

**CBDT notifies books of account /other documents to be maintained by charitable institutions**

CBDT issued Notification No. 94/2022 dated 10 August 2022, in which it notified Rule 17AA. The new rule prescribes the books of account required to be maintained by charitable institutions.

The Rule mandates that the charitable entities and the charitable institutions which carry on business, shall keep and maintain books of account, including: (i) cash book, (ii) ledger, (iii) journal, (iv) copies of bills or counterfoils of receipts, (v) original bills and receipts, (vi) any other book that may be required to be maintained in order to give a true and fair view of the state of the affairs of the person and explain the transactions effected.

Additionally, the new rule also requires charitable institutions to maintain documents for maintaining records of certain transactions including of income, application of income and details of specified persons. Key highlights of the requirements prescribed by the new rule are:

- In relation to income earned or receipt of money:
  - ✓ Details of donors such as name, address, PAN (if available) and Aadhar number (if available) in respect of voluntary contribution, corpus donations and contribution received.
  - ✓ Income from property held under trust along with list of such properties.
- In relation to application of income during the year:
  - ✓ Details of the amount of application, name and address of person to whom any amount is paid or credited and object of such application.
  - ✓ Where amount is paid or credited to other charitable institutions, name, address, PAN of such entity and object for such application.
  - ✓ Where application is out of income of any preceding year, details about whether application is out of accumulated income or from different sources and where it is out of accumulated income, year of such accumulation.
  - ✓ Details of money invested or deposited in the specified forms or mode as also other than specified forms or modes. It also includes details about whether such investment or deposit is from relevant year or any preceding year.
- Records of loans and borrowings taken by charitable institution:
  - ✓ Details for name, address, PAN and Aadhar number (if available) of the lender.
  - ✓ Amount and date of borrowing / repayment including details of application of such loan in preceding year but not claimed as application.
  - ✓ Application made out of borrowed funds during the tax year or any preceding year with name and address of person to whom any amount is paid or credited out of such loan or borrowing and object for which such application is made.
- Record of properties held by the charitable institutions:
  - ✓ In respect of immovable properties, details of its nature, address, cost of acquisition and registration documents
  - ✓ In case of transfer of such properties, the net consideration utilized in acquiring new capital asset.
  - ✓ In respect of movable properties, details of its nature and cost of acquisition.

- Record of specified persons (Specified persons means author of the trust / founder of the institution, any person who has contributed Rs. 50,000 or more, trustees, relatives of trustee /founder/author or any concern or any person who has a substantial interest):
  - ✓ Details such as name, address, PAN and Aadhar (if available).
  - ✓ Details of transactions undertaken by charitable institutions with such specified persons such as date, amount and nature of transaction.
  
- Record of all projects and institutions run by the charitable institutions, including details such as their name, address and objectives.

The Rule provides that every institution or trust is required to maintain books of account and other documents at their registered office or at such other place in India as the management may decide by way of a resolution and is intimated to the jurisdictional AO within 7 days. The books of account and other documents shall be maintained for a period of 10 years from the end of the relevant assessment year.

The Rule also clarifies that where the assessment in relation to any Assessment Year is reopened the books of account and other documents which were kept and maintained at the time of reopening of the assessment shall continue to be so kept and maintained till the assessment so reopened becomes final.

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