

**Annex: 1****Sections of the Income Tax Act, 1961 for the purpose of Exemptions and Registration of Charitable Trusts and Institutions**

<b>Section of ACT</b>	<b>Description</b>
Section 2(15)	Charitable purpose includes Relief to the poor, education, medical relief and preservation of monuments or places or objects of artistic or historic interest, preservation of environment including watersheds forests and wildlife, and also by advancement of any other object of public utility if the intention is the benefit of a section of public distinguished from identified individually and is not restricted to objects beneficial to the whole of mankind living in a particular country or province.
Section 11	It deals with exemption of income derived from property held by the trust, capital gain arising on the transfer of property held by the trust, voluntary contributions not forming part of corpus subject to certain conditions.
Section 11(1)(d)	Voluntary Contributions forming part of Corpus is exempt.
Section 12(1)	Voluntary Contributions nor forming part of Corpus will be deemed to be Income derived from property held under the Trust. Thus it is implied that voluntary contributions forming part of Corpus is exempt.
Section 12AA	Prescribes procedure for Registration. As per Sections 12A(2) and 12A(1)(aa) inserted by the Finance Act, 2007 with effect from 01 June 2007, where an application for registration of Trust has been made on or after the 1 June 2007 the provisions of Sections 11 & 12 shall apply in relation to income of such Trust from AY immediately following FY in which such application is made.
Section 13	Provides for withdrawal of exemption granted under sec 11 to certain transactions.
Section 80G	Provides for 100% exemption to contribution made to Universities and Technical Institutions subject to conditions thereon and 50% exemption towards general and charitable purpose.
Section 10(23C)	Exclusively deals with Educational Institutions and Trusts created for specific purpose. Up to AY 99, income of Educational Institutions existing solely for educational purposes and not purposes of profit are exempted under section 10(22) of Income Tax Act. Such institutions could be run by any entity such as individual, Hindu Undivided Family, association of persons, firms, company and so on. These were not required mandatorily to file returns of income till AY 04. The provisions in Finance Bill 1998 recognised that section 10(22) was reported to be widely misused in the absence of

	<p>any monitoring mechanism for checking the genuineness of the activities of these institutions and therefore this clause of the section was omitted.</p> <p>It was clarified that Educational Institutions which are of charitable nature but not registered as trusts may now claim exemption of income with certain conditions as applicable to charitable trusts. With effect from 1 April 1999, the following tax laws have been enacted.</p>
Section 10(23C) (iiiab)	An educational institution existing solely for educational purposes and not for purposes of profit and which is wholly or substantially financed by the Government was exempt from levy of tax.
Section 10(23C) (iiiad)	An educational institution existing solely for educational purposes and not for purposes of profit whose aggregate annual receipts did not exceed ₹ 1 crore was exempt.
Section 10(23C) (iv)	An institution established for charitable purposes having regard to the objects of the institutions and importance throughout India or throughout any State.
Section 10(23C) (v)	Any trust wholly for public Religious purpose or public religious and charitable purpose whose income accruing thereto is properly applied for the objects thereof.
Section 10(23C) (vi)	An educational institution existing solely for educational purposes and not for purposes of profit with annual receipts of more than ₹ 1 crore could claim exemption of income after obtaining approval from the prescribed Income Tax Authority for a period not exceeding three assessment years. Act under section 10(23C)(iiiac)(iiiae)(via) provides for exemption in respect of hospitals established for specific purposes under certain condition.

**Annex: 2****Authority for Registration under Income Tax Act 1961 and Rules for Registration**

<b>Institutions</b>	<b>Rule</b>	<b>Section of Act</b>	<b>Authority</b>
Public Religious/Charitable Trust	2C(1)	10(23C)(iv) &(v)	CCIT / Director General-E
Educational Institutions other than those covered under Section 10(23)(iiiab)(ad)	2CA	10(23C)(vi) &(via)	Chief Commissioner of Income Tax/ Director General-E
Charitable trusts other than those in Sl. No. (1) and (2)		12AA	Commissioner or DIT-E
University a. Non-technical Institutions b. Technical Institutions	18AAA	80G(2)(a)(iii)	a. CCIT-E with the concurrence of Secretary, UGC b. DGIT-Es with the concurrence of Secretary, AICTE
All other institutions	11AA	80G(2d)(iv)	DIT-Es/CIT