

### **Query 1**

The demand was raised for the AYs prior to 2020-21 for not providing the correct registration/approval details in Part A General of ITR 7. What action assessee is required to take for reduction of demand?

#### **Reply**

*Rectification application to be filed giving the correct registration details in Part A General. Once the rectification request is processed the demand will be reduced if the details furnished are correct.*

### **Query 2**

The trust or institution was registered u/s 12A/12AA or approved 10(23C) for claim of exemption in the old regime but the trust has not obtained the fresh registration u/s 12AB. Demand was raised for the AY 2021-22 or for subsequent assessment years as the trust had not obtained fresh registration. However, the trust has subsequently obtained the fresh registration/approval within the extended period. What action assessee is required to take for reduction of demand?

#### **Reply**

*If the fresh registration/approval is obtained within the extended period, please file a request for rectification with the registration details (URN Number). Once the rectification request is processed the demand will be reduced if the details furnished are correct.*

### **Query 3**

The trust total income which exceeds the maximum amount which is not chargeable to income tax in the previous year. The trust has not filed the Audit Report in Form 10B/10BB as applicable within the due date or filed the Audit Report in Form 10B/10BB as applicable after the due date. The trust filed the return of income claiming exemption and the CPC while processing return of income has not allowed the exemption claimed and raised the demand. What action assessee is required to take for reduction of demand?

#### **Reply**

*Where assessee has filed Form 10B/10BB belatedly,*

- If delay is up to 365 days - Assessee may file application before the jurisdictional CIT(Exemption) for condonation of delay.*
- If delay is beyond 365 days but up to 3 years - Assessee may file application before the jurisdictional Pr. CCIT/CCIT(Exemption) for condonation of delay*
- If the delay is condoned, assessee may file application before JAO for giving effect/rectification. The JAO will pass necessary orders.*

*Where assessee has not filed Form 10B/10BB, the assessee may first file Form 10B/10BB and follow the steps mentioned above depending on the period of delay.*

#### **Query 4**

The trust in the return of income filed has made a claim for deemed application of income under clause (2) of Explanation 1 of sub-section (1) of Section 11. The trust was required to file Form 9A within the due date for furnishing return of income u/s 139(1) of the Act for claim of deemed application. The trust either has not filed Form 9A within the due date or has filed after the due date. The CPC while processing the return of income has not allowed the deemed application claimed and raised the demand in the case. What action assessee is require to take for reduction of demand?

#### **Reply**

*Where assessee has filed Form 9A belatedly,*

- *If delay is up to 365 days - Assessee may file application before the jurisdictional CIT(Exemption) for condonation of delay.*
- *If delay is beyond 365 days but up to 3 years - Assessee may file application before the jurisdictional Pr.CCIT/CCIT(Exemption) for condonation of delay*
- *If the delay is condoned, the JAO will pass necessary orders.*

*Where assessee has not filed Form 9A the assessee may file Form 9A first and follow the steps mentioned above depending on the period of delay.*

#### **Query 5**

The trust has made a claim for deemed application of income under clause (2) of Explanation 1 of sub-section (1) of Section 11 and has filed Form 9A but there is inconsistency in the amount of deemed application claimed in the return and claimed in Form 9A. The CPC while processing the return of income, allowed the minimum amount between the amount claimed in the return and Form 9A and raised the demand. What action assessee is require to take for reduction of demand?

#### **Reply**

*The assessee may file revised Form 9A or return as applicable.*

*If the revised Form 9A is filed within the due date for filing return u/s 139(4) - The assessee may request for rectification*

*If the revised Form 9A is filed after the due date for filing return u/s 139(4) -*

- *If delay is up to 365 days - Assessee may file application before the jurisdictional CIT(Exemption) for condonation of delay.*
- *If delay is beyond 365 days but up to 3 years - Assessee may file application before the jurisdictional Pr.CCIT/CCIT(Exemption) for condonation of delay*
- *If the delay is condoned, assessee may file application before JAO for giving effect/rectification.*

*If the assessee has revised the return with the correct details within the due date for filing return u/s 139(4) – Exemption will be allowed at the time of processing.*

*If the assessee likes to revise return but time limit to revise return u/s 139(4) is already over*

- *the assessee may approach jurisdictional CIT (Exemption) for condonation of delay u/s 119(2)(b).*
- *If the delay is condoned, assessee may file return u/s 119(2)(b) and approach JAO for giving effect.*

### **Query 6**

The trust has made a claim for accumulation of income and was required to file Form 10 within the due date for furnishing return of income u/s 139(1) of the Act for claim of accumulation of income. The trust has either not filed Form 10 within the due date or filed after the due date. The CPC while processing the return of income has not allowed the accumulation of income claimed and raised the demand. What action assessee is require to take for reduction of demand?

### **Reply**

*Where assessee has filed Form 10 belatedly,*

- *If delay is up to 365 days - Assessee may file application before the jurisdictional CIT(Exemption) for condonation of delay.*
- *If delay is beyond 365 days but up to 3 years - Assessee may file application before the jurisdictional Pr.CCIT/CCIT(Exemption) for condonation of delay*
- *If the delay is condoned, the JAO will pass necessary orders.*

*Where assessee has not filed Form 10 the assessee may file Form 10 first and follow the steps mentioned above depending on the period of delay.*

### **Query 7**

The trust has made a claim for accumulation of income and filed Form 10 but there is a inconsistency in the amount of accumulation claimed in the return and claimed in Form 10. The CPC while processing the return of income, allowed the minimum amount between the amount claimed in the return and Form 10 and raised the demand. What action assessee is require to take for reduction of demand?

### **Reply**

*If the revised Form 10 is filed within the due date for filing return u/s 139(4) - The assessee may request for rectification*

*If the revised Form 10 is filed after the due date for filing return u/s 139(4) -*

- *If delay is up to 365 days - Assessee may file application before the jurisdictional CIT(Exemption) for condonation of delay.*
- *If delay is beyond 365 days but up to 3 years - Assessee may file application before the jurisdictional Pr.CCIT/CCIT(Exemption) for condonation of delay*
- *If the delay is condoned, assessee may file application before JAO for giving effect/rectification.*

*If the assessee has revised the return with the correct details within the due date for filing return u/s 139(4) exemption will be allowed at the time of processing.*

*If the assessee likes to revise return but time limit to revise return u/s 139(4) is already over*

- *the assessee may approach jurisdictional CIT (Exemption) for condonation of delay u/s 119(2)(b) and*
- *If the delay is condoned, assessee may file return u/s 119(2)(b) and approach JAO for giving effect*

#### **Query 8**

If the purpose of the trust is advancement of any other object of General Public Utility and percentage of receipts from such activity should not exceed 20%. But while filing return of income receipts from such activities has been inadvertently shown as more than 20% in Part A General. CPC while processing the return has not allowed the exemption claimed and raised the demand. What action assessee is require to take for reduction of demand?

#### **Reply**

*If percentage of receipts from such activities is not exceeding 20%, then it may file for rectification with the correct details. Once the rectification request is processed the demand will be reduced if the details furnished are correct.*

#### **Query 9**

During the year, objects of the trust is changed and fresh registration has not been obtained and the same details are entered in Part A General. Whether the trust is eligible to claim exemption?

#### **Reply**

*If the objects of the trust are changed during the year and fresh registration is not obtained exemption claimed in the return will not be allowed.*

#### **Query 10**

Is there any restriction with regard to claim of cost of new asset for claim of exemption u/s 11(1A) of the Act.

**Reply**

*If Exemption u/s 11(1A) claimed in Schedule A under column “Capital” exceeds the net consideration disclosed in Schedule AI then exemption will be allowed to the extent of net consideration shown in Schedule AI.*

**Query 11**

What are the precautions assessee is required to take while claiming revenue and capital application in the return of income?

**Reply**

*Please enter the details of revenue and capital application in Schedule A and as well in Sl. No. 6(i) of Part B1 of Schedule Part BTI. Please ensure that there is no inconsistency between the amount of application claimed in Sl.No. 6(i) of Part B1 of Schedule Part BTI and Schedule A.*

*In case of any error in the return filed, please file for rectification or revised return as applicable.*

**Query 12**

What are the points to be considered while claiming exemption u/s 11 and u/s 12 or u/s 10(23C)(iv)/(v)(vi)(via) in the return of income?

**Reply**

- *Registration/approval details should be filled in Schedule Part A General*
- *Please ensure that section under which exemption claimed in Part A General and Part BTI are same.*
- *Please ensure that section under which registration is obtained and section under which exemption is claimed in the return are same.*
- *Please ensure that amount allowable as exemption is correctly claimed in the relevant column of Part BTI*
- *Income should be disclosed in Schedule AI and/or Schedule VC as applicable*
- *Application of income – Revenue Expenditure & Capital expenditure should be disclosed in Schedule A.*
- *Exemption u/s 11(1A) claimed in Schedule A under column capital cannot exceed the net consideration disclosed in Schedule AI*
- *Audit Report in Form 10B/10BB – should be filled in carefully as they will be matched with the details furnished in the Return of Income.*
- *Exemption amount allowable should be entered in the relevant column of Part B1 of Part B TI*
- *Schedule- J, Schedule- I & Schedule- D to be filled as applicable*
- *If Deemed Application is claimed –Form 9A has to be filed within the due date specified u/s 139(1)*

- *If Accumulation of income is claimed –Form 10 has to be filed within the due date specified u/s 139(1).*
- *If the purpose of the trust is advancement of any other object of General Public Utility*
- *Then total receipts and percentage of such activity should be mentioned in Schedule Part A General.*
- *If the percentage of receipt of such activities exceed 20% of total receipts of the trust or institution then exemption u/s 11 is not allowable [As per section 13(8)]*

### **Query 13**

The aggregate annual receipt of the trust or institution for the previous year is Rupees two crore out of which Rs. 75 lakh is Government Grants. The trust claimed exemption u/s 10(23C)(iiiab)/(iiiac). CPC while processing the return of income has not allowed the exemption claimed and raised a demand. What action assessee trust is required to take in the present case.

#### **Reply**

*As per the provisions of the Act, exemption claimed u/s 10(23C)(iiiab)/(iiiac) will be allowed only if the amount of Government Grants received during the year is more than 50% of the aggregate annual receipts. The assessee is required to enter amount of Government Grants received at Sl.No.4 of Schedule IE 3. In the present case Government Grants received by the trust is not more than the 50% of Aggregate Annual Receipt. Hence, the trust is not eligible for exemption u/s 10(23C)(iiiab)/(iiiac).*

*Note: If Government Grant received is more than 50% of the aggregate annual receipt but not filled the same correctly in the return, the assessee may file corrected return / revised return as applicable for reduction of demand.*

*If Government Grant received is not more than 50% of the aggregate annual receipts, the assessee cannot file ITR 7.*

### **Query 14**

The assessee trust or institution filed return of income claiming exemption u/s 10(23C)(iiiad)/(iiiiae). The aggregate annual receipt of the assessee from all the entities during the year was Rupees six crore. While processing the return the exemption claimed was not allowed. What action assessee trust is required to take in the present case.

#### **Reply**

*As per the provisions of the Act, the exemption u/s 10(23C)(iiiad)/10(23C)(iiiiae) is allowable only if the amount of Aggregate annual receipts does not exceed Rs.5 crore (From AY 2022-23 it is Rs. 5 crores, prior to that it was Rs.1 crore). In the present case aggregate annual receipt is more than 5 crore, the assessee is not eligible to claim exemption u/s 10(23C)(iiiad)/10(23C)(iiiiae).*

*If the aggregate annual receipts exceed Rs. 5 crore and the trust has not got registration under any of the provisions of exemptions, then ITR-7 is not applicable to such trusts.*

#### **Query 15**

The assessee is eligible to claim exemption u/s 10(23D) and has filed return of income claiming exemption u/s 10(23D). However, while filing return of income the assessee has forgotten to claim the exemption in the relevant column of Part B2 of Part B-TI. The CPC while processing the return of income has not allowed exemption and raised a demand. What action assessee trust is required to take in the present case to reduce the demand.

#### **Reply**

*While filing the return of income, the assessee is required to claim the exemption to which it is eligible in the relevant column of Part B2 of Part BTI. The assessee in the present case may file corrected return/revised return as applicable.*

#### **Query 16**

The assessee is a political party and claimed exemption u/s 13A in the return of income filed. However, the exemption claimed was not allowed while processing the return. Please suggest what action is required to be taken.

#### **Reply**

*To claim exemption u/s 13A, the following conditions are required to be fulfilled.*

- *The assessee is required to fulfill all the conditions laid down in Section 13A and accordingly assessee is required fill Schedule LA of the return.*
- *Filing return of income within the due date specified u/s 139(1) is mandatory to claim exemption u/s 13A*
- *Exemption is not allowable on BP Income to Political Parties and it is taxable*

*If there is an error or omission in filling Schedule LA, the assessee may file the corrected return / revised return as applicable.*

#### **Query 17**

The assessee is an Electoral Trust claimed exemption u/s 13B in the return of income filed. However, the exemption claimed was not allowed while processing the return. Please suggest what action is required to be taken.

#### **Reply**

*To claim exemption u/s 13B, the following conditions are required to be fulfilled.*

- *The assessee is required to provide the registration details in Part A General*
- *The assessee has to fulfil all the conditions specified in section 13B read with Rule 17CA and accordingly, the assessee is required to fill Schedule ET*

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- *Exemptions is allowable only on Voluntary contributions and not on any other income.*

*If there is an error or omission in filling Schedule ET and providing registration details, the assessee may correct the details / revised return as applicable.*