

NDA Update on Charitable trusts and exemption for leave encashment under Income Tax

Certain Relaxations to Charitable Trusts etc

- All existing trusts were required to apply for fresh registration/approval on or before 25.11.2022. Existing trusts which could not apply for fresh registration / approval in Form 10A till the above date can now apply till 30.09.2023.
- New trusts are required to apply for provisional registration/approval. Provisionally registered/approved trusts are required to apply for regular registration/approval in Form No. 10AB. New trusts having provisional registration which could not apply for regular registration in Form 10AB by the existing due date of 30.09.2022 can now apply till 30.09.2023.
- Trusts not applying for registration / approval within the existing specified time (25.11.22 or 30.09.22 as the case may be) are liable to tax under newly inserted Sec 115TD. This provision shall not apply in case where the application for registration/ approval is made by 30.09.2023 and the same is granted.
- Where the trust has already made an application in Form No. 10AB after 30.09.2022 and where the Principal Commissioner or Commissioner has not passed an order before the issuance of this Circular, the pending application in Form No. 10AB may be treated as a valid application.
- Where the application in Form 10A or 10AB is made after the respective due date of 25.11.2022 or 30.09.2022 and the same is rejected on account of delay in filing, a new application can be made within the extended period up to 30.09.2023.
- Statement of donation in Form 10BD and certificate of donation in Form 10BE can now be furnished by 30.06.2023 for FY 2022-23 as against the existing due date of 31.05.2023.
- Statement of accumulation in Form No. 10 and Form No. 9A is required to be furnished at least 2 months prior to the return date. The accumulation shall not be denied to a trust as long as the statement of accumulation is furnished on or before the due date of furnishing ITR.
- For the purposes of Form No. 10B and Form No. 10BB, electronic modes will also include account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account.

<https://incometaxindia.gov.in/communications/circular/circular-6-2023.pdf>

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Enhancement of exemption on account of leave encashment to non-government employees

CBDT has issued a notification on 24.05.2023 specifying the exemption limit under Section 10(10AA)(ii) of the Income Tax Act 1961 in respect of leave encashment at the time of retirement, whether superannuation or otherwise, for non-government employees. The existing limit of Rs. 3 lakh has been enhanced to Rs. 25 lacs subject to other provisions of the section.

<https://egazette.nic.in/WriteReadData/2023/246047.pdf>