The Income Tax Act, 2025 introduces a formal classification of registered NPOs into “Small Registered NPOs” and “Large Registered NPOs”.

Under the new regime, an NPO is classified as a Large Registered NPO if any one of the following conditions is satisfied:

a) Regular income under section 335 exceeds ₹ 5 crores; or

b) Foreign contribution received during the tax year exceeds ₹ 10 lakhs; or

c) Application of income outside India exceeds ₹ 10 lakhs.

However, an NPO is classified as a Small Registered NPO where none of the above conditions is satisfied.

This classification determines the reporting requirements and schedules applicable under Form 112 (Tax Audit Report).

DO YOU KNOW?

The Income Tax Act, 2025 classifies registered NPOs into “Small” & “Large” NPOs.