



Bombay Chartered Accountants' Society

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Harnessing Talent and Providing Quality Service



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September 11, 2023

The Hon'ble Finance Minister,
Government of India,
New Delhi.

Respected Madam

Sub: Request to defer the applicability of form 10B / 10BB (Audit report for Charitable Trusts) by one year

Background

Form 10B/10BB is an Audit Report for Charitable Trusts and applicable to following (hereinafter referred to as eligible trusts)

1. A fund or institution or trust or any university or other educational institution or any hospital or other medical institution whose income is exempt under clauses (iv), (v), (vi) and (via) of section 10(23C).
2. A fund or institution or trust whose income is eligible for benefit of section 11/12

Form 10B/10BB is required to be filed if the total income of the eligible trusts, before considering benefit of section 10(23C) or section 11/12 exceeds Rs. 250,000

New Forms 10B and 10BB were introduced vide **Notification No. 7/2023 dated February 21, 2023**. Form 10B is to be filed when,

- (i) the total income of such eligible trust, without giving effect to the provisions of sections 10(23C), section 11 and 12 of the Act, exceeds rupees five crores during the previous year; or
- (ii) such eligible trust has received any foreign contribution during the previous year; or
- (iii) such eligible trust has applied any part of its income outside India during the previous year;

In other cases, audit report will be in Form 10BB.

A failure to file the audit report as required by section 12A(1)(b) will result in a Charitable trust losing exemption under section 10(23C) / section 11, making it liable to tax on its income.

Problems and issues regarding compliance

Form 10B has **49 clauses (with many subclauses) and 29 schedules**. Form 10BB is a subset of Form 10B and has **32 clauses and 7 schedules**. Both the forms are on the lines of Form 3CD, which applies to business entities with a turnover in excess of Rs 10 crore.

Substantial data/ information is mandated by the forms, which relates to operations of current year as well as of past years. The eligible trusts are required to extract the information from the past and present records. The information relates to receipts earned and amounts spent by the trust.



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Charitable trusts carry on Philanthropic activities and bridge the gap, supplementing the efforts of the Government to reach out to and uplift every needy citizen. The day to day activities of most of the trusts are managed by Trustees with the help of administrative staff. The staff is not professionally qualified. Many a times, the trust does not have full time employees and carries out its activities with the help of volunteers. The current forms have several clauses which require a deep understanding of the law and are amenable to different interpretations. *The forms were notified at the far end of the financial year (February 2023) and the utility to fill these forms has been made available only a few days ago.*

The old form 10B was a short form, seeking information which was readily available with the trusts. But it is a huge challenge for the trusts to extract and compile the data/information sought in the new form in such a short period of time. The due date to file the form for FY 2022-23 is September 30, 2023.

It is therefore requested that the new forms be deferred for a period of one year to assessment year 2024-25 and for assessment year 2023-24, the old form should continue to apply. If some drastic and urgent remedial action is not taken, it may result in Charitable trusts losing exemption and causing trusts tremendous hardship and substantial harm, ultimately impacting charitable activities.

We await your early and favourable response.

For Bombay Chartered Accountants Society

CA Chirag Doshi
(President)

CA Deepak Shah
(Chairman Taxation committee)

CA Anil Sathe
(Co-Chairman Taxation committee)