

## Amendments for NPOs under Atma-Nirbhar Bharat Abhiyan

Government of India has announced Atma-nirbhar Bharat Abhiyan (or Self-reliant India Mission) following which, the government has unveiled the details of economic packages for various sectors.

The economic package has also brought some legislative amendments that would impact the financial and legal operations of NPOs, which have been described below

### 1. Reduction in Rates of Tax Deduction at Source (TDS) & Tax Collection at Source (TCS):

CBDT press release dated 13<sup>th</sup> may 2020 provides reduction in rate of Tax Deduction at Source (TDS) & Tax Collection at Source (TCS). In order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of Covid-19 pandemic, the rates of the TDS for non salaried specified payments made to residents has been reduced by 25% for the period from **14<sup>th</sup> may 2020 to 31<sup>st</sup> March 2021**. Among various non-salaried specified payments, NPOs frequently deals with the following payments which attract TDS:

Section	Nature of payment	Existing Rate	Reduced rate (14.05.2020 to 31.03.2021)
194C	Payments to Contractors	1% (Ind/Huf) 2% (Others)	0.75% (Ind/Huf) 1.5% (Others)
194 I	Rent for plant & machinery	2%	1.5%
194 I	Rent for immovable property	10%	7.5%
194J	Fees for professional/technical service	10%	7.5%

In other words, TDS on the amount paid or credited by NPOs during the period from 14<sup>th</sup> may 2020 to 31<sup>st</sup> March 2021, shall be deducted and deposited at the reduced rate. However, there will be no reduction in rates of TDS or TCS where the tax is required to be deducted or collected at higher rate due to non-furnishing of PAN/Aadhar.

### 2. Extension of Due date of Income Tax Return:

Earlier, the Income Tax returns for the NGOs had to be filed under section 139 (4A) on or before 31<sup>st</sup> October, 2020. Now, under this package, the due date for filing income tax returns under the said section has been extended to 30<sup>th</sup> November, 2020. Also, the due date for filing of Tax Audit Report (Filed under form 10B in the case of NGOs availing exemption under section 11) shall be extended from **30<sup>th</sup> September 2020 to 31<sup>st</sup> October 2020**.



# FMSF Legal Updates

### **3. Reduced Employee Provident funds contribution:**

Earlier, the NGOs (having more than 20 employees) had to contribute 12% each from the employees and the employers as a part of the Provident fund contribution as per the relevant Act. Now, there has been an amendment in this regard which states that, for the next three months (**June 2020, July 2020, and August 2020**) Employee provident fund (EPF) contribution will be **10%** each for employees and employers as compared to the statutory obligation of **12%**. In other words, the EPF contribution has been reduced from 12% to 10% in case of employee and employers contribution towards provident fund for the next 3 months.

### **4. Processing of Refunds:**

As per the press release dated 13<sup>th</sup> May 2020, it has been mentioned that all the pending refunds to charitable trust and non-corporate business and professions shall be released soon. The specific dates or time limits have not been prescribed as yet.