

Trusts, Charities May Need to Share Registration Info Soon

Our Bureau

New Delhi: Trusts and charitable institutions may have to share details of their registration under various laws including the Foreign Contribution Regulation Act and property held with the Central Board of Direct Taxes proposing changes to norms governing their disclosures.

Auditors will also have to carry out detailed due diligence as they would have to certify the details disclosed as per the proposed norms.

The Central Board of Direct Taxes is proposing amendment to rule 17B, which prescribes form for audit report of trust and institutions.

"As the rule and form were notified long ago, there is need to rationalise them to align with requirements of the present times," it said seeking public comments on the changes.

The revised "statement of particulars" seek extensive details of the operations of the trust, ensuring that the trust is fully compliant with the applicable processes and procedures.

This form was last revised 45 years ago.

Disclosures such as details of statute under which trust or institution is constituted, details of creation and registration, registration under Income-tax Act, object of trust institution, details of modification of object clau-



DUE DILIGENCE

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se, details of income and application of Income, compliance to conditions for application will have to furnished.

They will also have to disclose other activities that they carry out such as trade, commerce, business or services and any fees they receive for it.

Tax experts say responsibility of the auditors will increase significantly with the proposed changes in the tax audit report for charitable trusts.

"Auditor needs to certify that in his opinion and to the best of the information and according to the explanations given, the particulars given in the said Annexure are true and correct. Thus, the responsibility of the assessee as well as the auditor will increase significantly post implementation of these changes," said Prateek Agarwal, Partner — Audit & Assurance, Nangla & Co LLP.

CBDT for more exhaustive tax audit report for charitable trusts

FE BUREAU

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THE CENTRAL BOARD of Direct Taxes (CBDT) has proposed amendments to the tax audit report for charitable trusts and institutions, which would require additional details from assesseees in the form of status of registration under the Income Tax Act, compliance to conditions for

application and registration status under the Foreign Contribution Regulation Act (FCRA), 2010, among others.

The draft notification has been put in the public domain and stakeholders have time till June 5 to submit their views. The proposed changes will extend the audit form to 8 pages from 3 pages earlier. The CBDT said it was revising the tax audit form "as the rule and form

were notified long ago, there is a need to rationalise them to align with requirements of the present times". The form was last revised 45 years ago.

Prateek Agarwal, partner-audit & assurance at Nangia & Co LLP, said: "With the proposed changes in the tax audit report for charitable trusts, the responsibility of the auditors will increase significantly as there are various additional

disclosure requirements in the annexure to Form 10B." Further, the auditors would now need to certify the correctness of the particulars given in the annexure.

Additionally, the new form would ask for details on advancement made towards general public utility, and whether such activity was in the nature of trade, commerce, business or services.



Business Standard

Closer scrutiny of trusts and institutions on cards, draft rules out

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The Income Tax Department has proposed a new audit report form for charitable trusts and institutions requiring additional information and disclosures about their activities.

Accordingly, it has issued draft amendment to Rule 17B which prescribes form for audit report of trusts and institutions. The deadline for giving suggestions and comments on the proposed changes is June 5.

Tax experts said that proposed changes would help the tax department get more precise information about the assessee and avoid the need for unnecessary clarification later on.

The draft amendment in the rule has proposed a new 8-page Form 10B as against the existing 3-page form.

"As the rule and form were notified long ago, there is a need to rationalise them to align with the requirements of the present times," said the draft notification for stakeholder consultation.

The annexure to the proposed Form 10B seeks many details and disclosures including the statute under which trust/institution was constituted, registration under Income Tax Act, object of trust/institution and details of income and application of income among others.

Commenting on the proposed changes, Prateek Agarwal, Partner (Audit & Assurance), Nangia & Co LLP said that with the proposed changes in the tax audit report for charitable trusts, the responsibility of the auditors will increase significantly as there are various additional disclosure requirements in the Annexure to Form 10B.

"Above all, as per the revised Form 10B, now the auditor needs to certify that in his opinion and to the best of the information and according to explanations given, the particulars given in the said annexure are true and correct," he said.