



**dvmgopal & associates**  
Company Secretaries

**June - 2024**

# **NEWSLETTER**



## **TOPICS:**

- Section 12 A & 80 G
- Monthly Updates on Indian Acts May - 2024
- Compliance Calendar – June 2024

## Section 12A and Section 80G Registration

The following types of organizations (NGOs) can apply for 12A and 80G registration:



## What are 12A and 80G Certificates?

### 12A Registration

- 12A registration is obtained by NGOs under Section 12A of the Income Tax Act, 1961.
- It provides tax exemption to these organisations on the income they earn from grants, donations, and other forms of unconditional contributions.
- The registration is mandatory for all NGOs willing to avail the benefits of Section 12A.
- 12A registration **exempts the organization** itself from paying income tax on its income.



## 80G Registration

- 80G registration is obtained by NGOs to enable their donors to claim tax deductions on contributions they make to these organisations.
- The purpose of 80G registration is to encourage more and more donations for NGOs to support their welfare activities.
- This registration is voluntary and can be obtained only after 12A registration.
- 80G registration **allows donors** to the organization to deduct their donations from their taxable income



Without these registrations, any income earned by the NGO, whether from services, production, or donations, is considered as normal taxable income, disregarding its purpose.

## Information required for 12A and 80G Registration

Information required for 12A and 80G registration

- ✓ Trust deed / society registration certificate / section 8 company certificate
- ✓ Memorandum of Association and Articles of Association (for section 8 companies only)
- ✓ PAN card of the organization
- ✓ Bank account statement of the organization
- ✓ Audited accounts of the organization for the last three years
- ✓ List of trustees/members/directors of the organization
- ✓ List of activities carried out by the organization
- ✓ Sources of income of the organization
- ✓ Utilization of funds by the organization
- ✓ Suitable proofs that support charitable activities undertaken




## Process of 12A and 80G Registration

- ❖ Download the application form from the website of the Income Tax Department.
- ❖ Fill out the application form and attach all the required documents.
- ❖ Submit the application form and documents to the Income Tax Department office in your jurisdiction.
- ❖ The Income Tax Department will review your application and documents. If everything is in order, they will issue you a 12A and 80G certificate

## Benefits of 12A and 80G Registration


There are several benefits to having 12A and 80G registration, including:



**Tax exemption:**


12A registered organizations are exempt from paying income tax on their income. This can save the organization a significant amount of money. It's important to note that income from property held for religious and charitable purposes is exempt under Section 11

In contrast, Section 12 offers income exemption from voluntary contributions that a charitable or religious trust receives from a donor




**Donor benefits:**

Donors to 80G registered organizations can deduct their donations from their taxable income. This can encourage people to donate more to the organization. 12A registration is a compulsory step in obtaining 80G registration



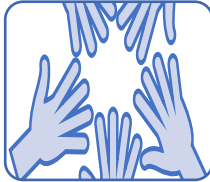
**Credibility:**

12A and 80G registration is a sign that the organization is credible and trustworthy. This can help the organization attract more donors and volunteers



**Foreign Contribution:**

NGOs with 80G certification can avail hassle-free foreign contribution



**Long-Term Sustainability:**

With the ability to offer tax benefits to donors, NGOs can establish sustainable sources of funding and plan to execute long-term projects with lasting impacts

## Validity of 12A and 80G Certificates

- The registrations granted for the first time under Sections 12A and 80G shall be provisional and shall be valid only for a **period of three years**.
- **Renewal of registration:** Registration must be renewed once in 5 years, application must be made in Form 10AB at least 6 months prior to expiry of registration

## Important Points

- ❖ The concept of Charity is most important. The benefit of Charity should go to the public.
- ❖ Registration under 12A is mandatory to receive grants from the Central or State governments. However, private or family trusts cannot avail of exemptions under Section 12A.
- ❖ The deduction under section 80G can be claimed on the amount donated to eligible institutions or funds. The deduction can be claimed up to a maximum of 50% or 100% of the donated amount, depending on the institution or fund to which the donation has been made.
- ❖ Provisions of TDS now will also applicable.
- ❖ If the return of income is not filed within time, exemption may be cancelled.
- ❖ Cash Donation exceeding ₹ 2000 not eligible exemption u/s 80G.
- ❖ The organisation should not engage in any political activities or support any political party or candidate. Engaging in political activities can lead to the cancellation of Section 12A registration.
- ❖ The organisation must file its annual income tax returns under section 139 of the income tax act in a timely manner, even if it's eligible for exemption. This is necessary to maintain its tax-exempt status.
- ❖ **Due Date for filing of Audit Reports:** Audit Report U/S 12A(1)(b) of the Income Tax Act, 1961, **Form No. 10B**, in the case of charitable or religious trusts or institutions is to be filed **1month before the due date for filing ITR u/s 139(1)**

## Forms are Used for 80G And 12A Registration

### Form 10A

- ❖ For provisional registration or approval under sections 12AB/10(23C)/80G- for new cases which has not commenced its activities yet

### Form 10AB

- ❖ The conversion of provisional registration to permanent registration.
- ❖ Renewal of existing 80G And 12A Registration 6 months before its expiry
- ❖ A new registration for objects that have been modified.
- ❖ Newly established trust which has commenced its activities

## Conclusion

- ◇ 12A and 80G registration are important for non-profit organizations in India. These registrations can help organizations save money on taxes, attract more donors and volunteers, and build credibility

## Monthly Updates on Indian Acts May - 2024

### Securities and Exchange Board of India

#### SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

SEBI vide notification no. SEBI/LAD-NRO/GN/2024/177, dated May 17, 2024 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024.

#### **The Key Amendment includes:**

#### **1. SEBI INTRODUCES NEW MARKET CAP FORMULA, ADOPTING A 6-MONTH AVERAGE CALCULATION**

SEBI has prescribed a revised methodology for calculating market capitalization (effective from 31<sup>st</sup> December, 2024). Earlier, the ranking was based on the Company's market cap as of 31<sup>st</sup> March or the closing of the fiscal year.

Every recognized stock exchange shall, at the end of the calendar year i.e., 31<sup>st</sup> December, prepare a list of entities that have listed their specified securities ranking such entities on the basis of their average market capitalisation from 1<sup>st</sup> July to 31<sup>st</sup> December of that calendar year.

The relevant provisions shall become applicable to a listed entity that is required to comply with such requirements for the first time (or, if applicable, required to comply after any interim period) after a period of three months from 31<sup>st</sup> December (i.e. 1<sup>st</sup> April) or from the beginning of the immediate next financial year, whichever is later.

#### **2. APPLICABILITY OF REGULATION 15 - OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS SPECIFIED SECURITIES AND NON-CONVERTIBLE DEBT SECURITIES**

The provisions of Regulation 15 shall be applicable to high value debt listed entities on a Comply or Explain basis until **31<sup>st</sup> March, 2025** and mandatorily thereafter. (Substituted for 31<sup>st</sup> March, 2024.)

"Comply or explain" shall mean that the entity shall endeavour to comply with the provisions and achieve full compliance by **31<sup>st</sup> March, 2025** (Substituted for 31<sup>st</sup> March, 2024.)

#### **3. MINIMUM NUMBER OF DIRECTORS - REGULATION 17**

The board of directors shall comprise of not less than six directors and explanation to the clause has been omitted.

#### **4. MEETINGS OF RISK MANAGEMENT COMMITTEE - REGULATION 21**

The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than **Two Hundred and Ten Days** shall elapse between any two consecutive meetings.

The provisions of Risk Management Committees shall be applicable to Top 1000 Listed Entities.

## 5. APPLICABILITY OF D&O INSURANCE FOR INDEPENDENT DIRECTORS – REGULATION 25

The Top 1000 listed entities by market capitalization shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.

## 6. VACANCY IN RESPECT CERTAIN KEY MANAGERIAL PERSONNEL (CEO, MD, WTD, CFO MANAGER)– REGULATION 26A

### Insertion of below Proviso

Provided that where the listed entity is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the listed entity at the earliest and in any case not later than six months from the date of vacancy.

## 7. PRIOR INTIMATIONS – REGULATION 29

The listed entity shall give prior intimation **of at least two working days in advance, excluding the date of the intimation and date of the meeting** to stock exchange about the meeting of the board of directors in which any of the following proposals is due to be considered.

**Insertion of Proviso under clause D** - Provided further that intimation for determination of issue price in a qualified institutions placement is not required if such placement is done in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

### Insertion of new clauses after clause F

(g) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof;

(h) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.

## 8. RUMOUR VERIFICATION – REGULATION 30 (11)

Extant norms require the top 100/250 companies to mandatorily respond to the market rumours with effect from June 01, 2024 and December 01, 2024, respectively. The entities shall verify the market rumours within 24 hours of the mainstream media reporting them. Now, SEBI has linked the rumour verification by listed companies to "Material Price Movement (MPM)".

A new Regulation 30(11A) has been inserted, The promoter, director, key managerial personnel or senior management of a listed entity shall provide adequate, accurate and timely response to queries raised or explanation sought by the listed entity in order to ensure compliance with the requirements under sub-regulation 11 of this regulation and the listed entity shall disseminate the response received from such individual(s) promptly to the stock exchanges.

More information available on [SEBI | Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) \(Amendment\) Regulations, 2024](#)



## SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATION, 2011

### 1. INSERTION OF NEW PROVISION IN REGULATION 8 - OFFER PRICE

(17) The effect on the price of the equity shares of the target company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the listing regulations for determination of the offer price under this regulation.

### 2. INSERTION OF NEW PROVISION IN REGULATION 9 - MODE OF PAYMENT

(6) The effect on the price of the listed equity shares, which are offered as consideration, due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the listing regulations for determination of the price of such equity shares under this regulation.

## SEBI (BUY-BACK OF SECURITIES) REGULATIONS, 2018

### 1. INSERTION OF NEW PROVISIO UNDER REGULATION 19 - OPEN MARKET BUY-BACK THROUGH STOCK EXCHANGE

Provided further that the effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for determination of the volume weighted average market price

### 2. INSERTION OF NEW CLAUSE UNDER REGULATION 22B - OFFER PROCEDURE FOR BUY-BACK THROUGH BOOK BUILDING

The effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for calculation of the lower end of the price range under this regulation.

## Companies Act, 2013

### RELAXATION OF ADDITIONAL FEES AND EXTENSION OF LAST DATE OF FILING OF FORM LLP BEN-2 AND LLP FORM 4D

The Ministry of corporate Affairs has notified Limited Liability partnership (significant Beneficial owners) Rules, 2023 and has prescribed E-form LLP BEN-2 to file Return to the Registrar in respect of declaration under section 90 of the companies Act, 2013. Similarly, the Ministry of corporate Affairs has notified Limited Liability Partnership (Third Amendment) Rules and prescribed LLP Form no. 4D to file Return to the Registrar in respect of declaration of beneficial interest in contribution received by the LLP.

The time for filing of above forms has been extended to **01.07.2024 without payment of additional fees.**



## Income Tax Act, 1961

### 1. COST INFLATION INDEX FOR FY25 HIGHER THAN LAST FISCAL'S

The income tax department has notified the Cost Inflation Index (CII) for FY25, relevant to assessment year 2025-26, at 363, which is higher than 348 for FY24, and 331 for FY23. The CII is a tool used to measure inflation for computing long-term capital gains on the sale of assets, including immovable property, securities and jewellery.

The CII adjusts the purchase price of assets to reflect current inflation, ensuring that taxpayers are taxed on real gains rather than nominal gains inflated by general price increases. This adjustment is essential for maintaining a fair and reflective tax system. Without it, taxpayers could face disproportionate tax liabilities on gains that are primarily due to inflation rather than actual economic growth.

When selling assets such as immovable property, securities, or jewellery, the profit or gain from these assets tends to be high due to their increased sale price compared to the purchase price. As a result, assesses have to pay higher income tax on these gains. Taxpayers can use this (CII) to calculate gains for the long-term capital assets sold during FY25 and reduce the tax liability accordingly.

### 2. INCOME TAX DEPARTMENT ROLLS OUT NEW FUNCTIONALITY IN ANNUAL INFORMATION SYSTEM (AIS)

The income tax department has rolled out a new functionality in the Annual Information Statement (AIS) through which taxpayers will be able to view the status of information confirmation process.

AIS is populated based on the financial data received from multiple information sources and provides details of a large number of financial transactions undertaken by the taxpayer that may have tax implications.

Subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) **or through direct listing of equity shares of companies incorporated in India on International Exchanges**, the funds so raised may, pending their utilisation or repatriation to India, be held in foreign currency accounts with a bank outside India

## Compliance Calendar – June 2024

Companies Act, 2013			
Compliance details	Form	Applicability	Due Date
Return of Deposit	Form DPT-3 (Annually)	Every company other than Government company	6/30/2024
FEMA			
Compliance details	Form	Applicability	Due Date
External Commercial Borrowings (ECB) - FEMA	Form ECB-2	All Companies having ECB	6/7/2024
SEBI(PIT) Regulations			
Compliance details	Form	Applicability	Due Date
Intimation of Trading Window Closure	-	Every Listed Company	6/30/2024
Labour Laws			
Compliance details	Form	Applicability	Due Date
State Professional Tax (PT)	Form V	Entities registered with PT	6/10/2024
PF Payment	Monthly ECR	Entities registered with PF Authorities	6/15/2024
ESI Payment	Monthly ECR	Entities registered with ESIC Authorities	6/15/2024
INCOME TAX			
Compliance details	Form	Applicability	Due Date
TDS	Challan 281	Non-government deductors	6/7/2024
Advance tax for Q-1		Those taxpayers who has tax payable more than of Rs.10,000/-	6/15/2024
Equalisation Levy	Form 1	Applicable tax deductors	6/30/2024
GST			
Compliance details	Form	Applicability	Due Date
Return of outward supplies of taxable goods and/or services	GSTR 1	GST Taxpayers who have not opted for QRMP scheme	6/11/2024
Return of outward supplies of taxable goods and/or services	GSTR 1	GST Taxpayers who opted for QRMP scheme -Optional	6/13/2024
Summary Return of Outward and Inward Supplies along with payment of Tax	GSTR 3B	GST Taxpayers who have not opted for QRMP scheme	6/20/2024
GST Challan Payment if no sufficient ITC		GST Taxpayers who opted for QRMP scheme and not having sufficient ITC	6/25/2024
Summary Return of Outward taxable supplies and tax payable	GSTR 5 & 5A	Non-Resident GST Taxpayers	6/20/2024
Return for details of ITC received and distribution	GSTR 6	Input Service Distributors	6/13/2024
Return for TDS under GST	GSTR 7	Government Authorities	6/10/2024
Return for Details of Supplies and the amount of tax collector	GSTR 8	E-commerce Operator	6/10/2024
Return for details of goods and services purchased in India	GSTR-11	Taxpayer claiming Refund & having UIN	6/28/2024