

Finance Act 2020 has amended certain provisions of the Income Tax Act, 1961 having a great impact on the functioning of the registered Charitable Trusts and NGOs. These charitable trusts and NGOs have been burdened with the renewal of existing registration, setting an expiry date for registration, filing of statements of donation receipts, and other formalities.

All the existing charitable and religious institutions (including NGOs) which are registered or approved under Section 12A, Section 12AA, Section 10(23C) and Section 80G are compulsorily required to switch to section 12AB for fresh registration.

Earlier, Finance Act 2020 provided that Charitable trusts and exempt institutions which are already registered under section 12A or section 12AA of Income Tax Act, 1961 will now be required to re-apply online for registration and approval by August 31, 2020. To give effect to the same, the provisions of registration under section 12AA or section 12A will become redundant from 01<sup>st</sup> June 2020 and a new section 12AB will come into force with effect from 01<sup>st</sup> June 2020. All the existing registered trusts under the erstwhile section 12A or section 12AA would move to new provision section 12AB.

Similarly, charitable trusts and exempt institutions that are already registered under Section 80G will be required to reapply online for registration or approval by August 31, 2020. The registration shall remain valid for 5 years.

However, seeing the present situation, the CBDT has decided to give relief to the charitable societies. In lieu of this, the Income Tax Department by way of press note released today i.e. 9<sup>th</sup> May 2020, stated that, in view of the unprecedented economic crisis emanating due to the COVID-19 situation, CBDT has deferred the implementation of new procedure for approval/registration/notification of certain entities u/s 10(23C), 12AA, 35 & 80G of IT Act, 1961 to 1<sup>st</sup> October 2020.

Therefore, the time limit for new compliances under the mentioned section that were earlier made applicable from June 1<sup>st</sup>, 2020 and scheduled to be completed by August 31<sup>st</sup>, 2020 have now been extended and proposed to be made applicable from October 1<sup>st</sup>, 2020 and shall continue till December 31<sup>st</sup>, 2020.

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