



TRUST REGISTRATION

u/s 12AB of Income tax Act

Shashank & Nijagal
Chartered Accountants
Ph:9108028466/8095420021
Clients@sandnca.com



BACKGROUND:

Union Budget 2020 proposed significant changes in compliance and registration procedure of Religious or Charitable Trusts/ Institutions etc. which are registered under section 12A/12AA of the Income Tax Act

Accordingly, amendments were made in section 11 and 12A of Income tax Act in the Finance Act, 2020

As a result of the above amendment,
All the existing charitable and religious institutions (including NGOs) which are registered or approved under the following sections-

- Section 12A
- Section 12AA
- Section 10(23C)
- Section 80G

are compulsorily required to switch to section 12AB for fresh registration in order to continue availing exemption under section 10 or 11, as the case may be



TIME LIMITS to make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution are summarized below:-

Category	Time Limits
Institutes already registered under section 12A or 12AA or having certificate under section 80G	By 30 th June 2021
Institutes who have obtained registration under section 12AB	6 months prior to the expiry of tenure of 5 years
Institutions that have provisionally obtained registrations under section 12AB	6 months prior to the expiry date of the provisional registration; or Within 6 months of the commencement of its activities; Whichever is earlier.
Where institutions have modified the objectives	Within 30 days from the date of such modifications.
In any other case	At least one month prior to the commencement of the previous year.

VALIDITY The registration once granted shall be valid for 5 years

NON-RENEWAL of registration will **attract tax** at Maximum Marginal Rate as per Section 115TD(3)