

The Finance Bill 2023 has proposed that second, third and fourth provisos to sub-section (2) of section 12A shall be omitted. Due to this, an organization cannot claim exemptions for earlier years before registration u/s 12AB is granted.

It may result in tax demands and litigations at the time of 12AB registration for existing organization having income for earlier years before grant of registration u/s 12AB.

As per earlier provisions, once an organization is registered u/s 12AB (earlier 12AA) then the Act provided that all open assessment pending before assessing officer will be made by giving the benefit of exemptions under section 11 to the organization.

DO YOU KNOW?



The Finance Bill 2023 proposed to omit the 2nd, 3rd and 4th provisos of sub-section (2) of section 12 A of Income Tax Act, 1961.

