

Government of India
Ministry of Finance, Department of Revenue,
Central Board of Direct Taxes,
Audit and Public Accounts Committee Division
F. No. 240/8/2018- A & PAC - II

Dated 14/12/2018

Partial Modification of the Instruction No. 6 of 2017

It has been recommended by the Hon'ble Public Accounts Committee that the process of the Registration Process of Charitable Trusts / Institutions should be brought under the purview of internal audit. The Additional Director General (Audit & Inspection) in consultation with the Chief Commissioner of the Income Tax (Exemptions) has recommended a system in place for this purpose. Consequently, following para (numbered as 5.12) is being inserted immediately after para 5.11 of the Instruction No. 6 of 2017:

"5.12 The registration process of charitable trusts / institutions will be audited by Internal Audit Party as per 'Procedure of Internal Audit of the Process of Registration of Charitable Trusts / Institutions of Commissioner of Income Tax (Exemptions)' given in Annexure D."

2. This issues with approval of the Chairman (CBDT).



(Sunita Verma)

Director

A & PAC Division, CBDT, New Delhi

Copy to:

1. All the Pr. Chief Commissioner of Income Taxes,
2. All the Directors General of Income Tax (Investigation),
3. The Chief Commissioner of Income Tax (Exemption), New Delhi.
4. The CCsIT (Central), Delhi and Mumbai,
5. The Additional Director General of Income Tax (Audit), New Delhi
6. The Data Base Cell for uploading on irsofficeronline.gov.in alongwith with copy of Instruction No. 6/2017
7. The Pr. DGIT (Systems) for incorporating necessary modification in ITBA for implementation of internal audit of Commissioners of Income Tax (Exemption).
8. All the Commissioners of Income Tax (Audit).

Procedure for internal audit of the “the process of registration of Charitable Trusts/Institutions of CsIT (Exemptions)”

1. The Internal Audit of "the process of registration of Charitable Trusts/Institutions of CsIT (Exemptions)" will be carried out each year by the O/o CsIT (Audit) of the region. The audit will commence for the first time in respect of the registration applications processed (i.e approved / rejected) during FY 2018-19.
2. The Internal Audit will *be* conducted by an officer of the rank of Joint/Addl. CIT as per the Check List enclosed (*End: Check List*).
3. The Internal Audit shall be completed by 30th June of the succeeding financial year.
4. After completion of the Internal Audit, the Audit report shall be submitted by the Joint/Addl. CIT to CIT (Audit) In 3rd August.
5. The CIT (Audit) shall examine the objections and will submit the -final objections/observations to the respective CsIT (Exemptions) by 30th September and copy endorsed to CCIT (Exemptions).
6. The CCIT (Exemptions) shall examine all the Audit reports and seek comments from the respective CsIT (Exemptions).
7. The CCIT (Exemptions)'s decision regarding acceptance/ non-acceptance of the Audit Objection/ Observation shall be final.
8. The CCIT (Exemptions) shall submit his consolidated report to Pr. DGIT (L&R) by 31st December.
9. As this is the first year in which the Internal Audit of the process of registration of Charitable Trusts/Institutions is being started, a minimum of 50 cases of each CIT (Exemptions) shall be audited in FY 2019-20. Thereafter, ADG (Audit & Inspections) will circulate the target by 31st March, for the subsequent years, if there is any change in the target.

Registration u/s 12AA : Check List

Table A

Sl. No.	Particulars	
1.	Name of the Trust /Society/ company/Institution	
2.	Address of the Trust /Society/company/Institution	
3.	PAN of Trust /Society/company/Institution	
4.	Date of creation of Trust /Society/company/Institution	
5.	Name of Institution being run/Proposed to be run if it is different for 1 (Above)	
6.	Name and address of branches, if any,	
7.	Whether jurisdiction over the case vest with CIT(E)?	
(a)	Date of filing of application (Form 10A)	
(b)	Whether the application (Form 10A) is duly filled up?	
(c)	Whether form 10A correctly signed by the person competent/authority to sign?	

Table B

Sl. No.	Particulars	
1.	Whether original certified true copy of the deed filed? / In case of Societies / Company whether copy of memorandum of Association and certificate of registration issued by registrar of societies / registrar of Companies filed?	
2.	Is the deed in English?	
3.	If not, whether a translation of the deed in English obtained?	
4.	Whether List of trustees / governing body members filed along with PAN & Address?	
5.	Whether Area of operation of its activities mentioned in the deed? (Note: Area of operation should be within India)	
6.	Specify the main objects of the trust (Religious, relief of the poor, Education, Medical Relief, etc., any other object of general public utility)	
7.	Is any of the objects religious in nature? (mention the number of the clause and page number of the deed)?	
8.	Is any of the object neither religious nor Charitable? (Mention the number of the Clause and page number of the deed)?	
9.	Whether the objects are for any particular caste, creed religion or community?	
10.	Whether deed contains: Investment clause? (To be invested as per section-11 (5) of the IT Act)	

11.	Whether deed contains: Dissolution Clause? (on dissolution assets should go only to another trust / association of same name)	
12.	Whether deed contains: Amendment/Alteration clause?	
13.	(To be amended with the approval of CIT (E))	
14.	Whether deed contains: Irrevocability Clause?	
15.	Whether deed contains: Utilization clause? (specifying that the profits are to be used only for the objects of the trust)	
16.	Whether deed contains: Beneficiary Clause? (beneficiaries are a section of the public and not specific individuals)	
17.	Whether any part of its property or income is used or applied or ensures directly or indirectly for the benefit of any person specified u/s 13(3) of the It Act?	
18.	Details of the bank accounts (s)	
19.	Details of the donations received	
20.	Details of movable & immovable assets held as on date	
21.	Whether NOC from the premises owner is obtained or rental agreement is enclosed, in case premises is not owned by the trust/society/Company/institution?	
22.	Whether Note on activities filed?	
23.	Whether Registration u/s 12AA has been refused/rejected earlier? If so, state briefly the reasons for such refusal/rejection	
24.	Whether copy of receipt and payment a/s, income & Expenditure a/c, Balance Sheet for three years or from the date of creation till date whichever is less of trust/Society/Institution/Company filed?	
25.	In case or recognition u/s 80G, whether copy of 12A certificate obtained or not.	