

CNK & Associates LLP

News Flash

CBDT defers implementation of new procedure for registration of Charitable Organisations to 1st October, 2020 due to Covid-19 situation

The Finance Act, 2020 made significant changes to the Income-tax Act, 1961 (the Act) with respect to procedure for registration of Trusts/ Institutions/ Funds referred to in sections 10(23), 12AA, 35 and 80G of the Act. These were to take effect from 1st June, 2020. As per the amended procedure, charitable organisations already approved under these sections were required to file an application for renewal of registration within 3 months of the amendment, i.e. by 31st August, 2020. Further, the procedure for approval of new entities had also been amended with effect from 1st June, 2020.

Due to the outbreak of novel Corona virus and consequent lock-down, various representations were received by the finance ministry to defer the new procedure. Accordingly, the CBDT has released a press note on 8th May, 2020 to defer the implementation of the new procedure to 1st October, 2020. Accordingly, charitable organisations already approved under the Act would be required to file an application for fresh registration within 3 months from 1st October, 2020, i.e. by 31st December, 2020. Further, the amended procedure for approval/ registration of new entities shall also apply from 1st October, 2020. CBDT has further clarified that the necessary legislative amendments in this regard shall be proposed in due course.

This is a welcome step and provides relief in light of practical challenges faced due to the lockdown on account of the COVID-19 pandemic.

Statutory Notice

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