

**SEMINAR ON
MAINTENANCE OF
ACCOUNTS BY CHARITABLE
TRUSTS AND SOCIETIES**

PRESENTED BY

CA BOSCO D'SOUZA

AUDIT REPORT UNDER BPTA

(The Auditors have to certify the following in their Report)

PART – A

- (a) Whether the accounts are maintained regularly in accordance with the provisions of the Act and the rules;
 - (b) Whether the receipts and disbursements are properly and correctly shown in accounts;
 - (c) Whether the Cash Balance and vouchers in the custody of the Manager or Trustee on the date of audit were in agreement with the accounts;
 - (d) Whether all books, deeds, accounts, vouchers or other documents or records required by the auditor is produced before him;
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AUDIT REPORT UNDER BPTA

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- (e) Whether an inventory certified by the trustee, of the movables of the public trust has been maintained;
- (f) Whether the manager or trustee or any other person required by the auditor to appear before him did so and furnished the necessary information required by him;
- (g) Whether any property or funds of the trust were applied for any objects or purpose other than the object or purpose of the trust;
- (h) Whether there are any amounts which are outstanding for more than one year and amounts written off, if any;

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AUDIT REPORT UNDER BPTA

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- (i) Whether tenders were invited for major repairs or construction.
 - (j) Whether any money of the public trust has been invested in contrary to the provisions of the Act;
 - (k) Alienations, if any, of the immovable property contrary to the provisions of the Act which have come to the notice of the auditor;
 - (l) Any special matter which the auditor may think fit or necessary to bring to the notice to the competent authority;
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AUDIT REPORT UNDER BPTA

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(m) Whether the budget as required has been prepared.

PART – B

(a) Whether the Maximum and Minimum number of members of the governing body is maintained.

(b) Whether the Meetings of Trust are held regularly as provided in the rules and regulations.

(c) Whether the Minutes of the proceedings of meetings are maintained.

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AUDIT REPORT UNDER BPTA

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- (d) Whether the members of the Governing Body have interest in the investment of the Trust.
- (e) Whether any of the Members of the Governing body is a debtor or creditor of the trust.
- (f) Whether any other irregularities as pointed out by the auditors in the accounts of the previous year which remained unresolved.

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AUDIT REPORT UNDER BPTA

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CONTENTS OF AUDIT REPORT :

The Audit Report of the Trust should contain the following annexures and formats.

- Audit Report under Sub-Section (2) of Section 33 & 34 and Rule 19 of The Bombay Public Trust Act, 1950.
- Notes to Accounts
- Balance Sheet in Schedule – VIII as prescribed in Rule 17(1)
- Income and Expenditure in Schedule – IX as prescribed in Rule 17(1)
- Corpus Donation Certificate
- Statement of Income liable for Contribution in Schedule - IXC
- Statement of Information of the Trust in Schedule - IXD

RETURNS :

- (a) The annual accounts of the Trust must be submitted online on the website <https://charity.Maharashtra.gov.in>.
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INCOME TAX PROVISIONS RELATING TO CHARITABLE TRUSTS

The provisions of section 40(ia), 40A(3) and 40A(3A) which were earlier applicable to business entities are now made applicable to charitable trust, Accordingly,

Payments in cash exceeding Rs. 10,000.00

- Every payment made by an institution exceeding Rs. 10,000.00 in cash would be disallowed and subjected to tax @ 31.20%.

Tax Deducted at Source

- Expenditure incurred or made without deduction/wrong deduction of tax at source (on payments liable for TDS) will not be eligible as application of income u/s 11 of the Act.

Corpus Donations

- One Society cannot give corpus donations to another society. The amount of corpus donation given by one society to another would not be considered as an application of income for the donor society.

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OTHER MISCELLANEOUS PROVISIONS

- All Donations received in kind has be properly accounted for in the books of account.
- Register for Donations received should be maintained as per required by the Income Tax Act, 1961. The Register should contain the Name, Address of the donor, purpose for which donation is given and if the donation exceeds Rs. 50,000.00 then PAN of the Donor should be obtained.
- Anonymous Donations (Section 115BBC).

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OTHER MISCELLANEOUS PROVISIONS

- No donations in excess of **Rs. 2,000.00** should be accepted in cash. (Benefit of 80G will not be available to the donor)
 - Statement of Donations received during the financial year, beginning the F.Y. 2021-22 have to be e-filed in Form – 10BD before 31st May every year. The Certificate to the donor in Form 10BE specifying the amount of donation received during the financial year has to be generated from the e-filing portal and issued.
 - Letters from Donors should be obtained for all corpus/specific donations received.
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CHARITY RE-REGISTRATION

- All trusts/Societies already registered/approved and their Registration/Approval is valid as on 1st April, 2021 have to apply for re-registration in Form 10A on or before 30th June, 2021.

FAQ's for Charity Re-Registration.

FAQ-1 : Who can apply in Form 10A?

- Form 10A shall be used for the following purposes :
- Application for Re-validation of registration/approval for existing Trusts Registered/Approved U/S 12A/12AA
- Application for Re-validation of registration/approval for existing Trusts Registered/Approved U/S 10 (23C)
- Application for Re-validation of registration/approval for existing Trusts Registered/Approved U/S 80G
- Application for Provisional registration/approval U/S 12AB/10(23C)/80G (for newly registered trusts)

FAQ 2 : Whether multiple forms are required to be filled for 12A and 80G Re-Registration/Approval?

- Yes, multiple forms are required to be filled for each Re-Registration/Approval.

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CHARITY RE-REGISTRATION

FAQ 3 : What are documents required for application in Form 10A?

- The following documents are required for Application
- Self-Certified Copy of Memorandum and Rules/Trust Deed/Any other instrument through which an institution is created.
- Self-Certified Copy of the Society Registration Certificate.
- Self-Certified Copy of the Trust Registration Certificate (if applicable).
- Self-Certified Copy of the FCRA Registration Certificate (In case of FCRA Registered Organizations).
- Self-Certified Copy of Existing 12A/12AA Registration Certificate.
- Self-Certified copy of 80G registration certificate.
- Self-Certified Copy of Audited Statements of Accounts for last three years.
- Kindly note the size of the full attachments should not exceed 50 MB and all the attachments should be only in PDF.

FAQ 4 : Whether documents which are in a vernacular language are mandatorily required to be translated in English?

- Yes, if original documents (Registration Certificate and Memorandum/Bye Laws) are in illegible or in vernacular language, the self certified copy of the English translated version along with self certified copy of the original document needs to be uploaded.

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CHARITY RE-REGISTRATION

FAQ 5 : What is the procedure to fill and upload the Form 10A?

- Log into the Income Tax e-filing portal
- Update the Current Address and Principal Contact of the Organization under the tab Profile Settings/ My Profile.
- Register the Digital Signature of the Principal Contact (if form is to be submitted through DSC) or ensure the aadhar is linked with mobile of the principal contact (for EVC). This facility is also available under the Profile Settings Tab.
- Go to the Tab : e-File/Income Tax Forms/and select the Form 10A
- Select the appropriate Section code (depending on the nature of the application to be made) in point No. 2 of the Form.
- Select the Nature of Activities depending on the current activities carried on by the trust.
- Select the Type of constitution in Point No. 4 of the form (Trust/Society/Section 8 Company). Also fill in the registration Date, registration Number and the authority granting the registration.
- Select the Objects of the Association in Point No. 5 of the Form as per the Memorandum/bye laws. You can also select multiple objects.
- In point No. 6 of the Form mention whether the trust/society is irrevocable. Also make sure the trust deed/rules and regulations have irrevocable clause.
- Fill in the details of registration under the Darpan Portal (if registered), FCRA (if registered), 12A (existing 12A details) and 80 G (if registered) in Point No. 7 of the form.
- In Point No. 9, fill in the details of Key persons/governing body members/managing Committee. Kindly note that all fields are mandatory and must be duly filled in.
- Details of Assets and Liabilities and Income must be given in point nos. 10-20. Kindly refer to FAQ 7 for information on financial details.
- Details of Religious Expenses must be filled in Point No. 21a and 21b. Kindly refer to FAQ 11 for information.
- Fill in the Form with complete details and don't forget to keep saving your work.
- The Form can be uploaded electronically under digital signature (of authorised person) or through electronic verification code (EVC)

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INVESTMENTS

- The Money of the trust should not be invested contrary to the provisions of Section 11(5).
- The various acts provide for Permissible modes of Investments which are as mention below.
 - Scheduled Bank
 - Post office Saving Account
 - Co-op. Bank approved by State Govt.
 - Central/State Govt. Securities.

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BUDGET

The Trustees of a Public Trust shall prepare a budget showing the probable receipts and disbursements of the trust during the following year. The Budget has to be filed in Schedule VII-A to the office of the Charity Commissioner before 28th February of the ensuing year.

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AUDIT REPORT OF A CHARITABLE TRUST (INCOME TAX)

- The Audit Report of a Charitable Trust must be prepared in Form 10B if the total income of the trust exceeds the taxable limit (i.e. Rs. 250,000.00). The Audit Report should contain details such as total application of Income, Details of Income set aside U/S 11(1)(a), Details of Accumulation U/S 11(2) etc..
 - The Audit report has to be e-filed on the income e-filing portal.
 - Deemed application U/S 11(1)(a) – 15% of income.
 - Accumulation of Income U/S 11(2) – If a trust for any reason cannot utilize its income wholly or partially, it can obtain exemption U/S 11(2) by accumulating the surplus income. The trustees must apply in Form No. 10 to the assessing officer for permission to accumulate the income, stating in detail the specific purpose and period of accumulation, which shall, in no case exceed 5 years. The Form No. 10 has to be e-filed before the due date of filing the Income Tax Returns.
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INCOME TAX RETURN OF CHARITABLE TRUST

- The return of income for charitable trust holding a certificate of Registration U/S 12A/12AA/12AB has to be e-filed in Form ITR-7 before the due date as mentioned in section 139(4A), in order to avail benefits of section 11.
 - The return of income for charitable trust who do not hold registration U/S 12A/12AA/12AB has to be e-filed in Form ITR-5
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**CAN THE REGISTRATION CERTIFICATE
(12A) OF A CHARITABLE TRUST BE
CANCELLED?**

***WHEN THE ACTIVITIES OF THE
CHARITABLE TRUST ARE BEING CARRIED
OUT NOT IN ACCORDANCE WITH THE
PROVISIONS OF ANY ACT AS
MENTIONED.....12 A REGISTRATION CAN
BE CANCELLED***



QUESTIONS???



THANK YOU