

PROCEEDINGS OF THE DIRECTOR OF INCOME TAX (EXEMPTIONS):
HYDERABAD

Sri S.V.JADHAV, I.R.S.,
Director of Income Tax (Exemptions)

F.No.DIT(E)/HYD/80G/99(06)/07-08

Dated: 18.12.2007

SUB: Granting of an approval or for continuance thereof to an Institution or a fund [referred to u/s.80G(2) & (5) of I.T.Act, 1961] - Regarding.

REF: The application in Form No.10G filed by Desire Society, H.No.5-76/28/4, Balaji Nagar, IDA Bollaram, Jinnaram Mandal, Medak Dist.

* * *

APPROVAL U/S 80G(5)(vi) OF THE INCOME TAX ACT, 1961:

The application filed in Form No.10G seeking approval in the above case, on 22.06.2007, has been examined and I am satisfied that:

(i) This is a fund/trust as mentioned in clause (iv) of sub section 2 of Sec.80G of the I.T.Act, 1961:

(ii) The donation made to the said trust/fund/society do qualify for deduction in computing the income of a person who makes the donation i.e. in the hands of the donor.

Accordingly the approval sought for is hereby accorded u/s.80G(5)(vi) of the I.T.Act, 1961.

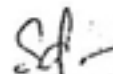
2. The approval shall have effect from 01.04.2007 to 31.3.2010 subject to all other provisions of I.T.Act, 1961, as applicable.

(i) The receipts issued to the donors should bear the number and the date of this order and the period of validity.

(ii) The Society shall submit the statement of income and expenditure for the year ended on 31-03-2007 and subsequent year(s) within the prescribed time before the prescribed authority.

(iii) Requests for renewals should be made to the Director of Income-tax (Exemp), Hyderabad, within three months from the expiry of the period mentioned in para 2 above with statements of Income and Expenditure account, Balance Sheet and Audit Report in Form No.10B, wherever the income exceeds Rs.50,000/- and a Certificate signed by all the Office bearers to the effect that the Society did not infringe the provisions of section 13(1) of the Income-tax Act, 1961 from the date of inception till date.

(iv) The Society seeking exemption shall fulfill the conditions mentioned in sub-section 5 of section 80G of I.T.Act, 1961.


(S.V.JADHAV)

Director of Income Tax (Exemptions)
Hyderabad.

Copy to:

1. Desire Society,
H.No.5-76/28/4, Balaji Nagar,
IDA Bollaram, Jinnaram Mandal,
Medak Dist.

2 The DDIT (Exemptions)-I, Hyderabad.


[D.J.P.Anand]

Income Tax(H.Qrs)(Exemp)
O/o DIT(E), Hyderabad.

CIRCULAR NO. 05 /2010

F.No. 2/13/2010-SO (TPL)
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)

Dated, the 3rd June, 2010

**EXPLANATORY
NOTES TO THE
PROVISIONS OF THE
FINANCE (NO.2) ACT,
2009**

27.3 The limit for severe disability has been amended to Rs.1 lakh. However, the limit for ordinary disability has been retained at the existing level of Rs.50,000.

27.4 *Applicability-* The above amendment has been made applicable with effect from 1st April, 2010 and will accordingly apply in respect of assessment year 2010-11 and subsequent years.

28. Deduction in respect of interest on loan taken for higher education

28.1 Section 80E of the Income-tax Act provides for a deduction to an assessee, being an individual, on account of any amount paid by him in the previous year by way of interest on loan taken from any financial institution or any approved charitable institution for the purpose of pursuing higher education in specified fields of study.

28.2 Under the existing provisions, the deduction was available only for pursuing full time studies for any graduate or post-graduate course in engineering, medicine, management or for post-graduate course in applied sciences or pure sciences including mathematics and statistics.

28.3 With the objective of fostering human capital formation in the country, the provisions of section 80E of the Income Tax Act have been amended by substituting clause (c) of sub-section (3) so as to extend its scope to cover all fields of studies (including vocational studies) pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognised by the Central Government or State Government or local authority or by any other authority authorized by the Central Government or State Government or local authority to do so. Further, clause (e) has also been substituted to widen the scope of the term "relative" so as to include a student for whom an individual assessee is the legal guardian.

28.4 *Applicability-* This amendment has been made applicable with effect from 1st April, 2010 and will accordingly apply in relation to assessment year 2010-11 and subsequent years.

29. Donations to Certain Funds, Charitable Institutions, etc.

29.1 Section 80G of the Income-tax Act, 1961 provides for a deduction in respect of donations to certain funds, charitable institutions, etc. subject to, inter alia, the condition that such institutions and trusts are established for 'charitable purpose'. Consequent to the amendment of sub-section (15) of section 2 by the Finance Act 2008 a number of organizations have ceased to be charitable for the purposes of the Income-tax Act. However, such institutions and trusts continued to collect donation during the financial

year 2008-2009 for funding relief work for floods in Bihar and other public purposes. The donors made these donations under a bonafide belief that they would be entitled to benefit under section 80G.

29.2 With a view to mitigate hardship to the donors, a one-time relaxation has been given and sub-section (5) of section 80G of the Income-tax Act has been amended so as to provide that where an institution or fund has been approved under clause (vi) of sub-section 5 of section 80G for the previous year beginning on 1st April, 2007 and ending on 31st March, 2008, such institution or fund shall, notwithstanding anything contained in the proviso to clause (15) of section 2, be deemed to have been,-

- (a) established for charitable purposes for the previous year beginning on 1st April, 2008 and ending on 31st March, 2009;
- (b) approved under the said clause (vi) for the previous year beginning on 1st April, 2008 and ending on 31st March, 2009.

29.3 *Applicability* - This amendment has been made applicable with effect from 1st April, 2009 and will accordingly apply in relation to assessment year 2009-10 only.

29.4 Further, as per clause (vi) of sub-section (5) of section 80G of the Income-tax Act, 1961, the institutions or funds to which the donations are made have to be approved by the Commissioner of Income-tax in accordance with the rules prescribed in rule 11AA of the Income-tax Rule, 1962. The proviso to this clause provides that any approval granted under this clause shall have effect for such assessment year or years, not exceeding five assessment years, as may be specified in the approval. Due to this limitation imposed on the validity of such approvals, the approved institutions or funds have to bear the hardship of getting their approvals renewed from time to time. This is unduly burdensome for the bonafide institutions or funds and also leads to wastage of time and resources of the tax administration in renewing such approvals in a routine manner.

29.5 Therefore, the proviso to clause (vi) of sub-section (5) of section 80G has been omitted to provide that the approval once granted shall continue to be valid in perpetuity.

29.6 Further, the Commissioner will also have the power of withdraw the approval if the Commissioner is satisfied that the activities of such institution or fund are not genuine or are not being carried out in accordance with the objects of the institution or fund.

29.7 *Applicability* - This amendment has been made applicable with effect from 1st October, 2009. Accordingly, existing approvals expiring on or after 1st October, 2009 will be deemed to have been extended in perpetuity unless specifically withdrawn. However, in case of approvals expiring before 1st October, 2009, these will have to be renewed and once renewed these shall continue to be valid in perpetuity, unless specifically withdrawn.