><td>The trust or institution has been provisionally registered under section 12AB.</td></tr>
<tr><td>(d)</td><td>Registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11.</td></tr>
<tr><td>(e)</td><td>The trust or institution has adopted or undertaken</td></tr>
</table>

	modifications of the objects which do not conform to the conditions of registration.	(A) pass an order in writing registering the trust or institution for a period of five years; or (B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its registration after affording a reasonable opportunity of being heard;
(f)	Any other case.	To pass an order in writing provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought.

After deciding in the above process, the Principal Commissioner or Commissioner shall send a copy of such order to the trust or institution. *[Section 12AB(1)]*

3. The order for category stated at Sr. No. (a) in table above, should be issued before expiry of the period of three months calculated from the end of the month in which the application was received. The order for category stated at Sr. No. (b), (c), (d) and (e) in table above, should be issued before expiry of the period of six months calculated from the end of the month in which the application was received. The order for category stated at Sr. No. (f) in table above, should be issued before expiry of the period of one month calculated from the end of the month in which the application was received. [Section 12AB(3)]

4. It is provided that all applications, pending before the Principal Commissioner or Commissioner on April 1, 2021 on which no order has been passed under section 12AA (1) (b) shall be deemed to be applications made under sub-clause (vi) of clause (ac) of sub-section (1) of section 12A on that date. [Section 12AB(2)]

5. Where registration of a trust or an institution category stated at Sr. No. (a), (b), (c), (d) and (e) in table above, has been granted and subsequently, the Principal Commissioner or Commissioner is satisfied that the activities of such trust or institution are not genuine or

are not being carried out in accordance with the objects of the trust or institution, as the case may be, he shall pass an order in writing cancelling the registration. Of course, such trust or institution shall be afforded a reasonable opportunity of being heard before decision is taken. [Section 12AB(4)]

6. Further, where a trust or an institution of the category stated at Sr. No. (a), (b), (c), (d) and (e) in table above, registration has been granted, the Principal Commissioner or the Commissioner may, by an order in writing, cancel the registration of such trust or institution in the following circumstances. Where subsequently, it is noticed that—

   (a) its activities are being carried out in a manner that the provisions of sections 11 and 12 granting exemption do not apply to exclude either whole or any part of the income of such trust or institution because of breach of section 13(1); or

   (b) the trust or institution has not complied with the requirement of any other law for the time being in force as are material for the purpose of achieving its objects and the order, direction or decree, etc. holding that such non-compliance has occurred, has either not been disputed or has attained finality.

   Cancellation of the registration shall be done only after affording a reasonable opportunity of being heard to the trust or an institution, concerned. [Section 12AB(5)]

7. Sub-section (1) of section 13, broadly, provides that exemption contained in section 11 or section 12 not shall operate so as to exclude from the total income of the previous year in the following circumstances:

   (*a*) any part of the income from the property held under a trust for private religious purposes which does not enure for the benefit of the public;

   (*b*) in the case of a charitable trust or institution created or established after March 31st, 1961 any income thereof if it is created or established for the benefit of any particular religious community or caste;

(*c*) in the case of a trust or a charitable or religious institution, any income thereof is meant directly or indirectly for the benefit of any person not at arm's length as defined in section 13(3).

(*d*) any funds are invested or deposited otherwise than in any one or more of the forms or modes specified section 11(5).

8. A gist of procedure for registration of trust or institution under Section 12AB is presented in the following table:

S. 12 AB(1)	**Category of Trust/Institution**	**Approval process - Sec *12AB (1)]***	***Time Period to pass order***
(a)	*Application u/s 12A (1) (ac)(i)* - Trust or institution already registered u/s 12A / 12AA.	*Pass order in writing registering the trust or institution for a period of five year or to reject*	*Three Months**
(b)	*Application u/s 12A(1) (ac) sub-clause:* *(ii)* Trust or institution registered under section 12AB and period of the said registration is due to expire, *(iii)* where the trust or institution has been provisionally registered under section 12AB *(iv)* Trust or institution whose registration is inoperative due to the first proviso to section 11(7) *(v)* Modification of objects which do not conform to the conditions of registration	*Call for documents or information or make such inquiries as thought necessary in order to satisfy about:* *(A) genuineness of activities of the trust or institution; and* *(B) compliance of such requirements of any other law in force as are material for the purpose of achieving its objects.* AND *after satisfying about (A) and (B) above.* *(A) To pass an order in writing registering the trust or institution for a period of five years; or* *(B) if not so satisfied, pass an order in writing*	*Six Months**

		rejecting such application and cancelling registration after affording a reasonable opportunity of being heard.	
(c)	*Where the application is made u/s 12A(vi) i.e.,* In any other case, if trust or institution applies for the first time.	*Pass an order in writing provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought.*	*One Month* *
* *months from the end of the month in which the Application was received.*			

9. Thus, by following the above procedure, any charitable institution or trust gets the registration. However, the registration granted is for the prescribed period. Where provisional registration is granted, it is for a period of three financial years or commencement of activities of the institution. Registration is granted for a period of five financial years.

10. It should also be borne in mind that where there is certain non-compliance by the institution that is registered as aforesaid, the registration is liable for cancellation after following due process of law.

11. Time limit for receipt of new registration certificate is as follows:

The new procedure of granting provisional registration is with an intention to simplify and facilitate the registration process for new and existing charitable trusts or institutions, the extract of Hon'ble Finance Minister's budget speech is as under,

'In order to simplify the compliance for the new and existing charity institutions, I propose to make the process of registration completely electronic under which a unique registration number (URN) shall be issued to all new and existing charity institutions. Further, to facilitate the registration of the new charity institution which is yet to start their charitable activities, I propose to allow them provisional registration for three years.'

Accordingly, the time limit to grant registration are as under:

Granting Provisional registration: Within 1 month from the end of the month in which application was received by concerned authority (PCIT or CIT)

Granting registration certificate: Within 6 months from the end of month in which application was received by concerned authority (PCIT or CIT)

12. Authorities authorized for receiving and granting registration:

According to Notification No. 30 /2021/F. No. 370142/4/2021-TPL, CPC and CIT(Exemption)- Bengaluru are authorized to receive form 10A and Grant provisional registration (section 12A(1)(ac)(vi)]. Even the authority to grant registration in case of renewal [section 12A(1)(ac)(i)] is with these Authorities. Whereas, for all other purpose, since there is no such separate notification issued till date, the authority lies with jurisdictional CIT (Exemption).

13. Under Rule 17A, the orders for grant of registration (or rejection thereof) of an application made under sub-section (1) of Section 12AB is required to be passed as under:

(a) As per sub-rule (5) of Rule 17A, an order in form 10AC granting registration- in cases of an application made for grant of registration in form 10A under sub-clause (i) - existing registration cases or under clause (vi) –in other cases-both under clause (ac) of sub- section (1) of section 12A application and

(b) As per sub-rule (8) of Rule 17A, an order in form 10AD ((i) granting registration or (ii) rejecting the application or (iii) cancellation of registration)- in cases of an application made for grant of registration in form 10AB- under sub-clauses (ii) to (v) of clause (ac) of sub-section (1) of section 12A.

14. In case of applicant who is already registered u/s 12AA or in case of Provisional Registration where Form 10A has been submitted – shall pass an order in writing granting registration in Form No.10AC and **issue a 16 digit alphanumeric Unique Registration Number (URN)** to the applicants (Provisional registration shall be effective from the assessment year beginning on 1st day of April, 2022.)

Chapter 6
New Institutions

1. Any trust or institution like company, society, etc. has been newly incorporated, it needs to follow procedure laid down in the Act for registration under the Income tax Act, 1961. Moreover, any trust or institution for charitable or religious objects, where registration under the Income tax Act, 1961 has not been obtained or such registration obtained has been lapsed or cancelled, the procedure applicable to newly incorporated trusts or institutions is required to be followed. A facility has been provided to such trusts and institutions to quickly commence activities.

2. Newly inserted provisions namely section 12AB and 12A(1)(ac) in The Income-tax Act, 1961 have prescribed the new procedure. It is applicable from April 1, 2021.

3. For trusts or institutions which intend to get themselves registered for the first time have to follow the new procedure which is as below:

   Step 1: Application for obtaining Provisional Registration

   Step 2: Application for converting Provisional registration into Final Registration

   Let's understand the new registration procedure as per Section 12A(1)(ac) w.e.f. 01.04.2021 applicable for trusts not having such registration:

   Step 1 : Application for obtaining Provisional Registration

   The first step is to get a provisional registration, so the time limit for filing application is at least one month prior to the commencement of the previous year relevant to assessment year from which the said registration is sought ref [Section 12(1)(ac)(vi)].

   E.g.: If any trust or institution seeks to get registration from FY 2022-23 (AY 2023-24) then application has to be made before 01.03.2022.

   Now, the question arises for those trusts or institutions which intend to seek registration from FY 2021-22 (i.e. AY 2022-23) as the corresponding rules and application forms were not available before

01.03.2021 and hence the application for new registration could not be made.

Considering the above situation, an exception is being provided under rule 17A of the Income Tax rules, 1962. Income-tax (6th Amendment) Rules, 2021, amended vide notification dated 26.03.2021, particularly for FY 2021-22 (i.e. AY 2022-23) only and it is prescribed as under:

(7) *In case of an application made under sub-clause (vi) of clause (ac) of sub- section (1) of section 12A during previous year beginning on 1st day of April, 2021, the provisional registration shall be effective from the assessment year beginning on 1st day of April, 2022.*

*A*ccordingly, an application made for the first time during the FY 2021-22 for registration under Section 12(1)(ac)(vi) for grant of the provisional registration. Application should be made in Form No. 10A.

After making of an application, provisional registration is granted.

Provisional Registration is effective from the same Financial year. It must be noted that this exception is provided for covering the year of transition and not applicable for subsequent Assessment Years i.e. from AY 2023-24. For those subsequent periods application has to be made a month prior to the start of previous year relevant to that assessment year in which registration is sought.

This provisional registration is for a period of three financial years.

Generally, immediately after getting incorporated, institutions do not commence their activities. Because, status of tax exemption for receipts is not known. Therefore, they tend to defer seeking funds till they get registered under Income-tax Act so as to plan their taxes *(this is the reason behind the idea of introducing Provisional Registration to be granted on fast-track basis).*

Now, since, the provisional registration is granted on fast-track basis, the trusts/institutions can start their activities immediately, and they must apply for Final registration immediately as the maximum time limit is within 6 months from commencement of activities.

Time limit for granting provisional registration is one month calculated from the end of the month in which the application was received.

Pending Applications for registration u/s 12AA as on 01.04.2021:

It must be noted that, as per sub-section (2) of section 12AB of the Income Tax Act, 1961, any application pending before PCIT or CIT as on 01.04.2021 on which order as per section 12AA(1)(b) is not passed, shall be deemed to be an application made under section 12A(1)(ac)(vi) i.e. application for provisional registration.

Step 2: Application for converting Provisional registration into Final Registration

After the first step of getting provisional registration under section 12AB, the second step is converting it into Final registration. The time frame for the same is mentioned in section 12A(1)(ac)(iii):

At least six months prior to the expiry of period of the provisional registration which is valid for three years

or

Within six months of the commencement of the activities, whichever is earlier.

Before granting registration the following aspects are examined:

(A) the genuineness of activities of the trust or institution; and

(B) the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its objects;

The authority, after inquiry can take one of the following two alternatives:

after satisfying himself about the objects of the trust or institution and the genuineness of its activities under item (A) and compliance of the requirements under item (B), of sub-clause (i),—

Either

(A) pass an order in writing registering the trust or institution for a period of five years;

or

(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its registration after affording a reasonable opportunity of being heard;

Thereafter, the new trust or institution or where registration has been newly received as aforesaid can function in a normal manner.

Chapter 7
Procedure for revival of existing Inoperative Trusts/Institutions

What is Inoperative Trust/Institution?

The two provisos introduced by Finance Act 2020 to Sec 11(7) by the Income tax Act 1961 (the Act), with effect from 01/06/2020 gave rise to the concept of Inoperative Trusts or Inoperative Institutions.

The Trusts which are already registered under Sec 12 A or Section 12 AA of the Act and also approved u/s 10(23C) or notified under 10(46) of the Act simultaneously, their registration will be inoperative with respect to Sec 12 A or Sec. 12 AA of the Act from the date on which proviso to Sec 11 (7) came into force.

The second proviso to Sec 11(7) further states that the Trusts or Institutions whose registration u/s 12A or 12 AA has become inoperative, as aforesaid under the first proviso, may apply for restoration of registration u/s 12 AB of the Act. However, once the registration is restored u/s 12 AB of the Act, the approval u/s 10(23C) or notification Sec 10 (46) of the Act shall cease.

Section 11(7) of the Act as it stood before the amendment by Finance Act 2020, provided that the **Trust or Institution registered u/s 12 A or Sec 12 AA of the Act could not claim any income exempt u/s 10** excepting the income covered u/s 10(1) [Agricultural Income], u/s 10(23C) [Income of the Educational Institutions solely operating for educational purposes/ Hospitals established for philanthropic purposes and not for the purposes of making profits] and that u/s 10(46) [Specified Income of the notified Body or Authority or Trust constituted under the State, Central or Provincial Act]. It was interpreted and rightly so, that Trust registered u/s 12 A or u/s 12 AA could also simultaneously claim income exempt u/s 10(23C) or u/s 10(46) of the Act.

For further clarity in the matter, we reproduce Sec 11(7) of the Act as follows:

Section 11(7): “Where a trust or an institution has been granted registration [under clause (b) of sub-section (1) of section 12AA]] or has obtained

registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996)] and the said registration is in force for any previous year, then, nothing contained in section 10 other than [clause (1), clause (23C) and clause (46)] thereof shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year:

[Provided that such registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or is notified under clause (46) of the said section, as the case may be, or the date on which this proviso has come into force, whichever is later: (with effect from 01/06/2020)

Provided further that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative [under section 12AA or section 12AB] subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under clause (46) of the said section, as the case may be, to such trust or institution shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.] (with effect from 01/06/2020).

Taxation and Other Laws (Relaxation and Amendment of certain Provisions) Act 2020 has not made any amendment in the first proviso to Sec 11(7) of the Act. Second proviso says that trust, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AA or Section 12 AB. It appears that Trust can be inoperative under first proviso with effect from 01/06/2020 and its registration u/s 12 AA can be restored by applying between the period 01/06/2020 to 31/08/2020. However, since the said period for application is postponed to 01/04/2021 to 30/06/2021, now restoration of registration u/s 12 AA does not seem to be possible. How a Trust inoperative under the first proviso to Sec 11 (7) from 01/06/2020 to 31/03/2021 can be made operative? This issue needs clarification.

Reasons for obtaining additional registration u/s 10(23C) or 10(46) of the Act:

The Educational Institutions may own number of schools with Government Grants and number of schools without any Grant from the Government. The Income of the Schools which were wholly or substantially funded by the

Government could be claimed exempt u/s 10(23C) of the Act. Income of the other schools owned by the same Institutions could be claimed exempt u/s 12 A or 12 AA of the Act.

There was no restriction in the Act for number of switches from Sec 12 A / 12 AA to Sec 10(23C) and vice e versa. The amendment has been brought in to curb such practice.

Now the Trust has to decide once in for all whether to take tax exemption u/s 12 AB or u/s 10 (23C). Only one switch over is allowed as aforesaid for ensuring the ease in administration, as stated by the Finance Minister in the Explanatory Memorandum to the Finance Bill 2020.

Universities or Educational Institutes solely working for educational purposes or Hospitals solely working for philanthropic purposes and not for the purposes of profit,

1) If are wholly or substantially financed by the Government, may claim their income exempt u/s 10(23C)(iiiab) if those are Universities or Educational Institutions or u/s 10(23C)(iiiac) of the Act if those are Hospitals.

2) If their annual receipts **are less than Rs. Five Crores** (amount prescribed with effect from 01/04/2022 i.e. A.Y. 2022/23), may claim their income exempt u/s 10(23C)(iiiad) if those are Universities or Educational Institutions or u/s 10(23C) (iiiae) of the Act if those are Hospitals.

3) If they are not substantially financed by the Government or if their annual receipts **are not less than Rs Five Crores**, (that is which are not covered by Clause (1) and Clause (2) above, may claim their income exempt u/s 10(23C)(vi) if those are Universities or Educational Institutions or u/s 10(23C)(via) of the Act if those are Hospitals.

Chapter 8
Renewal and Reverification

The registration once granted under section 12AB of the Act is not permanent. On expiry of time limit, it is required to be renewed. Accordingly, it may be noted that note validity of registration will be for 5 years in all cases except in case of Provisional Registration where validity will be for 3 years only.

A trust or institution once registered for exemption claiming exemption under section 10(23C) or 10(46) may alter its choice of claiming exemption from section 10(23C) or 10(46) to section 11 and 12 of the Act.

A trust or institution once registered for exemption claiming exemption under section 11 may alter its objects from those based on which earlier registration has been granted.

In these circumstances, it is necessary for such a Trust or Institution to undergo once again scanner of the Income tax Department and undergo procedure for re-registration.

Form No. 10AB is required to be submitted electronically. It should be digitally signed, if Income Tax Return to be furnished with DSC, otherwise same can be submitted with Electronic Verification Code. Form No. 10AB shall be verified by the person who is authorised to verify the Income Tax Return.

Process of Registration

Step 1: Applicant (Trust, society or other Institutions) shall apply for registration over Income Tax Portal using their Income Tax Login credentials in Form No. 10AB within prescribed timeline as explained in other chapters. Applicant shall submit other documents as listed below in other chapters.

Step 2: On receipt of an application in Form No. 10AB the Principal Commissioner or Commissioner, authorised by the Board (within allowed timeline as explained other chapters)

- The order of registration or rejection or cancellation of registration shall be in Form No.10AD and in case if the registration is granted, **16**

alphanumeric number Unique Registration Number (URN) shall be issued.

In case Commissioner or Principal Commissioner thinks necessary in order to satisfy himself about the genuineness of activities of the trust or institution; and the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its objects he may call for such documents or information from the trust or institution or make such inquiries. If he is still not so satisfied, he may pass an order in writing rejecting such application and also cancelling its registration after providing a reasonable opportunity of being heard to applicant.

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 or by not complying with the requirements rules, the Principal Commissioner or Commissioner, **after giving an opportunity of being heard**, may cancel the registration in Form No. 10AC and Unique Registration Number (URN) and such registration or such Unique Registration Number (URN) shall be deemed to have never been granted or issued i.e. **cancellation will be effective from day one**.

Chapter 9
Application Forms for Registration

For registering under section 12AB of the Act, two alternate types applications are prescribed under the Income Tax Rules, 1962. Under Rule 17 A of the Income tax Rules, 1961, the following forms are prescribed:

1. Form No. 10A

   (i) For trusts or institutions already registered under the Income tax Act, 1961 for the purpose of exemption under sections 11 and 12 of the Act.

   (ii) For seeking Provisional registration by:

      (a) trust or institution like company, society, etc. has been newly incorporated

      (b) any trust or institution for charitable or religious objects, where registration under the Income tax Act, 1961 has not been obtained or such registration obtained has been lapsed or cancelled,

2. Form No. 10AB

   (i) where the trust or institution is registered under section 12AB and the period of the said registration is due to expire,

   (ii) where the trust or institution has been provisionally registered under section 12AB, on expiry of period of the provisional registration or on commencement of its activities, whichever is earlier;

   (iii) where registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11, i.e. trust or institution claiming tax exemption under section 10 (23C) or 10 (46) and in a subsequent period desirous of seeking to claim tax exemption under section 11

   (iv) where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the

conditions of registration, within a period of thirty days from the date of the said adoption or modification;

Submission and Signing

Under Rule 17 A of the Income tax Rules, 1961, it is further provided that Form Nos. 10A or 10AB, as the case may be, shall be furnished electronically. The procedure for authentication is as under:

(i) Under digital signature, if the return of income is required to be furnished under digital signature

(ii) Through electronic verification code in a case not covered under clause (i), above

Documents and information to be furnished with the application:

Rule No. 17A has prescribed the documents required to be furnished along with forms 10A and 10AB. These are mentioned below:

(01) ***Sub-rule (1) - Form 10A or form 10AB-an application for registration: -***

As the first step in the procedure for registration under sub-clauses (i) to (vi) of clause (ac) of sub-section (1) of section 12A of the Income-Tax Act, 1961, sub-rule (1) of the newly substituted rule 17A prescribes that the applicant 'charitable or religious' institution or fund shall make an application for registration as above to the PCIT or CIT .in the following forms:

Sub-rule of rule 17A	***Form***	***Particulars***
Clause (i), sub-rule (1)	10A	Under sub-clause (i) of clause (ac) of sub-section (1) of section 12A-applicants having an 'existing approval under pre-amendment provisions' *OR* Under sub-clause (vi) of clause (ac) thereof -applicants falling 'in other cases'-(other than sub-clauses (ii) to (vi) of clause (ac) of sub-section (1) of section 12A like

	(a) 1st time fresh applications or (b) the applicants whose applicants have been rejected in the past.
Clause (ii), sub-rule (1)	10AB Under four sub-clauses (ii) to (v) of clause (ac) of sub-section (1) of section 12A (ii) -applicants requiring 'registration or the renewal of registration granted under post-amendment provisions'

Notes: - Separate section code out of different codes as applicable as stated in instruction No. 2 of form 10A or form 10AB is required to be given either for registrations of for approvals as the case may be.

Changes in new Form 10A or 10AB:

1. 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.
2. Now applicant need to provide detail of registration on DARPAN Portal or under FCRA Act or any provision of Income-tax Act.
3. Applicants need to confirm if they have filed Income Tax Return of last assessment year.
4. Earlier 10G form for 80G registration has been withdrawn, same can be applied now with Form 10A or 10AB as the case may be.
5. Applicant need to provide detail of Income & Expenditure of Religious Activity
6. Applicant needs to provide following details related to Assets & Liabilities and Income

	The details in row 11 to 19 are to be provided as on date of application (amount in rupees) :			
11	Corpus		12	Funds/reserves and surplus other than corpus
13	Long term liabilities		14	Other liabilities
15	Land and Building		16	Other fixed assets
17	Investments/deposits made into one or more of the forms or modes specified in sub-section (5) of section 11			
18	Investments/deposits other than mentioned in row number 17 above			
19	Other assets			
20	Income received in three previous years immediately preceding the previous year in which application is made:			

Year	Grants received from Central or State Government	Grants received from Companies under Corporate Social Responsibility	Other Specific Grants	Other income	Total

In case if applicant is already registered u/s 12AA and have filed ITR of last assessment year, above Asset & Liabilities and Income detail is not mandatory.

This list of changes in not exhaustive, in case of Form 10AB, there are some other changes.

(02) ***Sub-rule (2)-List of documents to be enclosed to Form 10A or Form 10AB uploaded under sub-rule (1)-as may be applicable to the applicant: -***

As required under Sub-rule (2) of amended Rule 17A, documents-as applicable to the applicant- out of following eleven documents are required to be enclosed to the Form 10A or Form 10AB-as the case may be: -

(a) Instrument of creation: -In case the applicant is created, or established under an instrument, self-certified copy of the instrument [creating or establishing the applicant] is required to be enclosed to the application. These instruments may include (i) the Memorandum and Articles of Association, (ii) Bye-Laws, (iii) Trust Deed, etc. The contents of these documents do not seem to be a cause of concern for applicants as are registered presently under the pre-amendment provisions. However, in cases of other applicants, based on the practical experience, it is recommended that these documents should provide for the clauses with reference to dissolution, amendments, application of income on its objects, irrevocability etc. if not in these instruments.

(b) Other alternative documents of creation: -In case 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 is required to be enclosed to the application. This includes the documents like a trust created under the Will etc.

(c) Certificate of Registration: -In case the applicant is registered under one or more Acts governing the applicant, self-certified copy of (certificate of) registration with such authorities is required to be enclosed to the application. It includes authorities like (i) the Registrar of Companies or (ii) the Registrar of Societies or (iii) the Registrar of Public Trusts, as the case may be. Such applicants are normally registered under (a) the Societies Registration Act, 1860, or (b) Companies Act, 2013, or (c) under the local laws like The Maharashtra Public Trusts Act, 1950, in Maharashtra etc. Under such circumstances, a copy certificate/s (of registration) granted such Acts should be attached to the application.

Note: -It seems that a wrongful reference is made above in the sub-rule to the copy of the registration (certificate) issued by the Registrar of Firms. This is for the reason that the partnership firms are set up for making profit and not for charity.

(d) Certificate of Registration under FCRA, 2010: - In case the applicant is registered under the Foreign Contribution (Regulation) Act, 2010, (42 of 2010), self-certified copy of (certificate) of registration under afore-said Act should be attached to the application.

(e) Copy of existing order granting registration: - In case the applicant is registered under section 12A, section 12AA or section 12AB, the self-certified copy of existing order granting registration should be attached to the application.

(f) Copy of order of rejection of an application for grant of an registration: - In case the application for grant of a registration under section 12A, section 12AA or section 12AB, of the applicant is previously rejected, the self-certified copy of such an order of rejection of such an application should be attached to the application.

(g) Copies of annual accounts: In case the applicant has been in existence during any year or years prior to the FY 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 should be attached to the application.

(h) 'business undertaking' and the copies of annual accounts: In case the applicant is holding any business undertaking as per provisions of sub-section (4) of section 11 and such applicant has been in existence during any year or years prior to the FY in which the application for registration is made, self-certified copies of the annual accounts of the business undertaking 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 should be attached to the application. Self-certified copies report of audit as per the provisions of section 44AB should also be attached to the application.

(i) 'profits and gains of business' and the copies of annual accounts: In case the income of the applicant includes 'profits and gains of business' as per provisions of sub- section (4A) of section 11 and such applicant has been in existence during any year or years prior to the FY in which the application for registration is made, self-certified copies of the annual accounts of the business undertaking 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 should be attached to the application. Self-certified copies report of audit as per the provisions of section 44AB should also be attached to the application.

Notes on sub-rule (g), (h) and (i): -

(01) Terminology used in the rule with reference to annual account is 'immediately preceding the year (of application.)' This implies that the annual accounts for the 'latest three years' and not of any earlier three years. Example, application in form 10A is made on 10th April, 2021. Dues dates for (a) filing the audit report in form 10B and (b) filing the return of income for the previous year 2020-2021 are not then over by 10th April, 2021. As such, with this application, the accounts for the latest three

previous years required to be attached to the application are for three previous years which are-2017-2018, 2018-2019 and 2019-2020.

(02) In case of applicants existing for a period more than three years, annual accounts for maximum three (latest) years preceding the year of application are required to be attached to the application.

(03) In case of applicants existing for a period up to less than three years, annual accounts forthe period since creation thereof are required to be attached to the application.

(j) Adoption of modification of objects: -An applicant is required to attach to the application (i) any Adoption or (ii) any modification of its objects. A reference may be made to clauses (a) or clause (b of sub-rule (2) of rule 17A.

Note on 'self-certified' copies: -In all the above cases, (sub-clauses (a) to (i)) of sub-rule

(1) of rule 17A, 'self-certified' copies are required to be enclosed to the application made in form 10A or form 10AB. 'Self-certified' copy means a photo copy of the original document 'certified to be the true copy' by the authorised person on behalf of the applicant itself under the signature (preferably in a blue ink) and a seal of the applicant institution or fund. Applicant institution or fund should enclose documents certified in this manner only. In view of crystal-clear provision, an attestation by notary public or by gazetted officers etc. is not required.

(k) Note on the activities of the applicant: -The PCIT or CIT is to satisfy himself about the genuineness of the activities of the applicant and fulfilment by it of the conditions. In order to assist him this exercise, the applicant is required to attach to the application a note on various activities conducted by the applicant (during last maximum three years.)

Many applicants prepare a printed annual report (covering accounts, audit report, activities conducted, photographs, etc.) A copy of such annual report may be uploaded on the portal of the income-tax department taking into account the technical aspects of the portal.

There is no format prescribed in the rules to give a note on the activities conducted by the applicant. It is, therefore, advised to briefly describe in a note (a) the objects of the applicant,

(b) summary of activities conducted under distinct heads like educational, medical, etc. as persection 2 (15) of the Act-charitable purpose. It is advisable to prepare the columnar Excel statement in the following format also wherever possible in support of the note on activities of the applicants: -

Sr. No.	Day and Date	Place	Nature of activity / beneficiaries	Amount spent-Rs.
01				
02				
03				
04				
05				
06				
07 etc.				
			Total	

This total should be preferably matched or reconciled with the amount spent on the objects asper audited accounts.

Note for information: -Documents as applicable to the applicant out of these eleven documents enlisted under sub-rule (2) of amended rule 17A are required to be enclosed to the application for 'registration' under clause (ac) of sub-section (1) of Section 12A However, documents as applicable to the applicant out of eight documents enlisted under sub-rule (2) of amended rule 11AA are required to be enclosed to the application for 'grant of an approval' under clause (vi) of sub-section (5) of Section 80G of the Act of the Act.

(05) Sub-rule (3) - Mode of furnishing the form 10A or form 10AB: - Sub-rule (3) of amended rule 17A requires the applicants to mandatorily furnish these forms electronically only (in the account of the applicant on portal of the income-tax department.)

It provides under clause (i) of sub-rule (3) of amended rule 17A that if the return of income is required to be furnished under digital signature (certificate), then these forms are also required to be furnished under digital signature (certificate.)

It further provides under clause (ii) of sub-rule (3) of amended rule 17A that if the return of income is not required to be furnished under digital signature (certificate), then these forms are required to be furnished under electronic verification code (EVC.)

Note: -Readers may refer to Sr. No. 3 of table given under sub-rule (3) of rule 12 of the Income-Tax Rules, 1962, for further information in this connection.

(06) Sub-rule (4)-Mode of verifying the form 10A or form 10AB: - Sub-rule (4) of amended rule 17A requires the applicants to mandatorily get these forms verified by the person who is authorised to verify the return of income under section 140 of the Act.

Clause (e) of section 140 provides that in case of any other association, the return under section 139 shall be verified by (i) any member of the association or by (ii) principal officer thereof. These signatories will include (a) the trustees of the institution or fund and (b) its Chief Executive Officer by whatever name called.

(07) Sub-rule (5) - (i) Oder of grant of Registration in form 10AC and (ii) issuance of Unique Registration Number (URN): - Sub-rule (5) of rule of amended rule 17A requires the PCIT or CIT, on receipt of an application in form 10A or form 10AB, to mandatorily (no discretion) pass an order in writing in form 10AC.

This order is for: - (a) Grant of a registration to the applicant under clause (a), or clause (c) of sub-section (1) of section 12AB of the Act and (b) Issuing to it a sixteen digit alpha-numeric Unique Registration Number (URN).

(Notes: - (a) It is the practical experience of all of us that under the manual system, the income-tax department and the institutions and funds were many times finding it difficult to trace the original copies of the (i) certificate of registration made under section 12A or Section 12AA or of (ii) approvals granted under sub-section (5) of section 80G of the Act. This has caused a lot of inconveniences to the income-tax department and to the institutions and funds.

(b) Paragraphs 03.03 and 03.04 in part A above fully discusses the provisos of clause (ac) of sub-section (1) of Section 12A regarding the registration. In

order to do away with such undesired happenings and ensure the full transparency, the income-tax department has provided for (i) a digital certificate of approval in form 10AC and for (ii) a sixteen digit alpha- numeric Unique Registration Number (URN) to be issued electronically to the applicants.

This will keep a complete electronic check on all the institutions and funds in the future.

(08) Sub-rule (6)-Cancellation of (i) registration and of (ii) Unique Registration Number–(URN) under form 10A: - Sub-rule (6) of amended rule 17A provides that: -(i) the PCIT or CIT, 'may' (discretionary power), under sub-rule (6) of amended rule 17A, cancel the (i) approval granted in form 10AC and also cancel the (ii) the Unique Registration Number–(URN).

This power will be exercised by the PCIT or CIT under the following circumstances only:-

(i) Form 10A has not been duly filled in by the applicant by not providing fully or providing false or incorrect information or documents required to be provided under sub-rule (1) or (2);

Sub-rule (1) of amended rule 17A refers to the form 10A (and form 10AB) for registration under clauses (i) to (vi) of clause (ac) of sub-section (1) of section 12AB of the Act.

Sub-rule (2) of amended rule 17A refers to the various documents required to be enclosed to form 10A (and form 10AB) for registration under clauses (i) to (vi) of clause (ac) of sub- section (1) of section 12AB of the Act. These documents are fully discussed at No. 04 of part B above.

Note: -Use of the terms 'or partly' in this sub-rule seems to be erroneous.

(ii) The applicant has not complied with requirements of sub-rule (3) of amended rule 17A regarding form 10A and form 10AB for grant registration to be furnished electronically.

(iii) The applicant has not complied with requirements of sub-rule (4) of amended rule 11AA regarding form 10A and form 10AB for registration to be verified by the person who is authorised to verify the return of income under section140.

This power to cancel the (i) approval granted in form 10AC and also to cancel (ii) the Unique Registration Number will be exercised by the PCIT or CIT only after giving an opportunity of being heard to the applicant.

It is also provided in this sub-rule (6) that after the (i) approval granted in form 10AC and also (ii) the Unique Registration Number–(URN) are cancelled, the same shall be deemed to have been never granted or issued. This provision will make direct impact on the computation of income and determination of tax liability of institution or fund by not assessing it under section 11 and section 12 of the Act.

Terminology used in sub-rule (6) of rule 17A is 'at any point of time.' It implies that even after the issue of an order of grant of registration and Unique Registration Number (URN), the same may be cancelled in future if the situation so arises..

(09) Sub-rule (7)-Effective date of provisional registration-an exception: -As per this sub- rule, the provisional registration granted in response to an application there for made under clause (vi) of clause (ac) of sub-section (1) of section 12A, shall be effective from the AY commencing on 1st April, 2022. It clearly implies that the provisional registration will be for the previous year 2021-2022, not necessarily the full year.

(10) Sub-rule (8) - (a) Registration (ii) Unique Registration Number–(URN), under form 10AB-clause (ii) of sub-rule (1)-, (b) Rejection and (c) Cancellation thereof: -Provisions contained in Sub-rule (8) of amended rule 17A are substantially different from the provisions contained in Sub-rule (5) of amended rule 17A. Sub-rule (5), subject to sub-rule (6), requires the PCIT or by the CIT, on receipt of an application in form 10A, to mandatorily pass an order in writing in form 10AC granting an approval (no discretion) to the applicant.

However, sub-rule (8), unlike sub-rule (5), provides for 'three different situations' as under: -

(a) 'Registration' (and issue of Unique Registration Number,) (b) 'Rejection of an application' itself made in form 10AB, i. e. 'not registering the applicant at all' and (c) 'Cancellation' of a registration (and Unique Registration Number issued) earlier.

Sub-rule (8) provides that the order of (a) approval, (b) rejection or (c) cancellation under second proviso to sub-clause (ii) of clause (b) of sub-

section (1) of section 12AB of the Act shall be issued by the PCIT or CIT in form 10AD with the issue of the Unique Registration Number in case of the registration of the trust or institution.

(11) Sub-rule (9)-Data structure, standards and procedures: -Sub-rule (9) of amended rule 17A deals with technical aspects of (a) data structure, standards and procedures in relation to forms 10A, 10AB, 10AC, 10AD and (b) appropriate security, archival & retrieval policies. Institutions and trusts or professionals are indirectly concerned with these issues.

(12) *Lacunae in the drafting of these rules: -*

(a) There seem to be some lacunae in the drafting of these rules as pointed out from place to place earlier.

(b) Correct number to sub-rule (iv) of rule 9 dealing with deletion of form 56 at the end should (v) as sub-rule (iv) is already there immediately before it (v) dealing with insertion of forms 10BD and 10BE.

Notes: - (01) No fees are required to be paid along with this application in form 10A or form 10AB like the appeal fees.

Key for filling forms prescribed for renewal/ new registration

The form prescribed for application for registration or provisional registration or intimation or approval or provisional approval u/s 12AB is form no.10A and Form no. 10 AB. Form no. 10A is available through the Income Tax login of the Assesse. Form no. 10A and 10AB can be used for filing the applications under the following sections-

a. Registration u/s 12A

b. Registration u/s 10(23C))(iv),(v) (vi),(via)

c. Section 80 G(5)(6)

d. Fifth proviso to Section 35(1)

The CBDT has issued a notification number 19/2021 dated 26th March 2021 amending the procedure and forms for registration/re-registration of trusts and institutions. Form no. 10A is applicable for renewal/provisional registration. Form no. 10AB will be applicable for conversion of provisional registration into regular registration, renewal of registration after five years,

activating inoperative registration under section 10(23C) and 10(46), re-registration for modification of objects for entities registered u/s 12A.

Below are the step-by-step instructions for accessing and filing form no. 10A.

Step -1

Login to the Income tax login of the assesse through the link- **https://portal.incometaxindiaefiling.gov.in/eFiling/UserLogin/LoginHome.html?lang=eng**

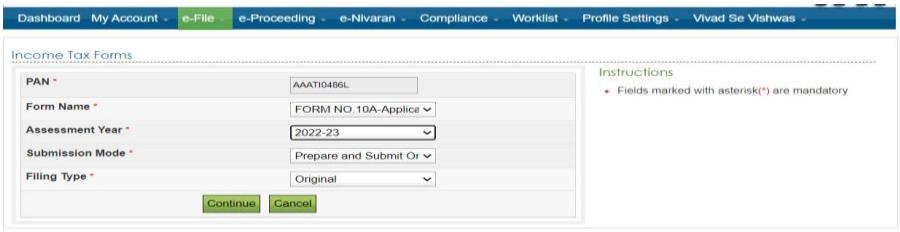
Step-2

Go to e-File tab and Income Tax Forms



Step-3

Under Income Tax Forms, form no. 10A should be selected as under. The process of filling the form is given in detail in the format of the form ahead.



FORM NO. 10A		
(See rule 17A/11AA/2C/5CA)		
Application for registration or provisional registration or intimation or approval or provisional approval		
Incorporation/constitution details		
1	**PAN**	PAN of the Assessee
	Name	Name of the Assessee as per PAN should be given
	Full Address	Complete Address of the Assessee as per Income tax records
2	**Section Code**	Section 12A, 10(23C), 80G or Section 35(i) under which applicant is submitting the application. Section codes from 01 to 19 are available for selection.
3	**Nature of Activities**	In this field activities carried out by the applicant are Charitable or Religious or Both to be selected If applicant selects section code number 11or 12 in row number 2 then option "Religious" shall not be applicable. If applicant selects section code number 13 to 19 in row number 2 then this field shall not be filled. A detailed list of Section code numbers is given below the form.

4	**Type of Constitution**	Option to be selected from dropdown list as per the status of the applicant i.e Trust/ Society/ Company/ Others.
4a.	**Whether the applicant is established under an instrument?**	Yes/ No to be selected as per the instrument available.
4b.	**Date of Incorporation/Creation/Registration**	This should be filled only if 4a is selected as Yes.
4c.	**Registration or Incorporation Number**	This should be filled only if 4a is selected as Yes.
4d.	**Authority Granting Registration/Incorporation**	This should be filled only if 4a is selected as Yes.
5	**Objects of the Applicant**	
		A list of objects is available from which one or more can be selected. Religious, Relief of Poor, Education, Medical Relief, Yoga, Preservation of Environment, Preservation of Monuments or Places or objects of Artistic or Historic interest, Advamcement of any other objects of general public utility. If applicant selects section code number 13 to 19 in row number 2 then this field shall not be filled.
6	**Whether the trust deed contains clause that the trust is irrevocable?**	Yes/No to be selected as per instrument

<table>
<tr><td colspan="6">Other Registration Details</td></tr>
<tr><td colspan="4" rowspan="3">7. Whether the applicant is registered on DARPAN portal or I under FCRA Act or any provision of Income-tax Act?

f</td><td colspan="2">f any applicant receives or intends to receive any grant/ assistance from Central or State Government then the registration number with Darpan Portal of Niti</td></tr>
<tr><td colspan="2">Aayog should be mandatorily provided. Details of all
egistrations under the Income Tax Act and egistration with Darpan portal and under FCRA 2010 should be provided in the below format.
Refer notification no.19/2021 dated 26th March 2021</td></tr>
<tr><td colspan="2">or guidelines for filling up the table.
Registration details under row number 4 (b), (c) and (d) should not be given here.</td></tr>
<tr><td>Sl. No</td><td>Relevant Law/Portal 7(a)</td><td>Registrati on No. 7(b)</td><td>Date of Registration 7©</td><td>Authority Granting Registration 7(d)</td><td>Date from which registration is effective 7(e)</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>8a.</td><td colspan="4">Whether any application for registration made by the applicant in the past has been rejected?</td><td>Yes/No to be selected</td></tr>
<tr><td>8b.</td><td colspan="4" rowspan="2">Whether claiming exemption under clause 21 of section 10 of the Income-tax Act?</td><td rowspan="2">This information is applicable if the applicant is having any income as a Research</td></tr>
<tr><td></td></tr>
</table>

		Association and is approved u/s 35 (1)(ii) or (iii)

Details of Key Persons

9a. Details of all the Author (s)/ Founder (s)/ Settlor (s)/Trustee (s)/ Members of society/Members of the Governing Council/ Director (s)/ shareholders holding 5% or more of shareholding / Office Bearer (s) as on the date of application:

Sl. No	Name	Relation	Percentage of share holding in case of share holder (%)	ID code	Name of the Unique Identifier	Unique Identification Number	Address								Mobile no.	Email Address
							Flat / Door/ Block No	Name of Premises / Building / Village	Road/ Street/ Post Office	Area / Locality	Town/ City/ District	State	Country	PIN Code/ ZIP Code		

1. For “Relation” one or more of the following should be selected-

a. Author

b. Founder

c. Settlor

d. Trustee

e. Members of Society

f. Members of Governing Council

g. Director

h. Shareholder holding 5% or more of shareholding

i. Office Bearer

2. In case of Unique Indentification Number PAN or Aadhar number should be given. If neither PAN or Aadhar is available then the following can be provided –

a. Taxpayer Identification Number of the country where where the person resides.

b. Passport number

c. Electors` photo identity number

d. Driving licence number

e. Ration card number.

9b. In case if any of persons (as mentioned in row 9a) is not an individual then provide the following details of the natural persons who are beneficial owners (5% or more) of such person as on the date of application:

Sl. No	Name	Address							ID code	Name of the Uniqueldentifier	Uniqueldentification Number	Percentage of shareholding in case of shareholder (%)
		Flat/Door/Block No	Name of Premises / Building / Village	Road/Street / Post Office	Area/ Locality	Town/ City / District	State	Country	PIN Code / ZIP Code			

<table>
<tr><td colspan="3">Details of Assets and Liabilities</td></tr>
<tr><td rowspan="2">10.</td><td>Has return of income been filed for the last assessment year for which the due date has expired?</td><td>Yes/No. This data is auto populated as per return filed.</td></tr>
<tr><td colspan="2">Provide following details as on the date of application:</td></tr>
<tr><td>11.</td><td>Corpus</td><td rowspan="2">The information in row number 11 to 20 is required to be provided if the</td></tr>
<tr><td>12.</td><td>Funds/reserves and surplus other than corpus</td></tr>
<tr><td>13.</td><td>Long term liabilities</td><td rowspan="3">applicant has selected section code numbers 02, 07,08,09,10 or 12 under row number 2, or if the applicant has selected section code numbers 01,03,04,05,06, 11 in row number 2 and option “No” is selected in row number 10 above.</td></tr>
<tr><td>14.</td><td>Other liabilities</td></tr>
<tr><td></td><td>Total Liabilities</td></tr>
<tr><td>15.</td><td>Land and Building</td><td rowspan="5"></td></tr>
<tr><td>16.</td><td>Other fixed assets</td></tr>
<tr><td>17.</td><td>Investments/deposits made into one or more of the forms or modes specified in sub-section (5) of section 11</td></tr>
<tr><td>18.</td><td>Investments/deposits other than mentioned in row number 17 above</td></tr>
<tr><td>19.</td><td>Other Assets</td></tr>
<tr><td></td><td>Total Assets</td><td></td></tr>
<tr><td colspan="3">20. Income received in three previous years immediately preceding the previous year in which application is made:</td></tr>
</table>

Sl. No.	Financial Year	Grants received from Central or State Government	Grants received from Companies under Corporate Social Responsibility	Other Specific Grants	Other Income	Total

Religious activities details

21a. Whether the fund or the institution has incurred any expenditure of religious nature?

If applicant has selected section code number 12 in row number 2, then only this is required to be provided.

21b. If yes, please provide the following details for three previous years immediately preceding the previous year in which application is made:

If applicant has selected section code number 12 in row number 2, then only this is required to be provided.

Sl. No	Previous Year	Total Income	Expenditure of Religious Nature	Percentge to Total Income(%)

Verification

I **.....** son/ daughter of..... hereby..... declare that the details given in the form are true and correct to the best of my knowledge and belief.

I undertake to communicate forthwith any alteration in the terms of the trust/society/non- profit company, or in the rules governing the Institution, made at any time hereafter. I further declare that I am filing this form in my capacity as (designation) ..... having Permanent Account Number (PAN) ..... and that I am competent to file this form and verify it.

Date	Signature	

Instructions for fill Form No. 10A

Given below is the list of Section code numbers which are to be selected in row number 2

1	Sub clause (i) of clause (ac) of sub -section (1) of section 12A	01
2	Sub clause (vi) of clause (ac) of sub-section (1) of section 12A	02
3	Clause (i), of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (iv) of clause (23C) of section 10)	03
4	Clause (i), of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (v) of clause (23C) of section 10)	04
5	Clause (i), of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (vi) of clause (23C) of section 10)	05
6	Clause (i), of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (via) of clause (23C) of section 10)	06
7	Clause (iv) of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (iv) of clause (23C) of section 10)	07
8	Clause (iv) of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (v) of clause (23C) of section 10)	08
9	Clause (iv) of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (vi) of clause (23C) of section 10)	09
10	Clause (iv) of first proviso to clause (23C) of section 10 (for applicants covered under sub-clause (via) of clause (23C) of section 10)	10
11	Clause (i) of first proviso to sub-section (5) of section 80G	11
12	Clause (iv) of first proviso to sub-section (5) of section 80G	12

Chapter 10
Consequences of not Making of Application

As per notification no. G.S.R.212(E) dated 26/3/21 the application for renewal of the existing trust or institution having registration u/s 12A or 12AA or 10(23C) is required to be submitted in between 1st April 2021 to 30th June 2021.

(1) Consequences in case of Not applied for renewal of registration

Existing trusts or institutions which are having registration u/s 12A or 12AA or 10(23C), but do not want to apply for renewal of registration under section 12AB, then in such a situation following will be the consequences:-

(A) The provisions of section 11 and 12 shall not apply in relation to the income of any trust or institution which are registered under section 12A or 12AA (w.e.f. 1/4/21 u/s 12AB) unless these trusts or institution make an application for registration in the prescribed form and manner to the PCIT or CIT and get it registered under section 12AB.

(B) Exemption to the existing fund or trust or institution or university or other education institution or hospital or other medical institution having approved under section 10(23C) referred to in sub clause (iv) or (v) or (via) under the respective sub clauses shall not be available, unless they make an application for registration in the prescribed form and manner to the PCIT or CIT for grant of approval and get approved u/s 10(23C).

(2) Consequences for Not applied for renewal of registration within the prescribed time limit.

Trust or institution having registration/ approval under section 12A or 12AA or 10(23C), but not applied for renewal of registration u/s 12AB within the prescribed time i.e. 01.04.2021 to 30.06.2021:-

(a) In such case trust or institution have to apply for provisional registration as per section 12A (ac) (vi) or clause (iv) of first proviso to clause (23C) of section 10 as the case may be.

(b) After getting the provisional registration they can apply for regular registration as per section 12A (ac) (iii) or clause (iii) of first proviso to clause (23C) of section 10 as the case may be.

At this juncture, it is necessary to invite attention to the following clauses in definition of income under section 2(24) of the Act that reads as follows:

(*iia*) voluntary contributions received by a trust created wholly or partly for charitable or religious purposes or by an institution established wholly or partly for such purposes or by an association or institution referred to in clause (*21*) or clause (*23*), or by a fund or trust or institution referred to in sub-clause (*iv*) or sub-clause (*v*) or by any university or other educational institution referred to in sub-clause (*iiiad*) or sub-clause (*vi*) or by any hospital or other institution referred to in sub-clause (*iiiae*) or sub-clause (*via*) of clause (*23C*) of section 10 or by an electoral trust.

Explanation.—For the purposes of this sub-clause, "trust" includes any other legal obligation ;

(*xviii*) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency in cash or kind to the assessee other than,—

(*a*) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset in accordance with the provisions of *Explanation 10* to clause (*1*) of section 43; or

(*b*) the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government, as the case may be;

Thus, when registration is not available, the entire gross income gets exposed to tax.

Chapter 11
Section 10(23C) V/s Section 11

Under the prevailing law the organisation registered u/s 12AA can also avail approval u/s 10(23C) or 10(46) and thus can have the option of availing tax exemption under either of the two sections. Finance Act 2020 provides that an organisation cannot simultaneously enjoy approval under two provisions. By amendment in section 11 (7), it is clarified that the registration u/s 12AA/AB shall be inoperative from the date on which the trust or institution has approved under section 10(23C) or is notified under section 10(46). No similar provision of approval becoming inoperative has been u/s 10(23C) of 10(46). Therefore, holding two approvals at a time shall make the registration under section 12AA inoperative and not vice versa.

Due to the above provisions, organisations which are eligible for applying under both section 10(23C) and section 11 will have to decide the section that would be beneficial to them at the time of filing the renewal application or provisional registration. Given below is a summary of differences which need to be considered while making the application.

Sr. No.	Basis of Difference	Section 12AA/AB	Section 10(23C) applicable for Fund/Trust/Institution
1	Requirement of Registration/Approval	Required to be registered to claim the benefit of sections 11 and 12 of the Income - Tax Act,1961.	Approval is required in order to claim the benefits of Sec.10(23C) of the Income -Tax Act,1961.
2	Back year effect of Registration/Approval	Once registration is granted, it will also have retrospective exemption and pending assessment under provision to section 12A(2)	No Retrospective Tax benefit the tax exemption shall be prospective.

3	Conditions to claim benefit of exemption	1. To obtain and furnish the audit report within the indicated time 2. Furnishing the return of income within the indicated timeline 3. Getting re-registration for modification or changes in the objects clause	1. Minimum application of 85% or application for accumulation 2. To obtain and furnish the audit report within the indicated time 3. Investment in specified mode
4	Payment to specified persons	Section 13 restricts the payments to specified person for organisations registered u/s 12AB	No such restriction is there for section 10(23C)
5	Withdrawal of exemption on year to year basis	Exemption u/s 11 and 12 can be withdrawn if section 13 of the Income Tax Act 1961 is violated for any assessment year	No such provision for withdrawal of exemption is there for section 10(23C)
6	Provisions related to accreted income	Provisions of accreted income u/s 115TD are applicable when registration u/s 12AA/ 12AB is cancelled	Provisions of section 115TD are not applicable if approval u/s 10(23C) is cancelled
7	Parallel approval	12AA/AB shall be inoperative from the date on which the trust or institution has approved under section 10(23C) or is notified under section 10(46)	Organisation which is having 10(23C) can continue to be notified u/s 10(46)
8	Accumulation for 5	Form 10 needs to be	Form 10 need not be

	years	filed and certain conditions and timelines for availing the benefit of accumulation are to be met	filed for accumulation
9	Activities only within India	Activities of an organisation registered u/s 12AD are restricted to India only.	Section 10(23C) is silent about the place of activities
10	Form for applying Deemed Application	Form 9A to be submitted within due date	Form 9A is not applicable
11	Incidental Business Activities	Allowed to all categories of NGOs, except the last category i.e. Advancement for General Public utility, provided separate set of books of account are maintained.	i) No such restriction applies to Education & Health Institutions which falling under section 10(23C)(vi) & 10(23C)(via) ii) However similar restriction is applicable for the funds/institutions falling under section 10(23C) (iv) & 10(23C)(v).

Chapter 12
Section 10(23C) and Section 35

Exemption is Exclusive

The amendment to section 11 provides that if the institution is registered for exemption U/s. 11 etc. as well as approved U/s. 10(23C) / notified U/s. 10(46) then the above registration shall became inoperative from the date of coming in to force of the amendment. If in future, an institution which is registered U/s. 12AA / 12AB also gets approval U/s. 10(23C) or become notified U/s. 10(46) after amendment, then also in such case the registration U/s. 12AA / 12AB shall became inoperative from the date of such approval / notification.

The amendments give an option to the institution to get its registration u/s. 12AA / 12AB operative by making application for that. However, in such circumstances he will not be entitled to get benefit of section 10(23C) approval / 10(46) notification. The procedure for making registration operative again is given in the amended provisions.

Thus, at one time a trust or institution can take benefit of either section 12AA / 12AB or of section 10(23C) and 10(46).

Registration

Procedure for registration and re-registration for claiming exemption under section 10(23C) is identical to the one discussed earlier for Charitable trusts and institutions claiming exemption under section 11 and 12. Form nondeers are also same viz. 10A and 10AB, with only difference being selection of code relevant to each section. Procedure is also similar.

An entity making fresh application for approval under clause (23C) of s.10, shall be initially provisionally approved or registered for three years on the basis of application without detailed enquiry even in the cases where activities of the entity are yet to begin and then it has to apply again for approval or registration which, if granted, shall be valid from the date of such provisional registration. The application of registration subsequent to provisional registration should be at least six months prior to expiry of provisional registration or within six months of start of activities, whichever is earlier.

Section 35

Statement of donation received and certificate under section 35

Annual statement in Form 10BD to be furnished electronically in respect of each financial year. The statement should be verified by the person authorized to verify the return of income under the Act.

Donation certificate should be issued in Form 10BE, It should specify amount of donation received during financial year from such donor.

Due date for filing statement of donations and for issuing donation certificate will be 31 May of the financial year, immediately succeeding the year of donation.

The changes are applicable for the financial year 2021-2022 and onwards.

Registration

Procedure for registration and re-registration for claiming approval under section 35 is identical to the one discussed earlier for Charitable trusts and institutions claiming approval under section 80G. Form nondeers are also same viz. 10A and 10AB, with only difference being selection of code relevant to each section. Procedure is also similar.

For the purpose of clause (i) to sub-section (1A) of section 35, the prescribed authority shall be the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) as the case may be.

Statement of particulars required to be furnished by any research association, university, college or other institution or company or fund (hereinafter referred to as reporting person) under clause (i) to sub-section (1A) of section 35 shall be furnished in respect of each financial year, beginning with the financial year 2021-2022, in Form No. 10BD and shall be verified in the manner indicated therein.

The reporting person, shall, while aggregating the amounts for determining the sums received for reporting in respect of any person, —

(i) take into account all the donations of the same nature paid by that person during the financial year; and

(ii) proportionately attribute the value of the donation or the aggregated value of all the donations to all the persons, in a case where the

donation is recorded in the name of more than one person and where no proportion is specified by the donors, attribute equally to all the donors.

Form No. 10BD, shall be furnished electronically,—

(i) under digital signature, if the return of income is required to be furnished under digital signature;

(ii) through electronic verification code in a case not covered under clause (i).

Form No. 10BD shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the assessee.

The reporting person shall furnish the certificate as referred to in clause (ii) to sub-section (1A) to section 35, to the donor in Form No. 10 BE specifying the amount of donation received during financial year from such donor, beginning with the financial year 2021-2022.

The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall –

(i) lay down the, ,-

  (a) data structure, standards and procedure of furnishing and verification of Form No. 10BD, single or multiple;

  (b) the procedure to submit correction statement for rectification of any mistake or to add, delete or update the information furnished in Form No. 10BD; and

  (c) the procedure, formats and standards for the purposes of generation and download of certificates in Form No. 10BE

(ii) be responsible for,-

  (a) formulating and implementing appropriate security, archival and retrieval policies in relation to the Form No.10BD so furnished; and

  (b) the day-to-day administration in relation to the generation and download of certificates in Form No. 10BE, from the web portal specified by him or the person authorised by him.

The certificate referred to herein above is required to be furnished to the

donor on or before the 31stMay, immediately following the financial year in which the donation is received.

Form No. 10BD referred to in sub-rule (1) shall be furnished on or before the 31stMay, immediately following the financial year in which the donation is received.

Chapter 13
'Approval' of the Institution or Fund under Section 80G (5) including Renewal of 'Approval'

Part A: - Brief background of Section 80G (5)- conditions for an approval there-under.

(01) Introductory: -

Section 80G contained in Chapter VI-A of The Income-Tax Act, 1961, deals with the deductions in respect of the donations made to certain charitable institutions and funds by any assessee in the previous year. Sub-section (2) thereof enlists various charitable institutions and funds. Donations made to such institutions and funds are deducted (in accordance with and subject to the provisions of section 80G from gross total income of such an assessee to compute his total income.

(02) ***'Approval' under clause (vi) of sub-section (5) of Section 80G: -***

This discussion is primarily with reference to the institutions and funds referred to in clause (v) sub-section (5) section 80G of the Act and 'approved' by the Principal Commissioner of Income-Tax or by the Commissioner of Income-Tax.

(03) Amendment made by the Finance Act, 2020: -

(03.01) New two clauses and new four provisos as per the Finance Act, 2020: -

The Finance Act, 2020, has made substantial amendments to sub-section (5) of Section 80G of the Act by **(i) adding two sub-clauses** (sub-clause (viii) and sub-clause (ix)) thereto and by **(ii) adding four provisos** thereto.

(03.02) The statement (of donations received): -

Sub-clause (viii) of sub-section (5) of Section 80G provides broadly for the (i) preparation of the periodic statement (of donations received) containing prescribed particulars and (ii) delivery thereof by the institution or fund to the

prescribed income-tax authority (in form 10BD-as per sub-rule (2) of Rule 18AB) by 31st May each year (as per sub-rule (9) of Rule 18AB) coming after the end of the relevant previous year. The provisions of sub-rule (9) of Rule 18AB are effective from the financial year 2021-2022.

(03.03) The certificate of donations: -

Sub-clause (ix) of sub-section (5) of Section 80G provides for the certificate to be furnished by such institution or fund to the donors (in form 10BE- as per sub-rule (6) Rule 18AB) specifying (i) the amount of donation received and (ii) containing the prescribed particulars by 31st May each year (as per sub-rule (8) of Rule 18AB) coming after the end of the relevant financial year. The provisions of sub-rule (8) of Rule 18AB are effective from the financial year 2021-2022.

(03.04) Four provisos to sub-section (5) of Section 80G and the grant of an 'approval': -

Sub-clause (ix) of sub-section (5) of Section 80G is followed by four different provisos providing for various items or issues as under: -

Proviso Particulars –Time limit to make an application for approval

First **(i) Institution or fund already holding approval**: -Application to be made by such the institution or fund which is **approved** under clause (vi) of sub- section (5) as it stood immediately **before the amendments** made by the Finance Act, 2020, **within three months from the date on which this proviso comes into force.**

(Note: - New provisions are effective from 1st April, 2021-sub-rule (2) of Rule1- Notification No. G.S.R. 212 (E) dated 26th March, 2021, issued by the Central Board of Direct Taxes.)

For Example: -Modern Education Society is already approved in October, 2017, under section 80G (vi)(5) of the Act under existing provisions.

Under the amended provisions, it will have to re-apply for an approval under section 80G (vi)(5) of the Act up to 30th June, 2021.

(ii) Institution or fund approved post-amendment: Application to be made by the institution or fund which is **approved after the amendments** made by the Finance Act, 2020, and **the period of such approval is due to expire**, 'at least' six months prior to the (the date) of expiry of such approval;

Example: This provision will be effective in future latest by 30th Sept., 2025. This date is calculated as under: - (a) Date of approval under amended provision-01st August, 2021. (b) Validity of this approval (for five years) is up to 31st March, 2026. (c) Therefore, the due date of making an application for 'renewal of an approval' in respect of this institution or fund is 'at least' six months prior to the (the date) of expiry of such approval, i. e. up to 30th Sept., 2025;

(iii) Institution or fund provisionally approved post-amendment: Application to be made by the institution or fund which is **approved provisionally after the amendment**s made by the Finance Act, 2020, and **the period of such provisional approval is to expire**, 'at least' six months prior to the (the date) of expiry of such approval; **OR** within six months of commencement of its activities **whichever is earlier;**

For Example: -Indian Education Society is provisionally approved under section 80G (vi)(5) of the Act under the amended provisions up to 31st March, 2024. However, as a newly set up educational institution, it commences its educational activities on 10th June, 2022.

In this case, the earlier date will be as under: -

(a) 'at least' six months prior to 31st March, 2024-(the date of expiry of such approval,) i. e. by 30th Sept., 2023; **OR** within six months of commencement of its activities (from 10th June, 2022), i. e. by 09th December, 2022.

(b) The due date for an application for the grant of approval will be earlier of these two dates, i. e. by 09th December, 2022.

(iv) In any other case post-amendment: -Application to be made by the institution or fund 'at least' one month prior to the commencement of the previous year relevant to the assessment year from which such approval is sought.

For Example: (a) Indian Education Society is established newly on 11th June, 2021. (b) It seeks an approval from the assessment year 2023-2024. (c) Previous year relevant to the assessment year 2022-2023. (c) Application for grant of an approval needs to be made by it latest by 28th February, 2022. This provision is going to be very inconvenient for the newly established entities.

Proviso Particulars –Time limit to dispose off an application (made for an approval under the 1st proviso) by the Principal Commissioner of Income-Tax or by the Commissioner of Income-Tax:

Second **(i) Where an application is made under clause (i) of first proviso: -**

The Principal Commissioner of Income-Tax or the Commissioner of Income-Tax '**shall**' pass an order in writing **granting it an approval (no rejection)** for a period of five years; **(No provisional approval in this case.)**

As per **third proviso to sub-section (5)**, this **order** of granting an approval is required to be passed **before the expiry of the period of three months** 'form the end of the month in which an application for approval is made'. For example, an application for approval is uploaded on 12th May, 2021. The Principal Commissioner of Income-Tax or Commissioner of Income-Tax 'shall' pass an order in writing granting it an approval latest by 31st August, 2021 (and not by 11th August, 2021.)

As per **clause (a) of the fourth proviso**, this approval will be **retrospective**, i.e. from the assessment year for which the approval was earlier granted to such institution or fund. For example, in case of the institution or fund which is approved for the period to 31st March, 2021, under existing provisions, the approval of this institution or fund will continue to be effective from the previous year 2021-2022, for five years, under the amended provisions.

Second (ii) Where an application is made under clause (ii)-renewal of an approval post-amendment or clause (iii)- renewal of provisional approval post- amendment-of first proviso: -

On receipt of such application for grant of an approval under clause (ii) or clause (iii) of first proviso, the Principal Commissioner of Income-Tax or the Commissioner of Income-Tax '**shall**' (i) call for such **documents or information** from it or (ii) make such **inquiries** as he thinks necessary.

This course of action is followed by him to **satisfy himself** that (i) the **activities** of the institution or fund **are genuine** and (ii) the **conditions** laid down under clauses (i) to (v) of sub-section (5) of section 80G are **fulfilled by it.**

After his so satisfying on both the grounds, he is required to pass an order in writing **granting it an approval** for a period of five years; **(No provisional approval in this case.)**

If he is **not so satisfied** about any of both the grounds, he is required to pass an order in writing **rejecting such application** and **cancelling its approval** after giving it a reasonable opportunity of being heard in the matter.

As per **third proviso to sub-section (5)**, this order of grant of approval (or of rejecting the same) is required to be passed **before the expiry of the period ofsix months** form the end of the month in which an application for approval is made. For example, an application for approval is uploaded on 12th Sept., 2024. The Commissioner of Income-Tax 'shall' pass an order in writing granting it an approval (or rejecting the same) by 31st March, 2025 (and not by 11th March, 2025.)

As per **clause (c) of fourth proviso**, this approval under **clause (ii)** will be effective from the assessment year immediately following the financial year in which the application for approval was made. For example, an application is uploaded on 12th September, 2025. The approval of the institution or fund will be effective from the assessment year 2026-2027, for five years.

As per **clause (b) of fourth proviso**, this approval under **clause (iii)** will be retrospective, i.e. from the first of the assessment years for which the provisional approval is granted to such institution or fund. For example, the institution or fund which is approved provisionally for the period from 01st April, 2021, under amended provisions. The approval of the institution or fund will be effective from the assessment year 2022-2023, for three years.

Second **(iii) Where an application is made under clause (iv) of first proviso:-** The Principal Commissioner of Income-Tax or the Commissioner of Income-Tax '**shall**' pass an order in writing **granting it an approval (no rejection)** '**provisionally'** for a period of '**three'** years from the assessment year for which an approval is sought; (In all other cases of an application made under clauses (i), (ii) and (iii) of the first proviso to sub-section (5) of section 80G, the approval is not provisional but final.)

As per **third proviso to sub-section (5),** this order is required to be passed **before the expiry of the period of one month** form the end of the month in which an application for approval is made. For example, an application for approval is uploaded on 12th May, 2021. The Commissioner of Income-Tax 'shall' pass an order in writing granting it a provisional; approval by 30th June, 2021 (and not by 11th June, 2021.)

As per **clause (c) of fourth proviso**, this approval under **clause (iv)** will be

effective from the assessment year immediately following the financial year in which the application for approval was made. For example, an application is uploaded on 17th September, 2021. The approval of the institution or fund will be effective from the assessment year 2022-2022, for three years.

(03.05) Summary of the scheme of approval: -In short, the scheme of approval under Sub- clause (vi) of sub-section (5) of Section 80G) is as under: -

(i) In case of a **new applicant**, firstly there will be a **provisional approval** for a specific period-**clause (iii)** of 2nd proviso to sub-section (5) of section 80G.

(ii) In case of **applicants presently holding an approval** under pre-amended provisions, there will be an **automatic approval** for five years from financial year 2021-2022- **clause (i)** of 2nd proviso to sub-section (5) of section 80G.

(iii) In **both cases**, there will a **renewal of approval** after every five years thereafter- as per

clause (ii) of 2nd proviso to sub-section (5) of section 80G.

(03.06) Form of orders for grant of approval (or rejection thereof) As per Rule **11AA**, the **orders for grant of approval (or rejection** thereof) of an application under Sub-clause (vi) of sub-section (5) of Section 80G) under 3rd proviso to sub-section (5) of Section 80G is required to be passed as under: -

(a) in **form 10AC-existing approval cases-**application for grant of approval in **form 10A-**

sub-rule (5); and

(b) In **form 10AD-new approval or rejection cases-**application for grant of approval in

form 10AB- sub-rule (8).

Part B: - Amended provisions of sub-section (5) of section 80G -amended procedure for an approval (including renewal of approval) of an institution of fund: -

The Finance Act, 2020, has made substantial amendments to sub-section (5) of section 80G of the Act by (i) adding two sub-clauses (sub-clause (viii) and sub-clause (ix)) thereto and by adding four provisos thereto.

To give effect to these amended provisions, the Central Board of Direct Taxes has issued the Notification No. G.S.R. 212 (E) dated 26th March, 2021, amending the Income-Tax Rules, 1962. This notification is issued under powers vested in the Board under section 295 and various other sections of the Income-Tax Act, 1961.

It contains (a) nine rules and (b) seven (new) forms, namely form 3CF, 10A, 10AB, 10AC, 10AD, 10BD and 10BE, (with the annexure and instructions to fill up these forms.)

(01.01) Role of new forms: -

(a) Forms 3CF, 10A and 10AB are forms for application for (i) registration or (ii) for provisional registration or (iii) for grant of an approval or (iv) for grant of a provisional approval etc. to an institution or fund under various section of the Income-Tax Act, 1961.

(b) Form 10AC is an order for (i) registration or for (ii) an approval (both being on regular and provisional basis also) based on form 10A under various section of the Income-Tax Act, 1961.

(c) Form 10AD is an order for (i) registration or (ii) an approval or (iii) rejection or (iv) cancellation thereof in new regime based on form 10AB under various sections of the Income-Tax Act, 1961.

(d) Form 10BD is a statement of particulars (of donations etc.) under clause (i) to sub-section (1A) of section 35 or under clause (viii) of sub-section (5) of section 80G of the Income-Tax Act, 1961.

(e) Form 10BE is a certificate of donation under clause (ii) to sub-section (1A) of section 35 or under clause (iv) of sub-section (5) of section 80G of the Income-Tax Act, 1961.

(01) Procedure for obtaining an approval of the institute or fund under clause (vi) of sub- section (5) of section 80G of the Income-Tax Act, 1961-as per **substituted Rule 11AA**: -

Rule 06 of the notification dated 26th March, 2021, referred to above, substitutes new rule 11AA for the existing rule 11AA contained in the Income-Tax Rules, 1962.

Substituted rule 11AA is further sub-divided in **nine sub-rules**.

Substituted rule 11AA refers to four forms-form 10A, form 10AB, form 10BD and form 10BE.

(02) *Sub-rule (1) - Form 10A or form 10AB-an application for grant of approval: -*

As the first step in the procedure for grant of an approval to an institution or fund under clause (vi) of sub-section (5) of section 80G of the Income-Tax Act, 1961, sub-rule (1) of the newly substituted rule 11AA prescribes that the applicant institution or fund shall make an application for grant of an approval as above to the Principal Commissioner of Income-Tax or the Commissioner of Income-Tax.in the following forms: -

Sub-rule of rule 11AA	*Form*	*Particulars*
Clause (a), sub-rule (1)	10A	Under Clause (i) of first proviso to sub-section (5) of

section 80G-applicants having an '**existing approval under pre-amendment provisions' OR**

Under Clause (iv) of first proviso to sub-section (5) of section 80G-applicants falling '**in other cases**'-(**other than clauses (i), (ii) and (iii)** of first proviso to sub- section (5) of section 80G like 1st time fresh applications.

Clause (b), sub-rule (1) 10AB Under Clause (ii) of first proviso to sub-section (5) of section 80G-applicants requiring '**renewal of approval granted under post-amendment provisions' OR** under clause (iii) of first proviso to sub-section (5) of section 80G-applicants to whom '**provisional approval** is granted **under post-amendment provisions.'**

Earlier form 10G for grant of approval under clause (vi) of sub-section (5) of section 80G **is withdrawn;** 2. Form 10A as substituted for earlier form 10A is to be used **separately** (i) for registration S 12AB and (ii) for approval under clause (vi) of sub-section of S. 80G. **Separate section code** out of different nineteen codes as applicable as stated in instruction No. 2 of form 10A is to be given either for registration of for approval as the case may be.

Chapter 14
Frequently Asked Questions

1. All existing Trusts / Institutions registered under the Act have to compulsorily apply for fresh registration u/s 12 AB of the Act before 30th June 2021. If any registered Trust fails to apply before the said date (or applies beyond the said date) for fresh registration u/s 12 AB of the Act, what will be the consequences?

Ans. Clause (a) of the Proviso to Section 12A (2) clearly specify that if the existing Trusts / Institutions registered under Section 12A or 12 AA of the Act, apply for fresh registration u/s 12 AB of the Act before 30th June 2021, provisions of Section 11 and 12 shall apply to Trust/ Institution from the assessment year from which they were granted their earlier registration.

Section 12A (2) further clarifies that if the said time line of 1st April to 30th June 2021 is not followed, the provisions of Section 11 and 12 shall apply to Trust/ Institution from the 1st day of the financial year in which such application is made.

In short, within time application for fresh registration u/s 12 AB will register the Trust from the date on which it was originally registered u/s 12 A or Sec 12 AA. If the application for registration u/s 12 AB is made late that is after 30/06/2021, the registration u/s 12 AB will be granted for F Y 2021/22 and onwards.

2. Does it mean that Trust/ Institution will have to pay tax on its Gross Receipts if the application for fresh registration is not made within a period 1st April to 30th June 2021 for A Y 2022/23?

Ans. The fresh registration provisions u/s 12AB of the Finance Act 2020, were effective from 1st June 2020 for A Y 2021/22. However, those provisions were omitted by Taxation and Other Laws (Relaxation and Amendment of certain Provisions) Act 2020 and were postponed till 1st April 2021.

Now time given for application for fresh registration u/s 12 AB is up to 30/06/2021. If the Trust fails to apply by the said date or applies beyond the said date within the F Y 2021/22, then it's income for A Y 2022/23 will be exempt u/s 12A (2) of the Act.

If the Trust fails to apply within F Y 2021/22, it will not comply with the basic conditions of Sec 11 and 12 of the Act and the deduction will not be allowed for Application of Income u/s 11 of the Act. The Gross Receipts may be taxable for A. Y. 2022/23.

3. In the abovesaid situation, whether Commissioner of Income Tax (CIT) has powers for condonation of delay for late application for fresh registration u/s 12 AB of the Act?

Ans. No..! CIT does not have powers for condonation of delay for late application for fresh registration u/s 12 AB of the Act.

4. In the abovesaid situation, whether Central Board of Direct Taxes (CBDT) has powers for condonation of delay for late application for fresh registration u/s 12 AB of the Act?

Ans. Yes..! CBDT does have powers u/s 119(2) (b) of the Act for condonation of delay for late application for fresh registration u/s 12 AB of the Act.

5. Whether Trust/ Institution will have to pay tax u/s 115TD on accreted income if the application for fresh registration is not made

a) Within a period, 1st April to 30th June 2021for A Y 2022/23?

b) Not made at all

Ans. Accreted Income is excess of all assets at market value over the liabilities of the Trust on which the Trust has to pay Income Tax at maximum marginal rate. This additional income tax is over and above the regular income tax the Trust may have to pay on its annual income.

The said tax on accreted income is payable only in the following situations:

a) If the Trust is converted into a form which is not eligible for grant of registration/s 12 AA or 12 AB of the Act.

b) The Trust has merged with an entity other than Trust having similar objects and registered u/s 12 AA or 12 AB of the Act.

c) If the Trust fails to transfer all assets to other Trust/ Institution having similar objects and registered u/s 12 AA or 12 AB or

registered u/s 10(23C) of the Act within 12 months from the end of the month in which the dissolution takes place.

i) Noncompliance of the provisions of Section 12 AB of the Act within the stipulated time limit is only administrative lapse on part of the Trust which is not falling in any of the above subsections of Section 115 TD of the act. Therefore, the Trust may not be called upon to pay tax u/s 115 TD of the Act.

ii) In a case where the Trust does not apply at all for fresh registration u/s 12AB of the Act within FY 2021/22, the registration u/s 12 AA of the Act already granted to it, may become inoperative. CIT may, after giving the reasonable opportunity of being heard, cancel its registration u/s 12 AA.

Section 115 TD Subsection (3) says "For the purposes of subsection 1(a), Trust or Institution shall be deemed to have been converted into any form not eligible for registration u/s 12 AA or 12 AB of the Act if the registration granted to it u/s 12 AA or 12 AB is cancelled.

In view of the above, such Trust gets hit by the provisions of Sec. 115 TD (1) (a) of the Act and it may, prima facie be called upon to pay tax on its accreted income.

6. The trust has been provisionally registered under s. 12AB [s. 12A(1)(ac)(iii)] Time limit for application: Earlier of the following:

a) at least six months prior to expiry of the period of the provisional registration; or

b) within six months of commencement of its activities.

Ans. A trust commences activities on 1st August 2020

Trust makes application for registration on 15th January 2021

The PCIT / CIT grants provisional registration on 15th February 2021

The registration is granted for three years from A Y 2021-22, to A Y 2023-24. The Trust has to apply for final registration on earlier of the following dates:

- at least six months prior to 31st March 2023 i. e. 1st October 2022 and

- six months from commencement of activities, that is, 1st February 2021.

In the above case, the Trust has received provisional registration on 15th February 2021 and he has to apply for final registration on 1st February 2021which does not seem possible. The issue may be clarified by CBDT.

7. An approved hospital has been claiming exemption of Income u/s 10(23C) (via) of the Act. It intends starting activity of Day Care Centre for Senior Citizens. It is not covered under the Funds or activities prescribed u/s 10 (23C). Whether it can switch over to Sec 12 AA/12 AB from Sec. 10 (23C)?

Ans. It is advisable to switch over from Sec.10 (23C) to Sec. 12 AA/ 12 AB. If one applies for switch over during the period 01/04/2021 to 30/06/2021, then the CIT may pass Order within 3 months for A Y 2022/23 without even conducting enquiries or calling for documents etc.

8. A Trust is registered on 1st July 2021with Charity Commissioner under Maharashtra Public Trust Act. When shall it apply for registration u/s 12 AB of the Act?

Ans. Section 12 A (1) (ac) sub clause (vi) says, such Trusts shall apply for registration at least one month prior to the commencement for the previous year relevant to the assessment year from which the said registration is sought.

In the above case, previous year is F Y 2021/22. Relevant assessment year is A Y 2022/23.

It can apply for fresh provisional registration u/s 12 AB up to 28th February 2022. So that it can get the said registration for previous year 01/04/2022 to 31/03/2023.

Hence, it appears that the Trust has to wait for a year to avail the benefits of sections 11 and 12.

9. (i) Whether a Trust or Institution which does not have registration u/s 12A and 80G of the Act can apply for provisional 12AB and provisional 80G registration simultaneously?

(ii) If Trust or Institution already has a registration u/s 12AA, when can it apply for registration u/s 80G? Before getting registered u/s 12AB or after getting the same?

(iii) What are the parameters for deciding as to whether the activity of the Trust has commenced or otherwise?

Ans. (i) A Trust which does not have registration u/s 12A and 80G of the Act can apply for provisional 12AB and provisional 80G registration. The case will fall in Section 80G(5)(vi) and the clause iv of the first proviso to the said section.

The application may be made in Form 10 A with the required enclosures as stated under Rule 11 AA of Income Tax Rules.

However, since Sec 80G (5) talks about the registrations to Charitable Trusts established in India whose income is not liable to be included in total income under section 11,12 or clause 23 AA or 23 C of section 10, the first registration granted would be provisional registration u/s 12AB of the Act.

(ii) If the Trust already has registration u/s 12AA, then it can apply for registration u/s 80G under clause iv of the first proviso to section 80G(5). However, it will have to apply for fresh registration u/s 12AB first for the reason stated in the preceding paragraph.

(iii) There are no parameters prescribed under the Act for deciding as to whether the activity of the Trust has commenced or otherwise.

Annexure I

Table of Documents to be Attached to Form 10A-Section Codes 01, 02, 11 & 12

No.	Nature of document	S.12A(1) (ac)		S.80G(5)(vi)	
		Section Code01	Section Code02	Section Code11	Section Code12
1	Where the applicant is created, or established, under an instrument, self-certified copy of the instrument creating or establishing the applicant;	*Y*	*Y*	*Y*	*Y*
2	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;	*Y*	*Y*	*Y*	*Y*
3	Self- certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case maybe;	*Y*	*Y*	*Y*	*Y*
4	Self-certified copy of registration under Foreign Contribution (Regulation) Act,2010(42of2010), if the applicant is registered under such Act;	*Y*	*Y*	*Y*	*Y*
5	Self-certified copy of existing order granting registration under section12A or section12AA orsection12AB, as the case may be/self- certified copy of existing or dergranting registration under clause(vi)of sub- section. (5) of section 80G.	*Y*	*(NA)*	*Y*	*(NA)*
6	Self-certified copy of order of rejection	*(NA)*	*Y*	*(NA)*	*Y*

	of application for grant of registration under section 12A or section 12AA or section 12AB if any;/self- Certified copy of order of rejection of application or grant of\ Registration under section 80G, if any;				
7	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;	***Y only if income-tax return is not filed. [However here is a site issue.]***	***Y***	***Y only if Ir nectou mrneis-tnaoxt filed. [However, there is a site issue.]***	***Y***
8	Where a business undertaking is held by the applicant as per the provisions of sub-section (4) 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 of such business undertaking 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 and self- certified copy of the report of audit as per the provisions of section 44AB for such per io	***(NA)***	***Y***	***(NA)***	***(NA)***
9	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 of such business relating to	***(NA)***	***(NA)***	***(NA)***	***(NA)***

	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 and self-certified copy of the report of audit as per the provisions of section 44AB for such period;				
10	Self-certified copy of the documents evidencing adoption or modification of the objects;	***(NA)***	***(NA)***	***(NA)***	***(NA)***

Annexure II
Statement of Particulars (of donations) Rule18AB

NAME OF THE TRUST:
PAN:
URN:
Details of Donations for the year ended on 31st March,.....for the purpose of statement of particulars (of donations received) for form10 BD-per Rule18AB

No.	Name of the donor and his address	Pan of the donor	Amout of donati On- Rs.	Mode- Cash/ NEFT/ RTGS/ Dr. card/ Crossed/ cheque Cr. Card/ kind	Purpose: - Corpus /conditi on al/ other	Section under which donations given.	Name And address Of the joint donor	PAN of the Joint don or	Share of joint donor in the donation- Rs.
1									
2									
3									
4									
5									
6									

7									
8									
9									
etc.		**Total**	0.00						0.00

Place: -	**Date: -**	**Signature of the authorised person: -**	**(Seal of the trust)**

Annexure III
Relevant and Useful links

1. Weblink of the Income tax department website https://incometaxindia.gov.in/Pages/default.aspx
2. Weblink of the Income tax department efiling website https://www.incometaxindiaefiling.gov.in/home

   www.incometax.gov.in
3. Weblink of the Direct Taxes Committee of ICAI https://www.icai.org/post/direct-taxes-committee
4. Weblink of the Income-tax Act, 1961 as hosted on Income-tax department website: https://www.incometaxindia.gov.in/pages/acts/income-tax-act.aspx
5. Weblink of the Income-tax Rules, 1962 as hosted on Income-tax department website: https://www.incometaxindia.gov.in/pages/rules/income-tax-rules-1962.aspx

Annexure IV
Text of relevant Sections and Rules

(a) Section 12A of the Income-tax Act, 1961 (as amended vide the Finance Act 2020)

Conditions for applicability of sections 11 and 12.

12A. (1) The provisions of section 11 and section 12 shall not apply in relation to the income of any trust or institution unless the following conditions are fulfilled, namely:—

(a) the person in receipt of the income has made an application for registration of the trust or institution in the prescribed form and in the prescribed manner to the Principal Commissioner or Commissioner before the 1st day of July, 1973, or before the expiry of a period of one year from the date of the creation of the trust or the establishment of the institution, whichever is later and such trust or institution is registered under section 12AA :

Provided that where an application for registration of the trust or institution is made after the expiry of the period aforesaid, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution,—

(i) from the date of the creation of the trust or the establishment of the institution if the Principal Commissioner or Commissioner is, for reasons to be recorded in writing, satisfied that the person in receipt of the income was prevented from making the application before the expiry of the period aforesaid for sufficient reasons;

(ii) from the 1st day of the financial year in which the application is made, if the Principal Commissioner or Commissioner is not so satisfied:

Provided further that the provisions of this clause shall not apply in relation to any application made on or after the 1st day of June, 2007;

(*aa*) the person in receipt of the income has made an application for registration of the trust or institution on or after the 1st day of June,

2007 in the prescribed form and manner to the Principal Commissioner or Commissioner and such trust or institution is registered under section 12AA;

(*ab*) the person in receipt of the income has made an application for registration of the trust or institution, in a case where a trust or an institution has been granted registration under section 12AA or has obtained registration at any time under section 12A as it stood before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996), and, subsequently, it has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, in the prescribed form and manner, within a period of thirty days from the date of said adoption or modification, to the Principal Commissioner or Commissioner and such trust or institution is registered under section 12AA;

(*ac*) [42]**[***]**

Following clause (*ac*) shall be inserted after clause (*ab*) of sub-section (1) of section 12A by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, w.e.f. 1-4-2021 :

(ac) notwithstanding anything contained in clauses (a) to (ab), the person in receipt of the income has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution,—

(i) *where the trust or institution is registered under section 12A [as it stood immediately before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996)] or under section 12AA [as it stood immediately before its amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (12 of 2020)], within three months from the 1st day of April, 2021;*

(ii) *where the trust or institution is registered under section 12AB and the period of the said registration is due to expire, at least six months prior to expiry of the said period;*

(iii) *where the trust or institution has been provisionally registered under section 12AB, at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier;*

(iv) *where registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11, at least six months prior to the commencement of the assessment year from which the said registration is sought to be made operative;*

(v) *where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, within a period of thirty days from the date of the said adoption or modification;*

(vi) *in any other case, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought,*

and such trust or institution is registered under section 12AB;

(b) where the total income of the trust or institution as computed under this Act without giving effect to the provisions of section 11 and section 12 exceeds the maximum amount which is not chargeable to income-tax in any previous year, the accounts of the trust or institution for that year have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 [43]**[***before the specified date referred to in section 44AB and the person in receipt of the income furnishes by that date***]** the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed;

(*ba*) the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under that section.

(*c*) [***]

(2) Where an application has been made on or after the 1st day of June, 2007, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution from the assessment year immediately following the financial year in which such application is made:

[44] **[***]**

[45]**[**[45a] **[Provided** that *where registration has been granted to the trust or institution under section 12AA***]]**, then, the provisions of sections 11 and 12 shall apply in respect of any income derived from property held

under trust of any assessment year preceding the aforesaid assessment year, for which assessment proceedings are pending31 before the Assessing Officer as on the date of such registration and the objects and activities of such trust or institution remain the same for such preceding assessment year:

[45b][45c] **[Provided further]]** that no action under section 147 shall be taken by the Assessing Officer in case of such trust or institution for any assessment year preceding the aforesaid assessment year only for non-registration of such trust or institution for the said assessment year:

Provided also that provisions contained in the first and second proviso shall not apply in case of any trust or institution which was refused registration or the registration granted to it was cancelled at any time under [46][46a][*section 12AA*]].]

(b) Section 12AB of the Income-tax Act, 1961 (as amended vide the Finance Act 2020)

Procedure for fresh registration.

12AB. (1) The Principal Commissioner or Commissioner, on receipt of an application made under clause (ac) of sub-section (1) of section 12A, shall,—

(a) *where the application is made under sub-clause (*i*) of the said clause, pass an order in writing registering the trust or institution for a period of five years;*

(b) *where the application is made under sub-clause (*ii*) or sub-clause (*iii*) or sub-clause (*iv*) or sub-clause (*v*) of the said clause,—*

(i) *call for such documents or information from the trust or institution or make such inquiries as he thinks necessary in order to satisfy himself about—*

(A) *the genuineness of activities of the trust or institution; and*

(B) *the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its objects;*

(ii) *after satisfying himself about the objects of the trust or institution and the genuineness of its activities under item (*A*)*

*and compliance of the requirements under item (*B*), of sub-clause (*i*),—*

(A) *pass an order in writing registering the trust or institution for a period of five years; or*

(B) *if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its registration after affording a reasonable opportunity of being heard;*

(c) *where the application is made under sub-clause (*vi*) of the said clause, pass an order in writing provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought,*

and send a copy of such order to the trust or institution.

(2) *All applications, pending before the Principal Commissioner or Commissioner on which no order has been passed under clause (*b*) of sub-section (1) of section 12AA before the date on which this section has come into force, shall be deemed to be applications made under sub-clause (*vi*) of clause (*ac*) of sub-section (1) of section 12A on that date.*

(3) *The order under clause (*a*), sub-clause (*ii*) of clause (*b*) and clause (*c*), of sub-section (1) shall be passed, in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.*

(4) *Where registration of a trust or an institution has been granted under clause (*a*) or clause (*b*) of sub-section (1) and subsequently, the Principal Commissioner or Commissioner is satisfied that the activities of such trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, as the case may be, he shall pass an order in writing cancelling the registration of such trust or institution after affording a reasonable opportunity of being heard.*

(5) *Without prejudice to the provisions of sub-section (4), where registration of a trust or an institution has been granted under clause (*a*) or clause (*b*) of sub-section (1) and subsequently, it is noticed that—*

(a) *the activities of the trust or the institution are being carried out in a manner that the provisions of sections 11 and 12 do not apply to*

exclude either whole or any part of the income of such trust or institution due to operation of sub-section (1) of section 13; or

(b) *the trust or institution has not complied with the requirement of any other law, as referred to in item (*B*) of sub-clause (*i*) of clause (*b*) of sub-section (1), 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,*

then, the Principal Commissioner or the Commissioner may, by an order in writing, after affording a reasonable opportunity of being heard, cancel the registration of such trust or institution.

(c) Section 17A of the Income-tax Rules, 1962

Application for registration of charitable or religious trusts etc.

17A. (1). An application under sub-clause (i) or sub-clause(ii) or sub-clause(iii) or sub-clause(iv) or sub-clause(v) or sub-clause(vi) of clause (ac)of sub-section (1) of section 12A for registration of a charitable or religious trust or institution (hereinafter referred to as 'the applicant') shall be made in the following Form, namely:-

(i) *Form No. 10A 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; or*

(ii) *Form No. 10AB 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.*

(2) *The application under sub-rule (1) shall be accompanied by the following documents, as required by Form Nos.10A or 10AB, as the case may be, namely:—*

*(*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 12AB, as the case may be, 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) *where a business undertaking is held by the applicant as per the provisions of sub-section (4) 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 of such business undertaking 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 and self-certified copy of the report of audit as per the provisions of 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 of such business 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 and self-certified copy of the report of audit as per the provisions of section 44AB for such period;*

(j) *self-certified copy of the documents evidencing adoption or modification of the objects;*

*(*k*) note on the activities of the applicant.*

(3) *Form Nos. 10A or 10AB, as the case may be, shall be furnished electronically, —*

(i) *under digital signature, if the return of income is required to be furnished under digital signature;*

(ii) *through electronic verification code in a case not covered under clause (i).*

(4) *Form Nos. 10A or 10AB, as the case may be, shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the applicant.*

(5) *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 registration under clause (a), or clause (c), of sub-section (1) of section 12AB read with sub-section (3) of the said section in FormNo.10AC and issue a sixteen digit alphanumeric Unique Registration Number (URN) to the applicants making application as per clause (i) of the sub-rule (1).*

(6) *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, as referred to in sub-rule (5), after giving an opportunity of being heard, may cancel the registration in Form No. 10AC and Unique Registration Number(URN), issued under sub-rule (5), and such registration or such Unique Registration Number (URN)shall be deemed to have never been granted or issued.*

(7) *In case of an application made under sub-clause (vi) of clause (ac) of sub-section (1) of section 12Aduring previous year beginning on 1st day of April, 2021, the provisional registration shall be effective from the assessment year beginning on 1st day of April, 2022.*

(8) *In case of an application made in Form No. 10AB under clause (ii) of the sub-rule (1), the order of registration or rejection or cancellation of registration under sub-clause (ii) of clause (b) of subsection (1) of section 12AB shall be in Form No.10AD and in case if the registration is granted, sixteen digit alphanumeric number Unique Registration Number (URN) shall*

be issued by the Principal Commissioner or Commissioner referred to in of sub-section (1) of section 12AB.

(9) *The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall:*

(i) *lay down the form, data structure, standards and procedure of ,-*

*(*a*)* *furnishing and verification of Form Nos. 10A or 10AB ,as the case may be;*

*(*b*)* *passing the order under clause (a), sub-clause (ii) of clause (b) and clause (c) of sub-section (1) of section 12AB.*

(ii) *be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said application made or order so passed as the case may be.*

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