



Azadi Ka Amrit Mahotsav Activity

“Sky High- Symposium -15 Virtual CPE Meeting (VCM)” conducted by Women Members Empowerment Committee of ICAI on 20th July 2022

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

Women Members Empowerment Committee Organises

Sky High - Symposium-15
Virtual CPE Meeting (VCM)
for Women by Women Every Wednesday

20th July, 2022
5.00 PM to 7.00 PM

FEES NIL

2 CPE Hours (Structured)

Registration and participation link:
<https://live.icai.org/wmec/vcm/20072022/>

Questions related to the topic may be sent in advance at wmec@icai.in or LIVE at the time of VCM itself at the same link

Estate & Succession Planning

Non Profit Organisations- Various Statutory Obligations

CA. Toral Shah

CA. Subashini Ganapathy

CA. Sripriya Kumar
Chairperson, WMEC & CL&CGC
Vice-Chairperson, IBC Committee

CA. Priti Savla
Vice-Chairperson, WMEC, CL&CGC,
Sustainability Reporting Standards Board

Co-ordinators

CA. Riddhi Lalan

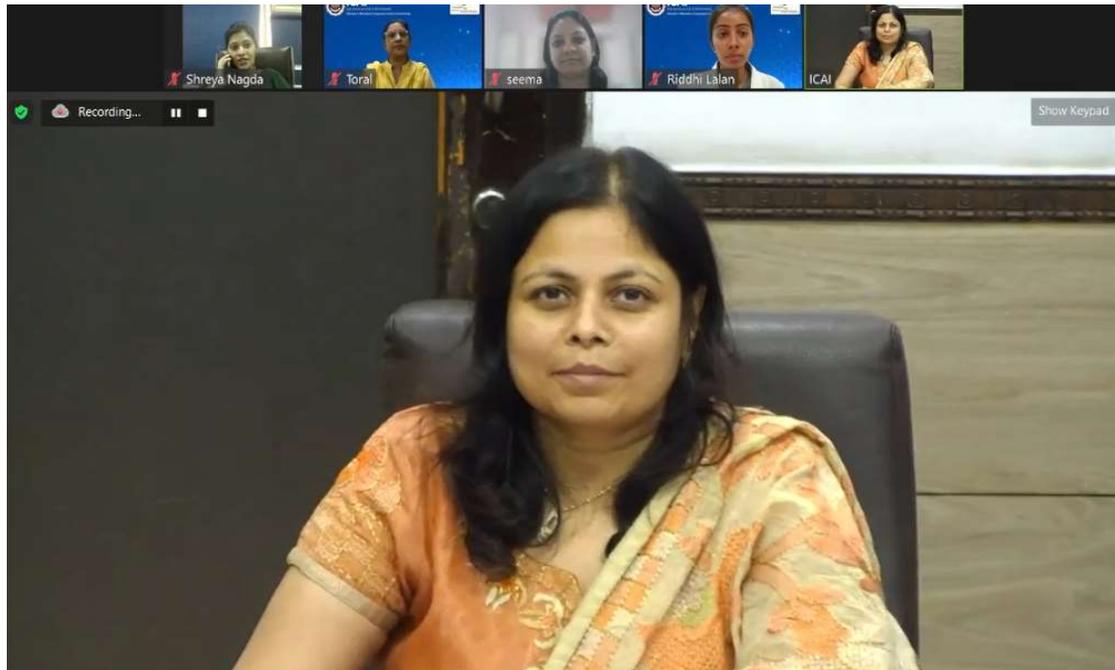
CA. Seema Baheti

CA. Shreya Jagani

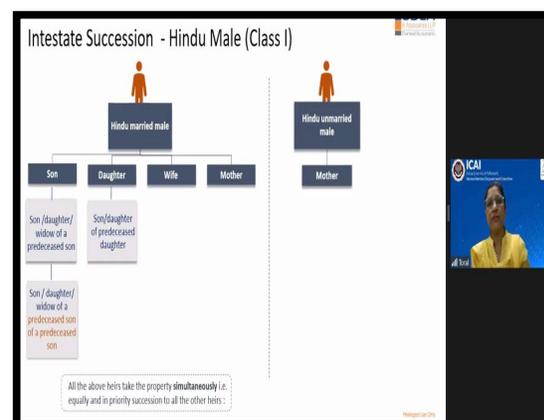
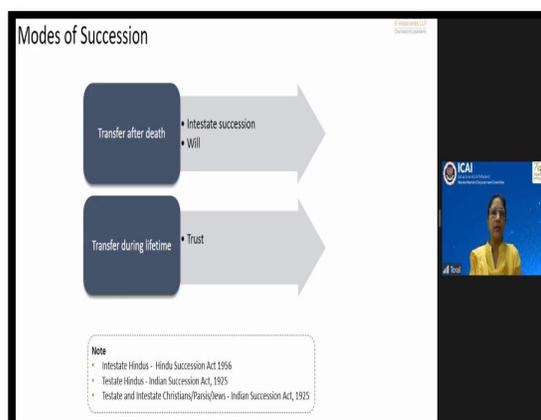
As part of country wide Azadi ka Amrit Mahotsav initiatives, envisaged by Government of India, to commemorate and celebrate 75 years of India's Independence, the Women Members Empowerment Committee (WMEC) of ICAI organized “Sky High- Symposium -15 Virtual CPE Meeting (VCM)” on 20th July 2022.

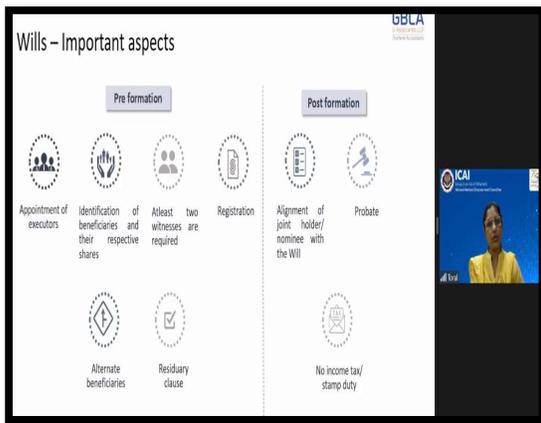
CA. Toral Shah and CA. Subashini Ganapathy were speakers of the said VCM. Coordinators for the day were CA. Riddhi Lalan, CA. Seema Baheti and CA. Shreya Jagani.

The program was conducted by CA. Priti Savla- Vice-Chairperson, WMEC.



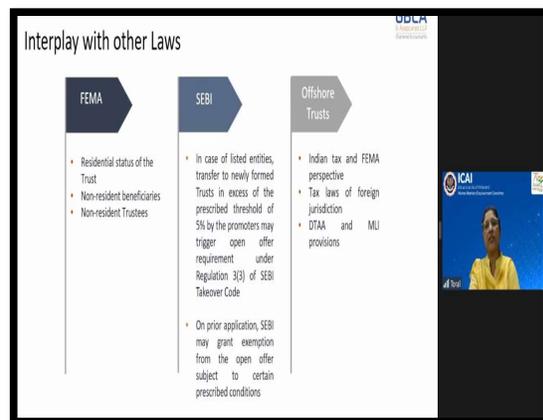
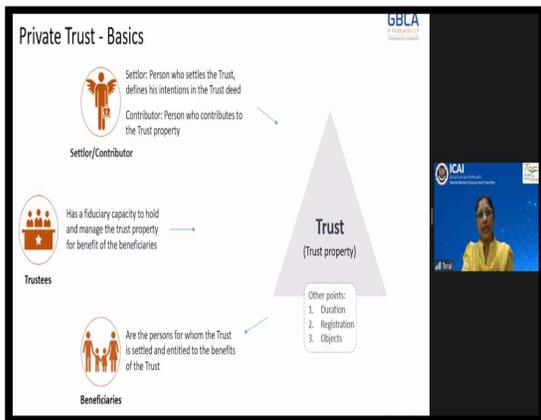
The VCM covered discussion on “Estate & Succession Planning”. Deliberations were made on Succession Planning & its Importance, HUF Partition, Modes of Succession, Intestate Succession, Will- Important aspects, Will vs Private Trust, Basics & types of Private Trust, Taxation of Private Trust, Interplay with other laws, etc.





Will versus Private Trust

	Will	Trust
Ease of transition	Red	Green
Control via ownership	Green	Yellow
Ring fencing of assets	Red	Green
Estate tax planning	Red	Green
Control of end use of Wealth and Income across generations	Red	Green
Probate process	Red	Green
Confidentiality	Yellow	Green



The VCM also covered Session on “Non Profit Organisations- Various Statutory Obligations”. Topics discussed were Budget 2020, Black Money laundering through Trusts, Gross income of Trusts, Constitution vs Statute Compliance, Societies Act 1860, Compliance according to 1975 Act, Trust Regulations- Prior & Post Finance Act 2020, Registration- New regime, Dual Registration- Section 10(23C) & 12AA, FCRA (Amendment Act 2020), etc.

Budget 2020 is all woven around

- Aspirational India to boost the standard of living
- Caring Society
- Economic Development for all

- Nirmala Sitharaman

Charitable institutions are an integral part in economic development and social welfare of our society.

The Finance Act 2020 has unleashed certain changes to the charitable, religious and other institutions focusing on transparent monitoring of activities.

The new amendment alters the provisions of the act governing applicability and procedure of registration and exemptions available to trusts and other institutions by introducing new sections to enhance the existing process. Each modification is initiated to enhance the robustness of the mechanism to identify and administer the institutions, regulate and monitor the trusts engaged in malpractices or supervise and advise the trusts deviating from their objectives.

The department wants to curb such private profiteering by monitoring the trust every 5 years and revisiting exemption criteria.

BLACK MONEY LAUNDERING THROUGH TRUSTS

A FEW RELIGIOUS AND EDUCATION TRUSTS ARE BEING USED TO LAUNDER BLACK MONEY. HERE ARE TWO WAYS IT IS DONE.

CHARITABLE TRUST

- Person donates Rs 1 crore to charitable trust running an educational institution.
- Trust buys luxury car in its own name.
- Trust gives car to donor for personal use.

RELIGIOUS TRUST

- Religious trust rents its room/commercial space to people or businesses.
- Charges rent for rooms or space, preferably in cash.
- Shows rent as 'donations'. Does not pay tax on 'donations'.

CONSTITUTION (vs) STATUTE COMPLIANCE...

TRUST

- The Indian Trusts Act, 1882
- The Tamil Nadu Public Trusts Act, 1961 (amended in 2020)
- The Income Tax Act, 1961

COMPANY (Section 8)

- The Companies Act, 2013
- The Income Tax Act, 1961

SOCIETY

- Societies Registration Act, 1860
- The Tamil Nadu Societies Registration Act, 1975
- The Income Tax Act, 1961

Societies Act 1860

Comment: Charitable purposes which came within the language and spirit of the statute of Elizabeth (43 Eliz ch 4) could be grouped into four heads, (i) relief of poverty, (ii) education, (iii) advancement of religion and (iv) other purposes beneficial to the community not coming under any of the preceding heads. The words in Act 21/1860 are, therefore, to be understood as including religious purposes also. Hindu Public v. Rajdhani Puja Samithi AIR 1999 SUPREME COURT 964

Compliance according to 1975 Act

- Accounts and Audit
- Application of funds
- Investment of funds
- Maintenance of records
- Conduct of meetings and related returns
- Submitting returns

TRUST REGULATIONS - PRIOR & POST FINANCE ACT 2020

The government has provided various benefits and exemptions to support the trusts and institutions to assist in serving the society. With the objective of safeguarding the interest of the trusts and institutions, the government has introduced substantial changes to compliance requirements and reporting mechanism.

Applicability Compulsory registration of Public trusts. Optional registration of Private Trust (subject to conditions).	Revised Applicability Mandatory registration of already registered public and private trusts.
Registration Validity Perpetual Validity on registration.	New Registration Registration is valid for a period of 5 years after which the registration shall be renewed.
Cash Donation Cash Donations towards scientific research activities exempted up to Rs.10,000.	Revised Cash Donations Cash Donations for scientific research activities exempted to Rs.2,000.
Reporting Compliance Apart from the forms filed along with the Income tax return, annual statement, Note on other.	Additional Compliance Apart from the Income Tax Returns, statement of donations received shall be furnished as per the

REGISTRATION - NEW REGIME

Re-registration is mandatory for all the existing trusts and institutions as per new provisions.

The Government intends to create a national register for all the charitable and religious institutions and under the new registration all the trusts will be allotted electronically generated Unique Registration Number.

EXISTING TRUSTS	NEW TRUST
<ul style="list-style-type: none"> Application for re-registration shall be made within a period of 3 months from 19th October 2020 and it shall be granted within 3 months from end of month in which application is made. Registration will be valid for a period of 5 years. Re-Registration shall be based on the existing registration and commissioner may not call for documents apart from the details to be furnished in the form. 	<ul style="list-style-type: none"> Application for provisional registration shall be made at least one month prior to the commencement of the previous year and it shall be granted within a month from end of the month in which application is made. Initial documents will be requested for providing provisional registration. Provisional registration will be valid for a period of 3 years from the assessment year for which the registration is sought. Application for final registration shall be made - (a) at least 6 months prior to the expiry date of provisional registration, or (b) within 6 months of commencement of its activities, whichever is earlier.

The commissioner may call for the documents at the time of renewal of the registration (after 5 years) to verify the genuineness of the activities of the trust and to monitor the exemption criteria.

DUAL REGISTRATION - 10(23C) & 12AA

Sec 10(23C)

Sec 10(23C) is applicable for educational institutions, hospitals etc. whose sole purpose is to provide educational service and not for profit. This section provides exemption without any pre-requisite of approval in case the receipts of the educational institutions is less than Rs.1 crore. In any other case, the institute shall apply for approval in the prescribed form to avail the exemption.

Sec 12AA

Sec 12AA governs the registration of trust and institutions for excluding the income from property held for charitable and religious purpose and income received as voluntary contributions as a part of the total income of the trust. This section provides exemption to the income earned from the property held (sec 11) and income received as voluntary contribution (sec 12) provided the institute or trusts are registered.

In the earlier regime, the trust or institution involved in educational or philanthropic activities can get registered u/s 12A as well as obtain approval for availing benefits u/s 10(23C) of the income tax act.

Both section provides exemption benefits to the institutions and are exclusive of each other in respect of their eligibility, registration and compliances.

Under the new amended Finance act, such institutions and trusts shall opt either for registration and exemption benefits u/s 10(23C) or u/s 12AA. Such amendments are introduced to control and monitor the double benefits that were available till now.

The VCM concluded by giving Vote of Thanks to the Speakers and the participants.

Glimpses of the Virtual CPE Meeting held on 20th July 2022

