

The Finance Act, 2006, introduced Section 115BBC into the Income Tax Act, 1961 to combat the influx of unaccounted cash through charitable institutions, and the provision imposes a 30% tax on 'anonymous donation'. While section 115BBC requires maintenance of name and address, the compliance landscape has expanded significantly over the years.

As per CBDT notification dtd 10-Aug-2022 introduced Rule 17AA, mandating charitable institutions to maintain detailed records of voluntary contributions, including Name of the donor, Address, PAN (if available), Aadhaar No. (if available). Further, institutions are now obligated to file an Annual Statement of Donations in Form 10BD, which requires reporting the unique identification number of each donor.

However, in case of donations received through structured digital payment systems such as UPI, Net-banking, Wallets, or QR Codes scans, the money is credited into the Institutions bank account and each transaction carries with it a complete digital trail— transaction ID, time stamp, originating account number, and often even metadata linking to the donor's name (as held by the bank or payment gateway). However, technologically traceable donations may still be treated as "anonymous" purely due to administrative limitations in recording the donor's name and address.

While digital infrastructure provides robust traceability, the law continues to impose liability based on manual record-keeping by recipient institutions. Therefore, if the trust fails to extract and record the donor's name and address in its own systems, the donation may still be treated as "anonymous" under Section 115BBC of the Income Tax Act, 1961.

DO YOU KNOW?



Donations received through structured digital payment systems such as UPI, Net-banking, Wallets, or QR Codes scans may still be treated as anonymous donation u/s 115BBC of the Income Tax Act, 1961.

