



## Azadi Ka Amrit Mahotsav Activity

### “Sky High- Symposium -13 Virtual CPE Meeting (VCM)” conducted by Women Members Empowerment Committee of ICAI on 6<sup>th</sup> July 2022

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

Women Members Empowerment Committee Organises

75 Azadi Ka Amrit Mahotsav

**Sky High - Symposium-13**  
Virtual CPE Meeting (VCM)  
for Women by Women **Briefly Wednesday**

**6th 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/06072022/>

Trust specific Provisions under Income Tax Act 1961

SOPs- Synonyms of Business Success

CA. Prity Dharod

CA. Shweta Panelia

Special Address

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

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

CA. Chandrashekhar Vasant Chitale  
Chairman, Peer Review Board  
& Direct Taxes Committee

Co-ordinators

CA. Varsha Deshpande

CA. Madhuri Dhanak

CA. Kavita Dholu

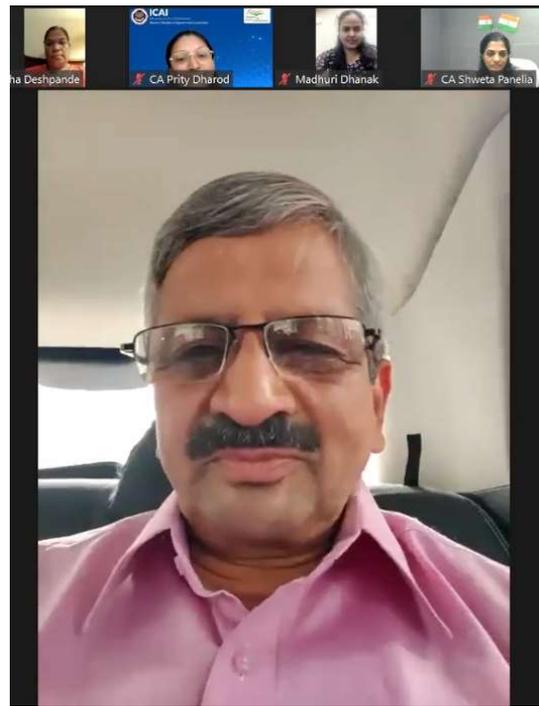
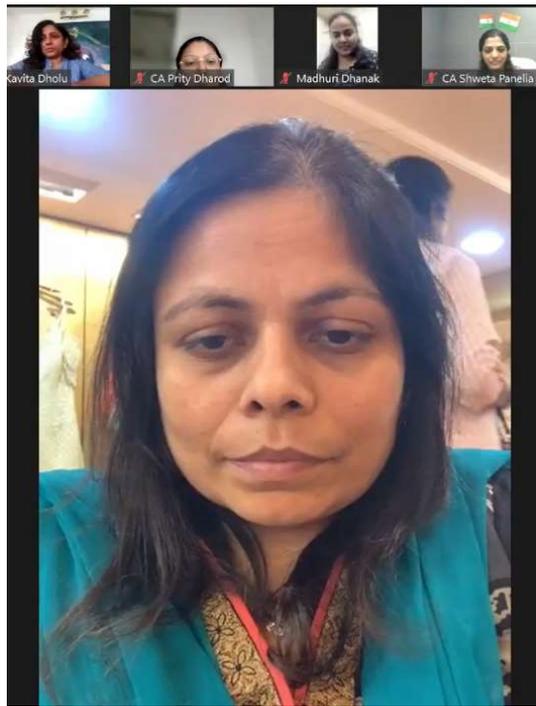
Questions related to the topic may be sent in advance at [wmec@icai.in](mailto:wmec@icai.in) or LIVE at the time of VCM itself at the same link

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 -13 Virtual CPE Meeting (VCM)” on 6<sup>th</sup> July 2022.

CA. Prity Dharod and CA. Shweta Panelia were speakers of the said VCM. Coordinators for the day were CA. Varsha Deshpande, CA. Madhuri Dhanak and CA. Kavita Dholu.

Special address was given by Central Council Member CA. Chandrashekhar Vasant Chitale to all the participants.

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



The VCM covered discussion on “Trust specific Provisions under Income Tax Act 1961”. Deliberations were made on Definition of Charitable Purpose, Anonymous Donation, Income of Charitable Organizations, Explanations to Section 11, Exemption if Income accumulated for specific purposes, Modification of objects, Specified modes for investing funds of Trust, Conditions to be satisfied for applicability of Section 11 & 12, Re-registration Clause, Denial/ Withdrawal of exemption, etc.

**Definition of charitable purpose – proviso to section 2(15)**

Law prior to amendment [up to assessment year 2015-16]

Advancement of any object of general public utility was not a charitable purpose, if it involved carrying on of

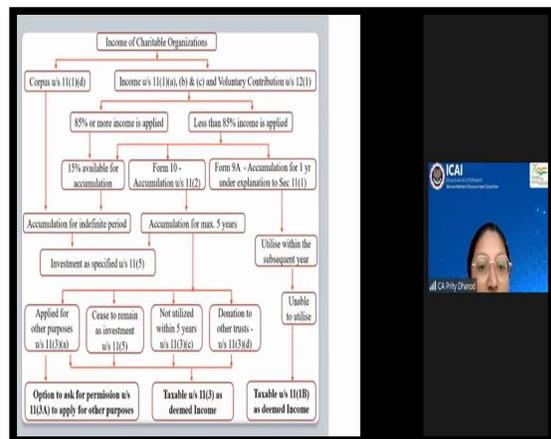
(a) any activity in the nature of trade, commerce, business; or

(b) any activity of rendering any service in relation to any trade, commerce or business

Exception - first proviso to section 2(15) introduced from AY 2016-17

Unless such activity is undertaken in the course of **actual carrying out** of such advancement of any other object of general public utility; and

- the aggregate receipts from such activity or activities during the previous year, **do not exceed twenty per cent of the total receipts**, of the trust or institution undertaking such activity or activities, of that previous year;

**S. 11**

1(c) Income derived from property held under trust wholly for charitable or religious purposes, to the extent to which such income is applied to such purposes in India; and, where any such income is accumulated or set apart for application to such purposes in India, to the extent to which the income so accumulated or set apart is not in excess of fifteen per cent of the income from such property;

1(b) income derived from property held under trust in part only for such purposes, the trust having been created before the commencement of this Act, to the extent to which such income is applied to such purposes in India

1(c) income derived from property held under trust—for a charitable purpose which tends to promote international welfare in which India is interested - Provided that the Board, by general or special order, has directed in either case that it shall not be included in the total income of the person in receipt of such income

1(d) income in the form of voluntary contributions made with a specific direction that they shall form part of the corpus of the trust or institution, subject to the condition that such contributions are invested or deposited in one or more of the forms or modes specified in sub-section (5) maintained specifically for such corpus - Finance Act 2021

**Exemption if income accumulated for specific purposes Section 11(2).**

a. Such person furnishes a statement in the prescribed form / manner to the Assessing Officer, stating the purpose for which the income is being accumulated or set apart and the period for which the income is to be accumulated or set apart, which shall in no case exceed 5 years. In other words shortfall in excess of 15% (statutory accumulation) can be accumulated, to be used for religious or charitable purposes within the next five years.  
**Five year period shall commence from the year succeeding the previous year for which the accumulation is made.**

b. The money so accumulated or set apart is invested or deposited in the forms or modes specified in Section 11(5) of the Act.

c. The statement referred to in clause (a) is furnished before the due date specified in 139(1) for furnishing the return of income. Read with Section 13(9) of the Act.

Though only Form 10 is required to be uploaded the following documents and details should be prepared for accumulation: Resolution has to be passed by the governing board for accumulation u/s 11(2). Accounts to be submitted to the AO within 6 months from the end of each relevant PY. Though plurality of purpose is not precluded, the purpose has to be specific, precise and concrete.

**S. 12A - Conditions to be satisfied for applicability of Sec. 11 and 12**

Clause (aa) - the person in receipt of the income has made an application for registration of the trust or institution to the Principal Commissioner or Commissioner and such trust or institution is registered under section 12AA;

Clause (ab) - A registered trust has made modifications in the objects which do not conform to the conditions of registration, within a period of thirty days from the date of said adoption or modification, to the Principal Commissioner or Commissioner and such trust or institution is registered under section 12AA;

**Clause (ac) - Newly Inserted - Re-registration clause**

(i) where the trust or institution is registered under section 12A/12AA within three months from the first day of April, 2021;

(ii) where the trust or institution is registered under section 12AB and the period of the said registration is due to expire, at least six months prior to expiry of the said period;

(iii) where the trust or institution has been provisionally registered under section 12AB, at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier;

(iv) where registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11, at least six months prior to the commencement of the assessment year from which the said registration is sought to be made operative;

(v) where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, within a period of thirty days from the date of the said adoption or modification;

(vi) in any other case, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought.

**Section 13(1)**  
**Denial/ Withdrawal of Exemption**

Section 13 has been enacted as an exception to section 11 and thereby the benefits which are otherwise available u/s 11 and 12, will not be available under the circumstances stated in section 13.

a. Income applied for private religious purpose and not for the public at large.  
 Test : Presence of an uncertain and fluctuating population of beneficiaries.

b. Income of charitable trust / institution applied for the benefit of particular religious community or caste, except trust or institution established for the benefit of Scheduled Castes, Scheduled Tribes, Backward Classes or women and children.

c. Income applied for the benefit of specified persons referred to in subsection 3.

Reasonable remuneration u/s 13(1)(c) read with section 13(2)(c) is allowed. A benefit implies payment of anything which is not legally due to a person.

d. Funds invested or deposited otherwise than in any one or more of the forms specified in subsection (5) of section 11.

**Anonymous Donations: Section 115B8C**

"Anonymous donations" means any voluntary contribution referred to in Section 2(24)(ia) where a person receiving such contribution does not maintain record of the identity indicating "The Name and Address" of the person making such contribution and such other particulars as may be prescribed.

Institution receiving anonymous donation	Tax treatment
Case 1 - Wholly religious entities	Section 115B8C is not applicable
Case 2 - Partly religious and partly charitable entities	If anonymous donation is made to an educational or medical institution run by such entity, such anonymous donation is taxable at the rate of 30 per cent. Any other anonymous donation is not subject to tax under section 115B8C.
Case 3 - Wholly charitable entities	All anonymous donations are taxed at the rate of 30 per cent under section 115B8C.

**Taxability of Anonymous donations:**  
 Anonymous Donation upto :

(a) 5% of total donation received by the trust  
 OR  
 (b) ₹ one lakh

**whichever is higher** is not taxable and is part of regular income.  
 Anonymous donations in excess of above will be taxed @ 30%.

The VCM also covered Session on "SOPs – Synonyms of Business Success". Topics discussed were Recent Industries/Business Structure in India, Areas of Management Consultancy, Meaning, benefits & drawback of SOP, How to start, How to frame SOP, Process flow of Manufacturing Industries, Challenges faced by management consultant, Format of SOP, etc.

## Recent Industries/Business Structure in India

- MSMEs Play vital role in growth
- Traditional Business Structure
- Management for more risk prone and prefers professionalism
- Small firms have chance to cater this MSMEs



## Area of Management Consultancy

- SOP Framing & Implementation
- Data Automation
- Business Function Improvement
- Business Process Re Engineering
- Cost Management
- Fund Management
- Human Resource management
- CRM
- Sales & Marketing
- Tax Consultancy



## SOP !

- Meaning of SOP.
- Benefits of SOP.
- Drawback of SOP?
- How to overcome?




## How to Start?

START

- Documentation and Understanding the business
- Discussion with management
- Understand Process & internal working
- Prepare flowchart of working pattern which are already in use
- Prepare list of process which needs to cover under SOP.



## How to frame SOP?

- Do It.
- Document It.
- Discuss with management for approval.
- Delegate It.
- Implement or Refine It.




## Process Flow for Mfg. Industries

On Receipt of Material

- Gate Entry in Register
- Goods Receipt (Booking based on Challan)
- Quality check
- Material Transfer to Store
- Store Manager Issue for production
- Purchase Booking ( Based on Invoice)



## Challenges Faced by Management Consultant

- Designing SOP's suitable for client
- Resistance to change by Client Itself
- Traditional way of function
- Unskilled Staff or rigid behavior of them
- High IT Infra Cost
- In Short term high cost and low benefits



## Format of SOP

- [SOP 04 Gate entry QC & GRN.pdf](#)
- [SOP 05 Inventory management.pdf](#)
- [SOP 06 Item master generation & periodical review .pdf](#)
- [SOP 11 Scrap identification and its clearance.pdf](#)
- [SOP 13 Sales.pdf](#)



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

Glimpses of the Virtual CPE Meeting held on 6<sup>th</sup> July 2022

