

## DO YOU KNOW?

**The Finance (No.2) Bill 2024 has proposed the merging of two parallel tax exemption regimes for charities into one.**

The Finance (No. 2) Bill 2024 has proposed the merging of two parallel tax exemption regimes (Sections 10(23C) and 12A) for charities into one.

At present, there are two main regimes for trusts or funds or institutions to claim exemption:

- The first is contained in the provisions of sub-clause(s) (iv), (v), (vi) or (via) of clause (23C) of section 10 which requires approval from Principal Commissioner of Income Tax (PCIT) or Commissioner of Income Tax (CIT).
- The second is contained in the provisions under sections 11/12 of the Act.

Over the past years, several amendments have been made that effectively eliminated the additional privileges previously enjoyed by organisations under Section 10(23C). As a result, both regimes now offer similar benefits, and the procedures and conditions have been largely aligned. Therefore, maintaining both regimes has become redundant.

Therefore, the Budget 2024 aims at consolidating them into one and proposed that the first regime shall be lapsed, and funds, institutions or trusts shall be gradually transited to second regime.

Released on 5th August 2024