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Fourth Session in the
Live Webinar Series on
Income Tax Act, 2025

**Special Provisions for
Registered Non-Profit
Organisation**

Special Address

Sh. J Premanand, IRS
CIT, Chennai

Welcome Address

CA. Piyush S Chhajed
Chairman,
Direct Taxes Committee, ICAI

Opening Remarks

CA. Vishnu Kumar Agarwal
Vice-Chairman,
Direct Taxes Committee, ICAI

Speaker
CA. Rajesh Mehta

Session Moderator
CA. Piyush Premsukh Chandak
Vice-Chairman,
WIRC of ICAI

Thursday

01st
January
2026

04.00 PM to
06.00 PM (IST)

2

Unstructured
CPE hours

THE INSTITUTE OF CHARTERED
ACCOUNTANTS OF INDIA, NEW DELHI
DIRECT TAXES COMMITTEE

WEBINAR SERIES ON INCOME TAX ACT, 2025

**SPECIAL PROVISIONS FOR REGISTERED NON-PROFIT
ORGANISATION**

SPEAKER : CA RAJESH MEHTA

DATE: 01-01-2026

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CHARITABLE PURPOSE : SECTION 2(23) [Old Sec. 2(15)]

DEFINITION:-

- “charitable purpose” includes—
- (a) relief of the poor;
- (b) education;
- (c) yoga;
- (d) medical relief;
- (e) preservation of environment (including watersheds, forests and wildlife);
- (f) preservation of monuments or places or objects of artistic or historic interest;
- (g) the advancement of any other object of general public utility;

NPO eligible for Registration Sec. 332 [old Sec. 11, 12A, 12AB]

- (a) public trust or
- (b) Society or
- (c) Sec. 8 company or
- (d) a University established by law or any other educational institution affiliated thereto or recognised by the Government; or
- (e) institution financed wholly or in part by the Govt. or a local authority; or

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Contd.....

NPO eligible for Registration Sec. 332 [old Sec. 10(23C), Sec. 11, 12A, 12AB]

- (f) (Sch. III Table S. No. 27 to 29)- **Investor Protection Fund, Sch. III 36** –[Old Sec. 10(46)] A body or authority established under a Central or State Act, with the object of regulating or administering any **activity for the benefit of the general public** and not engaged in any commercial activity;
- Sch. VII Table S.No. 42 (Old Sec. 10(46A) for satisfying housing accommodation, planning, development or improvement of cities, towns and villages, regulating and developing any activity for the benefit of general public,
- Sch. VII S.No. 10 to 19 [Old Sec. 10(23C)(i to iiiaaaa) PM CARES FUND, PM Fund (for folk art), PM Aid to students fund, Swachh Bharat Kosh, Clean Ganga fund, CM Relief Fund, [Old Sec. 10(23C)(iiab, iiiac, iiiad, iiiae)] 17. University or other educational institution wholly or substantially financed by Govt., 18. hospital or other institution wholly or substantially financed by Govt., 19(a, b) university or other educational institution, hospital or other educational institution **solely for education**, hospital solely for philanthropic purposes, **not for profit**, aggregate **annual receipts** not exceed Rs. 5 Crores.

NPO eligible for Registration Sec. 332 [old Sec. 10(23C) Sec. 11, 12A, 12AB]

- (g) Any other person notified by the Board in this behalf.

These persons given in (a to g) are eligible for registration, if:-

- (a) such person is constituted or registered or incorporated in India for carrying out one or more charitable purposes, as referred to in section 2(23) or one or more public religious purposes; and
- (b) the properties of such person are held for the benefit of the general public under an irrevocable trust-
 - (i) wholly for charitable or religious purposes in India; or
 - (ii) partly for charitable or religious purposes in India, if such person was constituted prior to commencement of Income-tax Act, 1961.

**1961 Act,
10(23C)(iiiab,
iiiac, iiiad, iiiae,
iv, v, vi, via)**

**Sec. 8 Company or
Society words were
not directly
mentioned in 1961
act, now inserted
in New Act. [iv to
via merged]**

- (iv) any other fund or institution established for charitable purposes which may be approved by the Principal Commissioner or Commissioner, having regard to the objects of the fund or institution and its importance throughout India or throughout any State or States; or
- (v) any trust (including any other legal obligation) or institution wholly for public religious purposes or wholly for public religious and charitable purposes, which may be approved by the Principal Commissioner or Commissioner, having regard to the manner in which the affairs of the trust or institution are administered and supervised for ensuring that the income accruing thereto is properly applied for the objects thereof;
- (vi) any university or other educational institution existing solely for educational purposes and not for purposes of profit, other than those mentioned in sub-clause (iiiab) or sub-clause (iiiad) and which may be approved by the Principal Commissioner or Commissioner; or
- via) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, other than those mentioned in sub-clause (iiiac) or sub-clause (iiiae) and which may be approved by the Principal Commissioner or Commissioner :

Sec. 332(1) The following persons may, for claiming benefits under this Part as a registered non-profit organisation, make an application for registration in such form and manner, as prescribed, to the Principal Commissioner or Commissioner:—

- (a) a public trust;
- (b) a society registered under the Societies Registration Act, 1860, or under any law in force in India;
- (c) a company registered under section 8 of the Companies Act, 2013 or the companies registered under section 25 of the Companies Act, 1956 and deemed to have been registered in pursuance of section 465 (2)(g) of the Companies Act, 2013;
- (d) a University established by law or any other educational institution affiliated thereto or recognised by the Government;
- (e) an institution financed wholly or in part by the Government or a local authority;
- (f) any person as referred to in Schedule III (Table: Sl. No. 27) to (Table: Sl. No. 29) and (Table: Sl. No. 36) and in Schedule VII (Table: Sl. No. 10) to (Table: Sl. No. 19) and (Table: Sl. No. 42); or
- (g) any other person notified by the Board.

Sec. 332(1) and 332(2) of Income Tax Act, 2025

Sec. 332(2) A person referred to in sub-section (1) shall be eligible for registration, if—

- (a) such person is constituted or registered or incorporated in India for carrying out one or more charitable purposes, as referred to in section 2(23) or one or more public religious purposes, or both; and
- (b) the properties of such person are held under an irrevocable trust for the benefit of the general public,—
 - (i) wholly for charitable or religious purposes; or
 - (ii) partly for charitable or religious purposes in India, if such person was constituted or registered or incorporated prior to the commencement of the Income-tax Act, 1961.

1961 Act
**Sec. 11(1): Who
can claim
exemption U/s. 11**

New Act 2025:
Sec. 334(2) The
provisions of this
Chapter part shall
apply irrespective
of anything to the
contrary contained
in any other
provision of this
Act other than
sections 96 to 98.

Income from property held for charitable or religious purposes.

11. (1) Subject to the provisions of sections 60 to 63, the following income shall not be included in the total income of the previous year of the person in receipt of the income—

- (a) income derived from property held under trust wholly for charitable or religious purposes, to the extent to which such income is applied to such purposes in India; and, where any such income is accumulated or set apart for application to such purposes in India, to the extent to which the income so accumulated or set apart is not in excess of fifteen per cent of the income from such property;
- (b) income derived from property held under trust in part only for such purposes, the trust having been created before the commencement of this Act, to the extent to which such income is applied to such purposes in India; and, where any such income is finally set apart for application to such purposes in India, to the extent to which the income so set apart is not in excess of fifteen per cent of the income from such property;
- (c) income derived from property held under trust—
 - (i) created on or after the 1st day of April, 1952, for a charitable purpose which tends to promote international welfare in which India is interested, to the extent to which such income is applied to such purposes outside India, and
 - (ii) for charitable or religious purposes, created before the 1st day of April, 1952, to the extent to which such income is applied to such purposes outside India:

Provided that the Board, by general or special order, has directed in either case that it shall not be included in the total income of the person in receipt of such income;

Interpretation : Sec. 355(p)

- Sec. 355(p): “wholly for charitable or religious purposes” shall mean wholly for charitable purposes or wholly for religious purposes or wholly for charitable and religious purposes.
- Income includes:- Sec. 2(49) [Old Sec. 2(24)(iia)]:- (c) voluntary contributions received by—
 - (i) a Regd. NPO (**RNPO**); or
 - (ii) a (research) association referred to in Schedule III (Table: Sl. No. 23); or
 - (iii) any University or other educational institution or any hospital or other institution referred to in Schedule VII (Table: Sl. No. 19); or
 - (iv) an electoral trust;

Sl. No. 332(3) Table	Case : Application for registration to CIT/PCIT	Time limit for furnishing application	Time Limit for passing order	Validity of registration
A	B	C	D	E
1.	Where the activities of the applicant have not Commenced and it has not Been registered under any Specified provision at any time before making the application.	At any time during the tax year beginning from which registration is sought.	One month from the end of the month in which application is made.	Three tax years commencing from the tax year in which Such application is made.
2.	Where the activities of the applicant have commenced and it has not been registered under any specified provision at any time before making the application.	At any time during the tax year, beginning from which registration is sought.	Six months from the end of the quarter in which application is made.	Five tax years Commencing from the tax year in which Such application is made.

Sl. No. 332(3) Table	Case : Application for registration to CIT/PCIT	Time limit for furnishing application	Time Limit for passing order	Validity of registration
A	B	C	D	E
3.	Where the applicant has been granted provisional registration and activities have commenced .	Within six months of the commencement of activities.	Six months from the end of the quarter in which application is made.	Five tax years Commencing from the tax year in which Such application is made
4.	Where the provisional registration of the applicant is due to expire and activities have not commenced .	At least six months prior to the expiry of the provisional registration.	Six months from the end of the quarter in which application is made.	Five tax years following the tax year in which such application is made.

Sl. No. 332(3) Table	Case : Application for registration to CIT/PCIT	Time limit for furnishing application	Time Limit for passing order	Validity of registration
A	B	C	D	E
5.	Where the registration of the applicant is due to expire, other than cases mentioned at serial number 4	At least six months prior to the expiry of the registration	Six months from the end of the quarter in which application is made	Five tax years following the tax year in which such application is made
6.	Where the registration of the applicant has become inoperative due to switching over of regime under section 333.	At any time during the tax year beginning from which the registration is sought to be made operative.	Six months from the end of the quarter in which application is Made	Five tax years commencing from the tax year in which Such application is made

Sl. No. 332(3) Table	Case : Application for registration to CIT/PCIT	Time limit for furnishing application	Time Limit for passing order	Validity of registration
A	B	C	D	E
7.	Where the applicant, being a Registered non-profit organisation, has adopted or Undertaken modification of its objects which do not conform to the conditions of registration	Within thirty days of the date of such adoption or modification	Six months from the end of the quarter in which application is made	Five tax years commencing from commencement of the tax year in which such application is made

- Sec. 332(4):- If the application made for **S. No. 1 to 7** in the **table under Sec. 332(3)** is made beyond the time allowed, the PCIT/CIT may, if he considers that there is a **reasonable cause for delay** in furnishing the application, **condone such delay** and such application shall be deemed to have been made within time.
- If delay is not condoned in cases at **S. No. 3, 4, 5, 7** then as per Sec. 332(6) such person shall be liable to pay **tax on accredited income** under section **352**.
- Sec. 332(5):- If the total income of applicant at **S. No. 3 to 7** in the **table at Sec. 332(3)**, without giving effect to the provisions of this Part (i.e. Chapter XVII-B), **does not exceed 5 crore rupees** during each of the **two tax years, preceding** the tax year in which such application is made, the registration shall be granted for **10 years**.
- If commissioner is satisfied, shall pass an order granting registration, and if not satisfied reject the application and cancel the registration in case of **S. No. 3,4,5 and 7**.

Condonation of Delay in application for registration 1961 Act

- **1961 Act Sec. 12A(1)(ac)(vi)** in any other case, where activities of the trust or institution:- **(A) not commenced, at least one month prior** to the commencement of the previous year relevant to the assessment year from which the said registration is sought;
- **(B) commenced and no income** or part thereof of the said trust or institution has been **excluded** from the total income on account of applicability of Sec. 10(23C)(iv) / (v) / (vi) / (via), or section 11 or section 12, for any previous year ending on or before the date of such application, at any time after the commencement of such activities, and such trust or institution is registered under section 12AB:
- Provided that where the application is filed beyond the time allowed in sub-clauses (i) to (vi), the Principal Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, **condone such delay** and such application shall be deemed to have been filed within time;

Can any trust registered earlier U/s. 10(23C) or 12AB can be called and treated as RNPO on or after 1-4-2026 until its old registration expires? Yes

- **New Sec. 355(f)** “registration” includes provisional registration, provisional approval or approval, as referred to in the second proviso to section **10(23C) or 12AB (1) of the Income-tax Act, 1961** and under section 332, but shall not include approval under the second proviso to section 80G(5) of the said Act or section 354
- **New Sec. 355(g)** Registered Non-profit Organisation (**RNPO**) means any person having a valid registration under any **specified provision** and such registration has not been cancelled;
- **New Sec. 355(l)** “specified person” means any person which is registered under any **specified provision** at any time since its incorporation or creation;
- **New Sec. 355(m)** “specified provision”, means section 12A, 12AA or 12AB or section 10(23C) of the Income-tax Act, 1961 or section 332;

Switching over of regimes Sec. 333 [Old Sec. 1st, 2nd Proviso to Sec. 11(7)]

- (1) Nothing contained in section 11, other than Schedule II (Table: Sl. No. 1), Schedule III (Table: Sl. Nos. 27, 28, 29, 36) and Schedule VII (Table: Sl. Nos. 10 to 19 and 42 to 45), shall exclude any income of a Regd. NPO (**RNPO**) from its total income for that tax year
- (2) The registration under section 332 shall cease to operate from the date on which RNPO is notified as specified in Schedule III (Table: Sl. No. 27, 28, 29 or 36) or Schedule VII (Table: Sl. No. 42), or from the 1st day of April of the tax year for RNPO which claims exemption under Schedule VII (Table: Sl. No. 43, 44 or 45)
- (3) A person, whose registration ceases to operate under sub-section (2), may apply for registration under section 332 subject to the condition that the notification granting exemption to such person under Schedule III (Table: Sl. No. 27, 28, 29 or 36) or Schedule VII (Table: Sl. No. 42) ceases to have effect from the date on which the said registration is granted and thereafter shall not be entitled to exemption under the respective serial numbers of the said Schedules.

Regular income Sec. 335 (Old Sec. 11, 12)

Regular income means

- (a) income from any charitable or religious activity, for which such NPO is registered;
- (b) income derived from property, deposit or investment held wholly for charitable or religious purposes;
- (c) income derived from any property, deposit or investment held in part for charitable and religious purposes 332(2)(b)(ii);
- (d) voluntary contributions received, and
- (e) gains of any commercial activity permissible under sections 344, 345 and 346, computed in such manner, as may be prescribed

Taxable Regular income Sec. 336 (1961 Act -No)

- (a) nil, where 85% or more of the regular income applied as per provisions of Sec. 341 or accumulated U/s. 342 for charitable or religious purposes; and**
- (b) in any other case, 85% of the regular income as reduced by its application for charitable or religious purposes as per provisions of Sec. 341 or accumulation thereof U/s. 342**

Specified Income : Taxable @ 30% -Section 337 – Table [Old Sec. 13, 115BBC, 115BBI]

- **Anonymous Donation** :- Received by RNPO for charitable purposes (excluding Rs. 1 Lakh or 5% of total donations whichever is higher), exclude received for religious purposes.
- Income applied directly or indirectly for benefit of related person
- investment or deposit made in contravention : Sec. 350
- Income accumulated - applied to other than charitable or religious purposes for which it is accumulated or set apart.
- Income **not received** hence could not be applied [**Sec. 341(5)**], treated as deemed application - prescribed form furnished on or before ITR due date, such income even though could **not be applied in the immediately succeeding year in which derived or in the immediately succeeding year in which received**

Specified Income : Taxable @ 30% -Section 337 – Table

[Old Sec. 13, 115BBC, 115BBI]

- accumulated income : credited or paid to any other RNPO.
- income applied to purposes other than charitable or religious purposes for which it is registered.
- income determined by AO U/s. 344 in excess of income shown in the books of account of the business undertaking.
- FMV of any asset, not converted in modes specified in paragraph 1(1) to (30) of Schedule XVI (permitted modes of investment Sec. 350) even after the expiry of one year from the end of the tax year in which such asset is acquired : Taxable in the year immediately following the expiry of one year.

Specified Income : Taxable @ 30% -Section 337 – Table [Old Sec. 13, 115BBC, 115BBI]

- **income applied outside India** by charitable NPO in contravention (without CBDT approval, which does not promote international welfare in which India is interested); : Sec. 338(a)

Tax on income of RNPO Sec. 334 (Old Sec. 11, 1115BBC, 115BBI)

- Aggregate of :-
- (a) 30% on specified income, and
- (b) at the **rate applicable** on taxable regular income (Sec. 335) and any residual income for such tax year under other provisions of this Act.
- **TAXABLE REGULAR INCOME:-**
- Nil - If income applied U/s. 341 or accumulated U/s. 342 is more than 85%
- In any other case, 85% of income reduced by income applied U/s. 341 or accumulated U/s. 342.
- The provisions of **Chapter XVII-B** shall apply irrespective of anything to the contrary contained in any other provision of this act other than Sec. 96 to 98 (revocable transfer).

Income not to be included in regular income Sec. 338

[Old Sec. 11(1)(c), (d)]

- (a) income applied outside India, where Board directs for RNPO:-
 - (i) created before the 1st April, 1952 for charitable or religious purposes; or
 - (ii) created on or after the 1st April, 1952 for charitable purposes where such application of income outside India tends to promote international welfare in which India is interested;
- (b) the corpus donation received by RNPO under section 339

Corpus Donation : Sec. 339

- **Corpus donation means**:- any donation made with a specific direction by the donor that it shall form part of the corpus of the **RNPO**, provided that such donation is invested or deposited in any of the modes permitted **U/s. 350** maintained specifically for such corpus.
- **As per Sec. 338**:- Corpus donation received by RNPO not to be included in regular income.
- **1961 Act Sec. 11(1)(d)**:- income in the form of voluntary contributions made with a specific direction that they shall form part of the corpus of the trust or institution, subject to the condition that such voluntary contributions are invested or deposited in one or more of the forms or modes specified in sub-section (5) maintained specifically for such corpus.

Corpus Donation

- **1961 Act : Income of trusts or institutions from contributions. Sec. 12(1):** Any voluntary contributions received by a trust created wholly for charitable or religious purposes or by an institution established wholly for such purposes (**not being contributions made with a specific direction that they shall form part of the corpus of the trust or institution**) shall for the purposes of section 11 be deemed to be income derived from property held under trust wholly for charitable or religious purposes and the provisions of that section and section 13 shall apply accordingly.
- **1961 Act: Conditions for applicability of sections 11 and 12:- Sec. 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:-
Registered with Commissioner, **books** and other documents **maintained, audited** and **furnished** report before 44AB due date, return of income U/s. 139(4A) filed within time allowed U/s. 139(1)or(4).

Application of Income : Sec. 341 (Old Sec. 11)

- Sum applied for charitable or religious purpose in India for which NPO is registered and such sum is **paid during the tax year**.
- 85% of donation paid to other RNPO.
- Amount invested or **deposited back into corpus** in modes permitted U/s. **350** maintained specifically for such corpus, **within five years** from end of the tax year in which such application (**after 31-3-2021**) of income was made from the corpus;
- amount **repaid**, during the tax year, towards any **loan or borrowing**, within five years from end of the tax year in which such application (**after 31-3-2021**) of income was made from the loan or borrowing;

1961 Act- Expl 1(2)-Sec. 11(1)

Income Tax Act 2025 Sec. 341(5) DEEMED APPLICATION

If, income applied to charitable or religious purposes in India falls short of 85% of the income derived from **property held under trust** by any amount—
(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**,

(5) Where regular income applied by RNPO towards charitable or religious purposes in India, is less than 85% of regular income, the shortfall, at the option of RNPO, may be **treated as deemed application**.
(6) Any deemed application under sub-section (5) shall be applied by RNPO for its objects in India,-
(a) during the **tax year in which the income is received** or in the tax year **immediately succeeding such tax year**, where such shortfall is for the reason that the whole or any part of the income has not been received during that tax year;
(b) in the tax year **immediately succeeding the tax year in which the income was derived**, where such shortfall is for **any other reason**.

1961 Act- Expl 1(2)-Sec. 11(1)

then—

- (a) in the case referred to in sub-clause (i), so much of the income applied to such purposes in India during the previous year in which the income is received or during the previous year immediately following as does not exceed the said amount, and
- (b) in the case referred to in sub-clause (ii), so much of the income applied to such purposes in India during the previous year immediately following the previous year in which the income was derived as does not exceed the said amount, may, at the option of the person in receipt of the income (such option to be exercised [at least two months prior to the due date specified] under sub-section (1) of section 139 for furnishing the return of income, be deemed to be income applied to such purposes during the previous year in which the income was derived;

Act 2025 Sec. 341(5)

(7) The option U/s. 341(5) shall be exercised **on or before the due date specified in section 263(1)** for furnishing the return of income for such tax year,

Claims not allowed as application of income Sec. 341(3)

- [Old Sec. 11(6)] Deduction or allowance by way of depreciation or otherwise claimed in respect of an asset acquisition of which has been claimed as an application of income in the same or any other tax year.
- [Old Expl. 5 to Sec. 11(1)] set off or deduction or allowance of any excess application of any of the years preceding the tax year;
- [Old Expl. 2 to Sec. 11(1)] corpus donation to any other RNPO.

Capital Gain from Transfer of Capital Asset : Sec. 341(9) [Old Sec. 11(1A)]

- deemed as application of income:-
- Whole of such capital gain, if whole of the net consideration is utilised in acquiring the new capital asset,
- If part of net consideration is utilised : Excess of amount utilised over cost of transferred asset.

Accumulated Income : Sec. 342 [Old Sec.11, 13]

- accumulate or set apart any part of its regular income by furnishing a prescribed form on or before Sec. 263(1) due date, stating therein the purpose and period, not exceeding **five years**, [Old Sec. 11(2) - two month prior to due date of 139(1) Form 10]
- Amount credited or paid out of above, to any other RNPO shall not be treated as application of income.
- **Deemed Accumulated Income Sec. 343**:- to the extent of 15% of regular income, shall be considered as deemed accumulated income, to be invested or deposited in modes specified U/s. 350 (Sch. XVI).

Deemed accumulated income Sec. 343 (Old Act – No)

- (1) **Regular income reduced by** application of income (Sec. 341) and accumulated or set apart (Sec.342), **to the extent of 15% of regular income**, shall be considered as deemed accumulated income, invested or deposited in modes permitted U/s. 350

Commercial activities by RNPO [Old Sec. 11(4, 4A)]

- **Business undertaking held as property Sec. 344 [Old 11(4)]:-** such income eligible for benefits available to RNPO, AO to assess business undertaking as per provisions of the act
- **Restriction on commercial activities of RNPO Sec. 345 [Old 11(4A)]:-** allowed only when (a) such commercial activity is incidental to the attainment of the objectives; and (b) separate books of account are maintained for such activities.
- **Restriction on commercial activity by RNPO carrying out advancement of any other object of GPU Sec. 346 [Old Sec. 2(15) proviso]:-** such commercial activity (not exceeding 20% of total receipts) is undertaken in the course of actual carrying out of advancement of any object of the GPU; separate books of account for such activities.

Books of account : Sec. 347 [Old Sec. 12A(1)b)]

- **Sec. 347** Maintain prescribed books of account if total income exceeds maximum amount not chargeable to tax, and get audited and furnish **(Sec. 348)** in prescribed form and furnish return of income **(Sec. 349)** within time allowed U/s. 263(1)(c)[31st Oct].
- **Sec. 349 Return of Income** [Old Sec. 139(4A), 12A(1)(ba)]:- Where the total income of RNPO, without giving effect to the provisions of this Part (Chapter XVII PART B), exceeds the maximum amount which is not chargeable to income-tax, it shall furnish the return of income as per provisions of Sec. 263(1)(a)(iii) and (2) [income exceeding maximum amount not chargeable to tax], within the time limit allowed under section 263(1)(c) [Due date 31st October].

Income not included in total income Sec. 11 [Old Sec. 10]

- **Sec. 11(3)** The persons enumerated in Schedule VII (S. No. 1 to 48 of table) [e.g. old Sec. 10(23C)(iiiab, iiiac, iiiad, iiiiae), SAARC, CERC, PM CARES, RPF, APMC, ESIF, MF] shall, subject to fulfilment of conditions specified therein, not be chargeable to tax on total income.
- **Sec. 11(4)** Wherever conditions referred in Schedule VII are not satisfied in respect of persons enumerated in said Schedule in any tax year, the income of such person shall be charged to tax under the provisions of this Act for that tax year.
- **Return of income by specified entity Sec. 263 [Old Sec. 139(4C)]:-** Sec. 263(1)(a)(iv):- a specified entity [defined in Sec. 263(9)(c) (i to xiv)] e.g. Sch. VII- Table S.No. 17, 18, 19, if its total income without giving effect to the provisions of section 11 exceeds the maximum amount which is not chargeable to income-tax;

Specified Violation : Sec. 351 [Old Sec. 12AB, 13]

- (a) income applied, other than for its objects; or
- (b) commercial activity in contravention of Sec. 345 or 346
- (c) income applied for private religious purposes which does not enure for the benefit of public
- (d) **charitable trust applied its income for the benefit of any particular religious community** or caste other than the SC, ST or backward classes or women and children; or
- (e) any activity being carried out is not genuine or is not being carried out in accordance with all or any of the conditions subject to which it was registered; or
- (f) not complied with **any other law** as referred U/s. 332(7)(a) and the order, direction or decree, holding that such non-compliance has occurred, has either not been disputed, or has attained finality; or
- (g) registration application U/s. 332(1) contains any false or incorrect information.

In case of above specified violation CIT may cancel the registration after affording a reasonable opportunity of hearing

Can a religious trust be for the benefit of a particular religious community

- **1961 Act Sec. 11 not to apply in certain cases: Sec. 13(1)(b)** in the case of a trust for **charitable** purposes or a charitable institution created or established after the commencement of this Act, any income thereof if the trust or institution is created or established for the benefit of any **particular religious community** or caste;
- **1961 Act Specified violation for the purpose of Sec. 12AB(4): Explanation (d)** the trust or institution established for **charitable** purpose created or established after the commencement of this Act, has applied any part of its income for the benefit of any **particular religious community** or caste;

Tax on accredited Income : Sec. 352 [Old Sec. 12AC, 115TD]

- Accreted Income = Aggregate FMV of total assets (-) total liability
- Pay tax on accredited income within 14 days:-

(1) Registration cancelled or withdrawn, deposit within 14 days from date of receipt of the order in any appeal, confirming the cancellation of the registration,

(2) if appeal not filed then within 14 days from the date on which the period for filing appeal U/s. 362 against the order cancelling the registration expires

(3) has adopted or undertaken **modification of its objects**, such modified objects do not conform to the conditions of registration, and has **not applied for fresh registration**, within 14 days from end of such tax year,

(4) In s.no. 3 fresh registration application rejected, appeal preferred, appeal order confirming the cancellation order, then deposit tax within 14 days of such appeal order

(5) if no appeal filed against fresh registration rejection then within 14 days from the date on which the period for filing appeal U/s. 362 expires

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Tax on accredited Income : Sec. 352 [Old Sec. 12AC, 115TD]

- (6) **fails to make an application (a) under sub-clause (i) or (ii) or (iii) of the first proviso to section 10 (23C) of the I.T. Act, 1961; or (b) under sub-clause (i) or (ii) or (iii) of section 12A(1) (ac) of the I.T. Act 1961; or (c) as specified in section 332(3) (Table: Sl. No. 3, 4, 5 or 7).** Then, deposit tax within 14 days from end of tax year.
- (7). Converts itself into a form which is not eligible for grant of registration, deposit tax within 14 days from end of tax year
- (8) has **merged** with any other entity other than a RNPO having the same or similar objects and the said merger does not fulfil such conditions, as may be prescribed. Then deposit tax within 14 days from date of merger.
- (9) has **failed to transfer upon dissolution**, all its assets to any other RNPO within twelve months from the end of the month in which the dissolution takes place. Then, deposit tax within 14 days from the date on which such period of twelve months expires.

Other violations : Sec.353 [Old Sec. 13, 115BBI]

- (a) fails to maintain books of account Sec. 347; or
- (b) fails to get books of account audited Sec. 348; or
- (c) fails to furnish its return of income Sec. 349; or
- (d) carrying out advancement of any other object of GPU, carries out any commercial activity in contravention of provisions of Sec. 346,
- In above cases regular **income for such tax year as reduced by the expenditure** referred to in Sec. 353(3) **shall be taxable regular income** which shall be chargeable to tax as per the provisions of Sec. 334.

Allowable expenditure in case of other violation U/s. 353(3) (Old Sec. 13, 115BBI)

- Allowable expenditure (**other than capital expenditure**):-
- (a) such expenditure shall be incurred **in India**;
- (b) such expenditure shall be for the **objects**;
- (c) such expenditure is **not** made **from** the opening balance of **corpus**
- (d) such expenditure is not out of any **loan** or borrowing;
- (e) the claim of **depreciation** is not in respect of an asset, acquisition of which has been claimed as application of income, in the same or any other tax year;
- (f) such expenditure is not in the form of any contribution or **donation to any person**;
- (g) such expenditure is not on account of a payment or aggregate of payments made to a person in contravention to the provisions of section 36(4), (5), (6) and (7); (**cash payment**)
- (h) such payment is allowable under section 35(b)(i) (**TDS default**)

Sec.354 Approval for purpose of deduction under section 133(1)(b)(ii) [Old Sec. 80G(5)]

- Conditions:-
- (a) not for the benefit of any **particular religious community** or caste;
- (b) established in India for a charitable purpose and expenditure of religious nature, **not exceeding 5%** of its total income;
- (c) the **instrument** under which it is constituted does not, or the rules governing it do not, contain any provision for the **transfer** at any time of the whole or any part of its **assets for any purpose other than a charitable purpose**;
- (d) it maintains regular accounts of its receipts and expenditure;

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Contd.

Sec. 354 Approval for purpose of deduction under section 133(1)(b)(ii)

- (e) [Old Form 10BD] it prepares such statement for such period, as may be prescribed, and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time, as may be prescribed;
- (f) it delivers to the said prescribed authority, a **correction statement** for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under clause (e) in such form and verified in such manner, as may be prescribed; and
- (g) [Old form 10BE] it furnishes a **certificate to the donor** specifying the amount of donation within such period from the date of receipt of the donation containing the requisite particulars in manner, as may be prescribed.

Sl. No. 354(2) Table	Case : Application for approval to CIT/PCIT	Time limit for furnishing application	Time Limit for passing order	Validity of registration
A	B	C	D	E
1.	Activities not commenced.	At any time during the tax year from which approval is sought.	One month from the end of the month in which application is made.	Three tax years Commencing from the tax year in which such application is made. (Provisional approval)
2.	Activities have commenced	At any time during the tax year from which approval is sought.	Six months from the end of the quarter in which application is made.	Five tax years commencing from the tax year in which such application is made.

Sl. No. 354(2) Table	Case : Application for approval to CIT/PCIT	Time limit for furnishing application	Time Limit for passing order	Validity of registration
A	B	C	D	E
3.	Already have provisional approval and activities have commenced.	Within six months of the commencement of activities.	Six months from the end of the quarter in which application is made.	Five tax years commencing from the tax year in which Such application is made.
4.	Where the provisional approval of the applicant is due to expire and activities have not commenced	At least six months prior to the expiry of the provisional approval.	Six months from the end of the quarter in which application is made.	Five tax years following the tax year in which such application is made.

Sl. No. 354(2) Table	Case : Application for approval to CIT/PCIT	Time limit for furnishing application	Time Limit for passing order	Validity of registration
A	B	C	D	E
5.	Where the period for approval of RNPO is due to expire.	At least six months prior to the expiry of the said approval	Six months from the end of the quarter in which application is made	Five tax years following the tax year in which such application is made.

Sec. 354(3) :Approval or Rejection of NPO [Old Sec. 80G]

- In case of Sl. No. 2 to 5, the PCIT/CIT shall call for such documents or information or make such inquiries as he thinks necessary in order to satisfy himself about the genuineness of the activities, and compliance of such requirements of **any other law** in force, as are material for the purposes of achieving its objects,
- If satisfied – approve
- If not satisfied – Reject the application in case of Sl. No. 2, and in any other case reject the application and also cancel the approval.
- In case of Sl. No. 1 – grant provisional approval.

Interpretation : Sec. 355

- **Anonymous Donation**:- means any voluntary contribution referred to in section 2(49)(c), where a person receiving such contribution does not maintain a record of the identity indicating the **name and address** of the person making such contribution and such other particulars, as may be prescribed; (Specified income if towards **charitable purpose**)
- **Donation** :- means any voluntary contribution received by RNPO from any person
- **Registered Non-profit organisation (RNPO)** means any person (registered under any specified provision at any time since its incorporation or creation); having a valid registration under any specified provision [Sec. 12A, 12AA or 12AB or section 10(23C) of 1961 Act or Sec. 332 of 2025 Act] and such registration has not been cancelled;
- **Residual Income** means the total income without giving effect to the provisions of this Part (Chapter XVII-B), as reduced by regular income and specified income;

Schedule VII (Sec. 11) Persons exempt from Tax

Sl. No.	Eligible persons	Conditions
A	B	C
17	<p>Any University or other educational institution wholly or substantially financed by the Government. Old Sec 10(23C)(iiiab)</p>	<p>(a) It exists solely for educational purposes and not for purposes of profit; and</p> <p>(b) if the Government grant to such University or other educational institution exceeds such percentage of the total receipts including any donations, as may be prescribed, of such University or other educational institution, it shall be considered as being substantially financed by the Government during the relevant tax year.</p>

Schedule VII (Sec. 11) Persons exempt from Tax

Sl. No.	Eligible persons	Conditions
A	B	C
18	<p>Any hospital or other institution wholly or substantially financed by the Government. [Old Sec. 10(23C)(iiiac)] (As per old Rule 2BBB substantially financed by Govt. means where such grant exceeds fifty per cent of the total receipts including any voluntary contributions).</p>	<p>(a) It is for the reception and treatment of persons suffering from illness or mental defectiveness, or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation;</p> <p>(b) it exists solely for philanthropic purposes and not for the purposes of profit; and</p> <p>(c) if the Government grant to such hospital or other institution exceeds such percentage of the total receipts including any donations, as may be prescribed, of such hospital or other institution, it shall be considered as being substantially financed by the Government during the relevant tax year.</p>

Schedule VII (Sec. 11) Persons exempt from Tax

Sl. No.	Eligible persons	Conditions
A	B	C
19	<p>(a) Any University or other educational institution;</p> <p>(b) any hospital or other institution.</p> <p>[Old Sec. 10(23C)(iiiad, iiiae)]</p>	<p>(a) Such University or other educational institution exists solely for educational purposes and not for the purposes of profit;</p> <p>(b) such hospital or other institution is for the reception and treatment of persons suffering from illness or mental defectiveness, or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation;</p> <p>(c) such hospital or other institution exists solely for philanthropic purposes and not for the purposes of profit; and</p>

Schedule VII (Sec. 11) Persons exempt from Tax

Sl. No.	Eligible persons	Conditions
A	B	C
19		<p>(d) the aggregate of annual receipts of University or Universities or educational institution or institutions, as of such hospital or hospitals or institution or institutions, does not exceed five crore rupees;</p> <p>(e) where such University or other educational institution or such hospital or other institution receives any anonymous donation defined under section 355(a), the provisions of section 337 (Table: Sl. No. 1) in respect of specified income shall apply mutatis mutandis as they apply in the case of a registered non-profit organisation and such anonymous donations shall be excluded from the income on which no tax is payable.</p>

Schedule VII (Sec. 11) Persons exempt from Tax [Old Sec. 10(23BBA)]

Sl. No.	Eligible persons	Conditions
A	B	C
5	Any body or authority (whether or not a body corporate or corporation sole) established, constituted or appointed by or under any Central Act or State Act or Provincial Act.	<p>(a) Such body or authority provides for the administration of any one or more of public religious or charitable trusts or endowments (including, temples, gurudwaras, wakfs, churches, synagogues, agiaries or a mutt or other places of public religious worship) or societies for religious or charitable purposes, registered under the Societies Registration Act, 1860 (21 of 1860), or any other law; and</p> <p>(b) exclusion from total income as provided herein shall not be available to any trust, endowment or society being administered by such body or authority.</p>

Schedule XVI : (Sec. 350) [Old Sec. 11(5), 13] : Permitted modes of investment or deposits

- deposit in any account with a **scheduled bank** or a co-operative **society** engaged in carrying on the business of **banking**
- investment in any security for money created and issued by the **Central Government** or a **State Government**;
- deposits with or investment in any bonds issued by a public company formed and registered in India with the main object of carrying on business of providing long-term finance for urban infrastructure in India;
- investment in **immovable property** (does not include any machinery or plant (other than machinery or plant installed in a building for the convenient occupation of the building) even though attached to, or permanently fastened to, anything attached to the earth)

Schedule XVI : (Sec. 350) : Permitted modes of investment or deposits

- investment in the units issued under any scheme of the **mutual fund** referred to in Schedule VII (Table: Sl. No. 20 - A Mutual Fund registered under the SEBI ACT or regulations made thereunder) or (Table: Sl. No. 21 - Any Mutual Fund set up by a public sector bank or a public financial institution or authorised by RBI);
- voluntary contributions received and maintained in the form of **jewellery**, **furniture** or any other article as the Board may, by notification specify;
- any asset, not being an investment or deposit in any of the forms or modes specified in sub-paragraphs (1) to (30) of Sch XVI, where such asset is not so held up to one year from the end of the tax year in which such asset is acquired;

Person ineligible for audit of RNPO Sec. 515(3)(b)(ii) [Old Sec. 288(2)]

- **Sec. 515(3)(b)(ii)(B)**:- for an assessee, being a **RNPO**, any person referred to in section 355(h)(i) or (ii) or (iii) or (iv);
- **Sec. 355(h)**:- (i) the author or the founder of the RNPO;
(ii) any person whose **total contribution** to such RNPO, during the relevant tax year exceeds ₹ 100000, or, in aggregate up to the end of the relevant tax year exceeds **ten lakh rupees**, as the case may be;
- (iii) where such author, founder or person is a HUF, a member of the family;
- (iv) any trustee or manager (by whatever name called) of RNPO;
- **Sec. 515(3)(b)(ii)(D)**:- Any relative of persons referred in (i) to (iv) above.

Person ineligible for audit of RNPO Sec. 515(3)(b)(ii)

- **(E)** An officer or employee of the assessee
- **(G)** an individual, who or his **relative or partner**:-
 - **(I)** is holding any security of, or interest in, the assessee and the face value of such security or interest held by his relative does not exceed ₹100000;
 - **(II)** is indebted to the assessee, and such debt in case of his relative does not exceed ₹100000;
 - **(III)** has given a guarantee or provided security in connection with the indebtedness of a third person to the assessee and such relative gives a guarantee or provides security for an amount not exceeding ₹100000;

Person ineligible for audit of RNPO Sec. 515(3)(b)(ii)

Relative for Sec. 515 [Old Expln. To Sec. 288(2)]:-

- **Sec. 515(8):-** “relative”, in relation to an individual, means—
- (a) spouse of the individual;
- (b) brother or sister of the individual;
- (c) brother or sister of the spouse of the individual;
- (d) any lineal descendant (maternal or paternal) or descendant of the individual;
- (e) any lineal descendant (maternal or paternal) or descendant of the spouse of the individual;
- (f) spouse of a person referred to in clauses (b), (c), (d) or (e);
- (g) any lineal descendant of a brother or sister of either the individual or the spouse of the individual.

Survey U/s. 253 (Old Sec. 133A)

- Sec. 253(1):- an income-tax authority may enter any place at which a business or profession, or activity for **charitable** purpose is carried on, whether such place be the principal place or not of such business or profession or of such activity for charitable purpose,
- Sec. 253(2):- income tax authority **may also enter place where** any business or profession or activity for charitable purpose is **carried on therein or not**, in which the **person** carrying on such business or profession or activity for charitable purpose **states that** any of his **books** of account or other documents or any part of his cash or stock or other valuable article or thing or computer system relating to such business or profession or activity for charitable purpose, are or **is kept**

Survey U/s. 253 (Old Sec. 133A)

- Sec. 253(4) **TDS TCS Survey**:- An income-tax authority may, for the purposes of verifying that tax has been deducted or collected at source as per the provisions of Chapter XIX-B of this Act, enter any office, or any other place where business or profession or activity for **charitable** purpose is carried on.

Penalty for failure to furnish return of income Sec. 465(2)(e) [Old Sec. 272A(2)(e)]

- Penalty of Rs. 500 for every day during which the following failure continues:-
- Sec. 465(2):- *(e) fails to furnish the return of income as required under section 263(1)(a)(iii) [NPO covered under Chapter XVII-B] or (iv) [specified entity covered in Sec. 11 schedule VII (e.g. S. No. 20, 21 MF, 28, 29 IPF, 17, 18, 19 of table in Sch VII)] or to furnish it within the time allowed and, in the manner, required*

Benefit to Related Persons Sec. 337 [Old Sec. 13(1)(c)]

Income Tax Act, 1961	Income Tax Act, 2025
<p>Section 11 not to apply: Sec. 13(1)(c):- in case of a trust or institution for charitable or religious purposes, any income thereof—</p> <p>(i) if such trust or institution has been created or established after the commencement of this Act and under the terms of the trust or institution, any part of such income enures, or</p> <p>(ii) if any part of such income or any property of trust or institution is during the previous year used or applied, directly or indirectly for the benefit of any person referred to in Sec. 13(3), such part of income as referred to in sub-clauses (i) and (ii):</p>	<p>Sec. 337 Table S. No. 2:- Any portion of income applied by it, directly or indirectly, for the benefit of any related person, computed in the manner, as may be prescribed.</p>

Benefit to Related Person : Penalty Sec. 445 (Old Sec. 271AAE)

Income Tax Act, 1961	Income Tax Act, 2025
<p>Benefits to related persons.</p> <p>271AAE. Without prejudice to any other provision of this Chapter, if during any proceedings under this Act, it is found that a person, being any fund or institution referred to in sub-clause (iv) or any trust or institution referred to in sub-clause (v) or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (via) of clause (23C) of section 10, or any trust or institution referred to in section 11 has violated the provisions of the twenty-first proviso to clause (23C) of section 10, or clause (c) of sub-section (1) of section 13, as the case may be, the Assessing Officer may direct that such person shall pay by way of penalty—</p>	<p>Benefits to related persons.</p> <p>445. If during any proceedings under this Act, it is found that a person being a registered non-profit organisation has any specified income which is chargeable to tax as per section 337 (Table: Sl. No. 2), the Assessing Officer may impose on such person, a penalty of—</p>

Benefit to Related Person : Penalty Sec. 445 (Old Sec. 271AAE)

Income Tax Act, 1961	Income Tax Act, 2025
<p>(a) a sum equal to the aggregate amount of income applied, directly or indirectly, by such person, for the benefit of any person referred to in sub-section (3) of section 13, where the violation is noticed for the first time during any previous year; and</p> <p>(b) a sum equal to two hundred per cent of the aggregate amount of income of such person applied, directly or indirectly, by that person, for the benefit of any person referred to in sub-section (3) of section 13, where violation is noticed again in any subsequent previous year.</p>	<p>(a) a sum equal to the aggregate amount of income applied, directly or indirectly, by such person, for the benefit of any related person referred to in section 355(h), if the violation is noticed for the first time during any tax year; and</p> <p>(b) a sum equal to 200% of the aggregate amount of income of such person applied, directly or indirectly, by that person for the benefit of any person referred to in section 355(h), if the violation is noticed again in any subsequent tax year.</p>

New (Default) Tax Regime Sec.202(1) Regd./NPO eligible ? [Old Sec. 115BAC(1A)]

Income Tax Act, 1961	Income Tax Act, 2025
<p><i>Sec. 115BAC(1A) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or HUF or AOP (other than a co-operative society), or BOI, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, other than a person who has exercised an option under sub-section (6),—</i></p>	<p>New tax regime for individuals, Hindu undivided family and others.</p> <p>Sec. 202(1) Irrespective of anything contained in this Act other than Chapter XVII-B but subject to Parts A, B, E and this Part of this Chapter, the income-tax payable by a person, being—</p> <ul style="list-style-type: none">(a) an individual; or(b) a Hindu undivided family; or(c) an association of persons (other than a co-operative society); or(d) a body of individuals, whether incorporated or not; or(e) an artificial juridical person referred to in section 2(77)(g), <p>in respect of the total income for a tax year, shall, unless the person exercises the option in the manner provided under sub-section (4), be computed at the rate of tax given in the following Table:—</p>

New Default Tax Regime to Regd./NPO ?Sec.202(1) [Old Sec. 115BAC(1A)]

TABLE

S. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	<i>Upto Rs. 4,00,000</i>	Nil
2.	<i>From Rs. 4,00,001 to Rs. 8,00,000</i>	<i>5 per cent</i>
3.	<i>From Rs. 8,00,001 to Rs. 12,00,000</i>	<i>10 per cent</i>
4.	<i>From Rs. 12,00,001 to Rs. 16,00,000</i>	<i>15 per cent</i>
5.	<i>From Rs. 16,00,001 to Rs. 20,00,000</i>	<i>20 per cent</i>
6.	<i>From Rs. 20,00,001 to Rs. 24,00,000</i>	<i>25 per cent</i>
7.	<i>Above Rs. 24,00,000</i>	<i>30 per cent.</i>

Sections 1961 Act Vs. 2025 Act

Income Tax Act, 1961	Income Tax Act, 2025
<p>Sec. 2(15), 10(23<u>C</u>)(<u>iiiab</u> to <u>iiiae</u>), <u>10(23C)(i</u> to <u>iiiaaaa</u>), 10(23BBA), 10(46, 46A), <u>10(23C)(iv, v, vi, via)</u>, 11(1 to 7), 12 (1 to 3), 12A, 12<u>AB</u>(1 to 5), 13(1 to 11), 115BBC, 115BBI, 115TD, 115BAC(1A) <u>80G(5)</u>, 115BAC(1A) 139(4A), 139(4C), 234G, 288(2), 133A, 272<u>A</u>(2), 271AAE,</p>	<p>Sec. 2(23), Sch VII (Table S. No.5, 10 to 19), Sch. III (<u>S.No.</u> 36), Sch VII - 42 332 to 355, Sch. XVI, Sec. 11, 202(1) 133(1)(b), 354 202(1) 263(1)(a)(<u>iii</u>)-(iv), 263(9)(c), 429 515(3)(b), 253, 465(2), 445</p>

QII.9 Will the existing registered non-profit organisations be again required to get themselves registered under the new provisions?

Ans: There were two regimes for exemption of registered non-profit organisations. The first regime is contained in section 10(23C) and the second one was contained in section 11 to 13 of the Income Tax Act, 1961. There were certain provisions common to both the regimes that were contained in section 115BBC, 115BBI, 115TD, 115TE, 115TF and section 2(15) of the Income Tax Act, 1961. The Finance (No. 2) Act, 2024 provides that no application can be made under the first regime on or after 01st October, 2024. However, the approvals granted under the first regime shall continue to be valid for the period of their approval. They are eligible to apply for registration, subsequently, under the second regime.

As per the provisions of the Bill, all the registered non-profit organisations are eligible to claim benefits. The registered non-profit organisation has been defined to mean any person having a valid registration under section 12A, 12AA or 12AB or section 10 (23C) of the Income-tax Act, 1961 and such registration has not been cancelled.

Thus, the Bill proposes to protect the eligibility of existing registered non-profit organisations under the first as well as the second regime.

RNPO CHAPTER XVII-B- 7 SUB-PARTS

1.-Registration	2.-Income	3.-Commercial activities	4.-Compliances	5.-Violations
<ul style="list-style-type: none">• Application for registration• Switching over of regimes	<ul style="list-style-type: none">• Tax on income of a registered NPO• Regular Income• Taxable Regular Income• Specified income• Income not to be included in total income• Corpus donation• Deemed corpus donation• Application of Income• Accumulation of income• Deemed Accumulation of income	<ul style="list-style-type: none">• Business undertaking held as the property• Commercial activities by a registered NPO• Commercial activities by registered NPO with GPU	<ul style="list-style-type: none">• Books of account• Audit• Return of income• Permitted Modes of Investments	<ul style="list-style-type: none">• Specified violation• Tax on accredited income• Other Violations • 6. Approval for donations (Old 80G)• 7. Interpretations

What changes and what was need of new Chapter of NPOs in New Income Tax Act, 2025

- In FAQs issued on Income Tax Bill in Feb. 2025 CBDT has stated that:- Total E-filed ITR for Charitable and Religious trusts and institutions in AY 2023-24 is 2.50 Lakh and **total amount applied** by these trusts and institutions in F.Y. 2022-23 is **Rs. 10 Lakh crores**, Therefore, it was considered necessary to simplify and consolidate all the provisions relating to non-profit organisations for ease of understanding and compliance.
- In the Income Tax Act, 1961 there are **12800 words** about NPOs which have been **reduced to 7600 words** in the New Income Tax Bill 2025 (Now became Act).
- Overall 5.12 Lakh words of Income Tax Act, 1961 has been reduced to 2.60 Lakh words in New Income Tax Bill, 2025 (Now became Act).

Conclusion

- In the New Income Tax Act, 2025 the provisions relating to Registered NPOs and specified entities e.g. Universities, educational institutions, hospital etc. have been certainly simplified and redundant or repetitive phrases/words of the Income Tax Act, 1961 have been removed.
- The New Income Tax 2025 is certainly a **landmark reform**, aimed at reducing litigation, and enhancing voluntary tax compliance. The act is a welcome step adopting **simpler language and logical sequencing**, moving away from excessive explanations, provisos. **The new act** reduce interpretational issues. The new Act will significantly benefit taxpayers, professionals, and tax administrators alike.
- The new legislation demonstrates the Government's intent towards **certainty, transparency, and ease of doing business and taxpayer-friendly tax regime**.

Thank You

CA. Rajesh Mehta, Indore