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INCOME TAX ACT 2025 APPLICABILITY ON NPO & RECENT AMENDMENTS ON FCRA 2026

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INCOME TAX ACT 2025 – APPLICABILITY ON NPO

1. Chapter XVII - Part B "Special Provisions for Registered Non-Profit Organisation."

The legislative framework governing NPOs has been restructured and consolidated into seven sub-parts [Sec 332 to 355 of the Income-tax Act, 2025], covering the following aspects:

- Registration [Sec 332 to 333]
- Income [Sec 334 to 343]
- Commercial Activities [Sec 344 to 346]
- Compliances [Sec 347 to 350]
- Violations [Sec 351 to 353]
- Approval for Donations [Sec 354]
- Interpretations [Sec 355]

Application for Registration [Sec 332]

(Corresponding Provision: Section 12A and 12AB of the ITA 1961)

- Sec 332 of ITA governs the registration process for NPOs seeking benefits under this Part.
- To qualify as a registered NPO, an application for registration must be submitted to the PCIT/CIT in the prescribed form and manner.
- The process, application time limits, registration period, and procedures followed by the PCIT/CIT, powers of condonation of delay remain largely the same under the ITA 1961.
- The provisions regarding the time limits for submitting applications, passing orders, and registration validity are now presented in tabular form within the law itself.

Application for Registration [Sec 332]

Clarity on carrying out multiple charitable purposes:

- Sec 332(2)(a) now explicitly permits NPOs to pursue multiple charitable purposes as listed under Sec 2(23) definition (Sec 2(15) of ITA 1961).
- Previously, whether an NPO could engage in multiple charitable objects or was restricted to a single category under Section 2(15) of ITA 1961 was ambiguous.
- This clarification ensures that NPOs can operate across multiple charitable purposes.

Application for Registration [Sec 332]

Re-registration on modification of objects:

- Mandate re-registration in cases where a registered NPO has adopted or undertaken modifications to its objectives.
- Previously, this requirement explicitly applied where a trust that adopted or undertook modifications to its objects, which did not conform to the conditions of its registration.
- The New provisions do not impose the condition that such modifications must be inconsistent with the original registration terms.
- Accordingly, all NPOs must now apply for re-registration upon any adoption or modification of their objectives, irrespective of whether such modifications align with the conditions of their initial registration.

Application for Registration [Sec 332]

Requirement to Registration:

- Under new act iinstitutions wholly or partially financed by the Government or a local authority must now obtain registration to qualify for tax exemptions Sec 332(e).
- These NPOs enjoy blanket tax exemption Sec (iiiab) and (iiiac) of Section 10(23C). While such NPOs continue to enjoy such exemptions under new law without any additional conditions under schedules.
- However, there appears to be a requirement to obtain NPO registration under Sec 332, which makes tax exemption subject to the fulfilment of various conditions.
- The intent of extending registration requirements to such NPOs is unclear and creates overlap.

Switching Over of Regime [Sec 333]

(Corresponding Provision: Section 11(7) of the ITA 1961.)

- Registered NPOs cannot claim an exemption under Sec. 11 of ITA 2025 except some provisions mentioned in Schedules of Sec. 11 of ITA 2025 .
- However, the registration granted under Sec. 332 shall cease to operate from the date the NPO is notified under these provisions or claim exemption under these provisions.
- A person whose registration ceases to operate may apply for making its registration operative again under Sec 332 of ITA 2025 subject to the condition that the notification granting exemption under that particular provision ceases to have effect from the date on which the said registration is granted and thereafter shall not be entitled to exemption under the respective serial numbers of the Schedules.

Tax on income of registered NPO [Sec 334]

(No similar provision in ITA 1961-Instead, different provisions governed the taxation of certain types of income like Section 115BBI, 115BBC and 164(2))

ITA 2025 introduces Sec 334, which provides for the tax payable by registered NPOs. The income tax payable by a registered NPO for any tax year shall be computed as follows:

(a) 30% tax rate on 'specified income' for that tax year; and

(b) Tax at applicable rates on taxable regular income and any residual income under other provisions of the Act.

Regular Income [Sec 335]

Corresponding Provision:

No similar provision in ITA 1961.

Under the IT Act 2025, no provision explicitly defined the components of regular income for trusts or NPOs. Instead, the different categories of income were addressed under various provisions:

- Income from property or investments was covered under section 11(1)of ITA 1961.
- Business income was addressed under section 11(4) and 11(4A) of ITA 1961.
- Voluntary contributions were covered under section 12(1) of ITA 1961.

Regular Income [Sec 335]

The regular income of a registered NPO for any tax year shall include the following:

(a) **Income from any charitable or religious activity:** Income from a charitable or religious activity for which such registered NPO is registered, carried out by it in such tax year;

(b) **Income from property or investments:** Receipts, other than from commercial activities, whether capital or revenue, derived from any property or investment held by such registered NPO in such tax year;

(c) **Voluntary contributions:** Voluntary contributions received by such registered NPO in such tax year; and

(d) **Business held as property and incidental business income:** The gains from any commercial activity, other than the commercial activities restricted under Sec 345 and 346 of ITA 2025, carried out by such registered NPO in such tax year, computed in such manner as prescribed.

Taxable Regular Income [Sec 336]

The taxable regular income of a registered NPO for any tax year shall be determined as follows:

(a) Nil Income: The taxable regular income shall be nil if 85% or more of the regular income for the tax year has been applied or accumulated under Sec 342 of ITA 2025 for charitable or religious purposes, in such tax year as per the provisions of this Part.

(b) Taxable Income: In any other case, the taxable regular income shall be 85% of the regular income for the tax year, reduced by the amount of such income applied for charitable or religious purposes or accumulated under Sec 342 of ITA 2025 in accordance with the provisions of this Part.

Taxable Regular Income [Sec 336]

- There is no change in the method of calculation. Therefore, the taxable income will be deemed nil if 85% of the regular income is applied or accumulated for charitable or religious purposes.

- If less than 85% is applied or accumulated, the shortfall in the application or accumulation of 85% shall be considered taxable regular income and subject to tax.

COMPUTATION OF INCOME

Particulars	Rs. Lacs	
Gross Receipts		100
Less: Deductions u/s 336		(15)
Balance Income to be applied		85
Less: Income applied		
Revenue Expense	70	
Capital Expenses	15	(85)
Total Income		Nil

COMPUTATION OF INCOME DEEMED APPLICATION FOR 1 YEAR

Particulars	Rs. Lacs	
Gross Receipts		100
Less: Deductions u/s 336		(15)
Balance Income to be applied		85
Less: Income applied		
Revenue Expense	50	
Capital Expenses	25	(75)
Balance Income		10
Less: Deemed application u/s 341(5)		(10)
Total Income		Nil

COMPUTATION OF INCOME ACCUMULATION OF INCOME UPTO 5 YEAR

Particulars	Rs. Lacs	
Gross Receipts		100
Less: Deductions u/s 336		(15)
Balance Income to be applied		85
Less: Income applied		
Revenue Expense	40	
Capital Expenses	10	(50)
Balance Income		35
Less: Accumulated income u/s 342(1)		(35)
Total Income		Nil

Specified Income [Sec 337]

Corresponding Provision:

Various incomes/violations were subject to special tax rates were governed under different provisions, including taxation under section 115BBI for specified violations, taxation of anonymous donations under section 115BBC, and taxation under section 164(2) as an Association of Persons (AOP), Section 13, Section 12(2).

With the introduction of Sec 337 in ITA 2025, all specified income categories are now consolidated under a single provision.

Specified Income [Sec 337]

- Sec 337 delineates the categories of income that shall be considered "specified income" for a registered NPO, and
- The tax year in which such income shall be subject to taxation.

Specified Income [Sec 337]

Sl No.	Specified income	Tax year
1	Any anonymous donation received by a registered non-profit organisation other than a registered non-profit organisation created or established,— 1. wholly for religious purposes, or 2. wholly for charitable and religious purposes (excluding anonymous donation made with a specific direction that such donation is for any university or other educational institution or any hospital; or other medical institution run by such registered non-profit organisation), excluding the anonymous donations up to ₹ 100000 or 5% of the total donations received by it during the tax year, whichever is higher.	Tax year in which such anonymous donation is received.
2	Any portion of income applied by it, directly or indirectly, for the benefit of any related person, computed in the manner, as may be prescribed.	Tax year in which such application is made.
3	Any portion of income applied by it outside India in contravention to the provisions of section 338(a).	Tax year in which such application of income is made.

Sl No.	Specified income	Tax year
4	Any investment or deposit made in contravention to the provisions of section 350 out of any income, accumulated income, deemed accumulated income, corpus, deemed corpus, or any other fund	Tax year in which such investment or deposit is made.
5	Any deemed corpus donation in respect of which any of the conditions specified in the section 340 is violated.	Tax year in which such violation is made.
6	Any portion of accumulated income, if it is applied to purposes other than charitable or religious purposes for which it is accumulated or set apart.	Tax year in which it is so applied.
7	Any portion of accumulated income, if it ceases to be accumulated or set apart for application to such purposes as specified under section 342(1).	Tax year in which it ceases to be so accumulated or set apart.
8	Any portion of accumulated income, if it is not applied as per the provisions of section 341(1) to (4) for which it is accumulated or set apart within the period for which it was accumulated or set apart as specified in section 342(1).	Last of the tax years for which income was so accumulated or set apart.
9	Any portion of accumulated income, if it is credited or paid to any other registered non-profit organisation.	Tax year in which it is so credited or paid.

Sl No.	Specified income	Tax year
10	Any income applied to purposes other than charitable or religious purposes for which it is registered.	Tax year in which it is so applied.
11	Any income determined by the Assessing Officer under section 344 in excess of income shown in the books of account of such business undertaking.	Tax year to which such income relates.
12	Fair market value of any asset, where it is not held in forms or modes specified in paragraph 1(1) to (30) of Schedule XVI even after the expiry of one year from the end of the tax year in which such asset is acquired.	Tax year immediately following the expiry of limitation period mentioned in Column B.
13	Any deemed application under section 341(5) not actually applied by the registered non-profit organization for its objects in India within the period specified in section 341(6).	Tax year specified in section 341(6) by which such application is required to be made.

Specified Income [Sec 337]

Anonymous Donation by NPO:

- Anonymous donations received by an NPO established wholly for religious purposes are excluded from the definition of specified income
- Under section 115BBC of ITA 1961, this exemption was available not only to trusts or institutions established wholly for religious purposes but also to those established wholly for both religious and charitable purposes.
- However, under the earlier provision, if an anonymous donation was received with a specific direction that it was intended for a university, other educational institution, hospital, or medical institution run by the trust, such donations were subject to tax
- While other anonymous donations made to institutions engaged in both religious and charitable activities remained exempt under section 115BBC, this exemption has not been extended under Sec 337 of ITA 2025

Income not to be included in Regular Income [Sec 338]

Income applied outside India (Sec 338(a) similar to section 11(1)(c) of the ITA 1961.

Income applied outside India shall be excluded only where the Board, by general or special order, directs that such income shall not be included in the total income of a registered NPO, provided that:

(i) The NPO was created before April 1, 1952, for charitable or religious purposes,

Or

(ii) The NPO was created on or after April 1, 1952, for charitable purposes, and the application of income outside India promotes international welfare in which India has an interest.

Income not to be included in Regular Income [Sec 338]

Corpus Donation Sec.338(b) aligns with the section 11(1)(d) of ITA 1961:

Corpus donations received by a registered NPO under Sec 339

The definition and treatment of Corpus Donations are provided under Sec 339 of ITA 2025.

Corpus Donation [Sec 339]

A corpus donation refers to any donation made with a specific direction from the donor that it shall form part of the corpus of the registered NPO.

Such a donation must be invested or deposited in one of the permitted modes prescribed under Sec 350 of ITA 2025 and maintained specifically for such corpus.

Deemed Corpus Donation [Sec 340]

Corresponding Provision:Explanation 3A to section 11(1) of ITA 1961.

Where the property of a registered NPO includes any temple, mosque, gurdwara, church, or any other place notified under Sec 133(1)(b)(vi) of the ITA 2025, any donation received by such NPO specifically for the renovation or repair of such religious place may, at its option, be deemed as forming part of the corpus under Sec 339 of the ITA 2025, provided the following conditions are met:

(a) Maintaines such corpus as a separate identifiable fund;

(b) The corpus is applied exclusively for the purpose for which the donation was made;

(c) The corpus is invested or deposited in one of the permitted modes under Sec 350 of ITA 2025; and

(d) The corpus is not utilised for making donations to any other person.

Application of Income [Sec 341]

Corresponding Provision: Explanation 2,3,4,5 to section 11(1), Section 11(6) and Explanation to Section 11(7) of ITA 1961

- The income must be applied exclusively for charitable or religious purposes in India and align with the objectives for which the NPO is registered.
- The expenditure must be incurred on a payment basis during the relevant tax year.
- TDS compliance and cash payment restrictions [Payments must comply with the limitations prescribed under Sec 36(4), (5), (6), (7), and Sec 35(b)(i) of the ITA.]
- Only 85% of donations made to another registered NPO qualify as an application of income.
- Corpus donations to another registered NPO are not considered an application of income.
- The application of income from the corpus is made after the 31st March 2021 and there was no violation of any provision of this part, or any corresponding provision IT Act 1961 (43 of 1961) with respect to such application.
- Repayment of loans qualifies as an application of income if the repayment occurs within five years from the end of the tax year in which the loan was utilized [loan was originally applied post-March 31, 2021]

Application of Income [Sec 341]

- **Depreciation and double deduction:** Depreciation is not allowable as an application of income if the asset's acquisition cost was previously claimed as an application.
- **Set-off or carry-forward of excess application:** No set-off, deduction, or allowance for excess application of income from previous years is permitted.
- The amount applied out of the following shall not be considered as an application of income:

➢ Corpus.

➢ Loans or borrowings.

➢ Accumulated income.

➢ Specified income.

➢ Deemed accumulated income.

No Deemed Application

Omission of Provision similar to Explanation 2 to Section 11(1) (Deemed Application of Income):

- According to *Explanation 2* to section 11(1) of the ITA 1961 provides that if in the previous year, a charitable trust is not able to utilise 85 per cent of its income due to the fact that such income has not been received in the previous year or for any other reason, then the trust has the option to apply such income in the year of receipt or in the year, immediately following the year of accrual of income.
- Such deemed application of income shall be considered when the institution furnishes the details electronically in Form 9A.
- No corresponding provision has been proposed in the ITA 2025.

No Capital Gains Exemption

Omission of Provision similar to Section 11(1A) (Capital Gains Exemption on Reinvestment):

- Section 11(1A) of the ITA 1961 contains the special provisions where a property held under trust is transferred, and consideration is utilised for acquiring another capital asset; the capital gain arising from the transfer is deemed to have been applied for charitable or religious purposes.

- The application of income, in such a case, shall be calculated in the prescribed manner.

- However, no corresponding special provision has been proposed in the ITA 2025.

Accumulation of Income [Sec 342]

Corresponding Provision: Section 11(2) of ITA 1961

Sec 342 of the ITA provides a legal framework for the accumulation of income by registered NPOs:

- Registered NPO can accumulate income for a specified purpose, subject to the submission of a statement to the Assessing Officer on or before the due date prescribed under Sec 263(1) of ITA 2025.
- Any income transferred to another registered NPO out of accumulated income shall not be considered an application of income.
- Accumulation can be for a period upto five years.
- Accumulated income to be invested in modes prescribed under Sec 350 of ITA 2025.
- NPOs can apply to the Assessing Officer to change the purpose of accumulated income.
- Transfer of accumulated income to another registered NPO upon dissolution, subject to the approval of the Assessing Officer.

Accumulation of Income [Sec 342]

Due Date to file Statement of Accumulation:

- Sec 342(1) of ITA 2025 requires that the statement of accumulation be filed on or before the due date for filing the Income Tax Return under Sec 263(1) of ITA 2025.

- Section 11(2) of ITA 1961 mandates that Form 10 be filed at least two months before the due date under section 139(1) of ITA 1961.

Deemed Accumulated Income [Sec 343]

- The regular income, after deducting the income applied and accumulated under Sec 342 of ITA 2025, shall be deemed to be accumulated income to the extent of 15% of the regular income.

- This deemed accumulation shall be mandatorily invested or deposited in any of the prescribed modes under Sec 350 of ITA 2025.

- The deemed accumulated income under this section shall not be considered as accumulated income for the purpose of Sec.342 of ITA 2025.

Business Undertaking held as Property [Sec 344]

Corresponding Provision: Similar to Section 11(4) of the ITA 1961

Sec 344 of the ITA 2025 provides that where a registered NPO holds a business undertaking as part of its property and claims that the income derived from such an undertaking is eligible for tax benefits under this Part, the Assessing Officer shall have the authority to determine the income of the business undertaking in accordance with the provisions of this Act.

Restriction on Commercial Activities by Registered NPO [Sec 345]

Corresponding Provision: Similar to Section 11(4A) of the ITA 1961

NPOs other than GPU may carry out commercial activities only if:

(a) Such commercial activity is incidental to the attainment of the organisation’s objectives; and

(b) Separate books of account are maintained for such activities.

Restriction on Commercial Activities by Registered NPO [Sec 345]

- The primary distinction between Sec 345 and section 11(4A) of ITA 1961 is the introduction of categorical restrictions on NPOs engaged in specific charitable activities.
- Sec 345 provides that the NPO, other than GPU category NPO, can not engage in commercial activities. Therefore, as per Sec 345, registered NPOs engaged in the relief of the poor, education, yoga, medical relief, preservation of the environment (including watersheds, forests and wildlife), preservation of monuments, places, or objects of artistic or historic interest are prohibited from engaging in commercial activities except where such activities are incidental to the attainment of their objectives and separate books of account are maintained.

Restriction on Commercial Activities by GPU NPO [Sec 346]

Sec 346 imposes specific restrictions on registered NPOs engaged in the advancement of any other object of general public utility (GPU) concerning their ability to conduct commercial activities. Such NPOs may only undertake commercial activities if the following conditions are met:

(a) The commercial activity is undertaken in the course of actual advancement of the general public utility objective of the registered NPO.

(b) The aggregate receipts from such commercial activity do not exceed 20% of the total receipts of the registered NPO for the relevant tax year.

(c) Separate books of account are maintained by the registered NPO for such commercial activities.

Restriction on Commercial Activities by GPU NPO [Sec 346]

- The key difference between Sec 346 and proviso to section 2(15) of ITA 1961 is that the proviso to section 2(15) did not require NPOs to maintain separate books of account for commercial activities.

- Sec 346 now mandates that separate books of account must be maintained for such activities.

Books of Accounts [Sec 347]
Corresponding Provision:Section 12A(1)(b)(i) of ITA 1961

If the total income of a registered NPO exceeds the maximum amount not chargeable to income tax in any tax year, such NPO shall be required to keep and maintain books of account and other documents in the prescribed form, manner, and location, as specified by the relevant rules.

Audit [Sec 348]

- **<u>Corresponding Provision:Section 12A(1)(b)(ii) of ITA 1961</u>**

- If the total income of a registered NPO exceeds the maximum amount not chargeable to income tax in any tax year, the accounts of such NPO must be audited by an accountant. "Accountant means a chartered accountant as defined in section 2(1)(b) of the Chartered Accountants Act, 1949, who holds a valid certificate of practice under section 6(1) of that act.

- The person receiving the income shall be required to furnish an audit report by such date in the prescribed form, duly signed and verified by the accountant, setting forth such particulars as may be prescribed.

Return of Income [Sec 349]

Corresponding Provision: Section 12A(1)(ba) of the ITA 1961

If the total income of a registered NPO exceeds the maximum amount not chargeable to income tax in any tax year, it shall be required to furnish a return of income for that tax year in accordance with the provisions of Sec 263(1)(a)(iii) and (2), within the prescribed time limit allowed under Sec 263(1)(c).

Return of Income [Sec 349]

- Under ITA 1961, exemption under this chapter was available only if the return of income was filed within the time allowed for filing the original return under section 139(1) or the belated return under section 139(4).
- However, under ITA 2025, there is no reference to the belated return under Sec 263(4) of ITA .
- As a result, exemption can now only be claimed if the income tax return is filed within the original due date prescribed under Sec 263(1)(b) of ITA 2025.

Permitted Modes of Investment [Sec 350]

- **Corresponding Provision: Section 11(5) of the ITA 1961**

- Sec 350(1) of the ITA 2025 provides that the modes of investment or deposit of funds under this Part shall be as specified in Schedule XVI.
- Few important Additions: Public sector Company (Sch XVI(1)(25), Contribution received in jewellery, furniture or any other articles (Sch XVI(1)(30)

- Further, Sec 350(2) provides that in addition to the modes specified in Schedule XVI, the Central Government may, by notification, prescribe other permitted modes of investment or deposit under this Part.

Permitted Modes of Investment [Sec 350]

- The permissible investment modes are not explicitly stated within the Section itself but are now prescribed separately under Schedule XVI.

- Furthermore, under Sec 350(2), the CBDT has been empowered to specify additional investment or deposit modes by notification, apart from those already listed in Schedule XVI.

Specified Violation [Sec 351]

Corresponding Provision: Section 12AB(4) and 12AB(5) of the ITA 1961

Circumstances leading to the cancellation of registration:

The registration of a NPO may be cancelled if:

(a) The PCIT/CIT identifies the occurrence of one or more specified violations;

(b) A reference is received from the Assessing Officer under Sec 270(13) for any tax year; or

(c) The organisation is selected based on the risk management strategy formulated by the Board.

Specified Violation [Sec 351]

Definition of Specified Violation:

A "specified violation" under section 347 includes the following instances:

(a) Application of income for purposes other than the organisation's objects;

(b) Engagement in commercial activities contrary to Sec 345 or 346 provisions;

(c) Utilisation of income for private religious purposes that do not benefit the public;

(d) Allocation of funds for the benefit of a specific religious community or caste, except for Scheduled Castes, Scheduled Tribes, backward classes, women and children;

(e) Conduct of activities that are not genuine or not in compliance with the conditions of registration;

(f) Non-compliance with Sec 332(7), where a legally binding order confirming such non-compliance has been issued and attained finality;

(g) Submission of false or incorrect information in the registration application under Sec 332(1).

Specified Violation [Sec 351]

The procedural framework for cancellation under Sec 351 involves:

Inquiry & documentation: The PCIT/CIT may request documents or conduct an inquiry to ascertain the occurrence of a specified violation.

Issuance of order: Based on findings, the PCIT/CIT may:

- Cancel the registration, after affording a reasonable opportunity of being heard, for the tax year in which the violation occurred and all subsequent tax years;
- Decline to cancel the registration if not satisfied that a violation has occurred.

Communication of decision: The order is forwarded to both the Assessing Officer and the affected non-profit organisation.

Specified Violation [Sec 351]

Time-limit for issuance of order:

The cancellation order, or an order refusing to cancel the registration, must be issued within six months from the end of the quarter in which the first notice was issued by the PCIT/CIT.

Tax on Accreted Income [Sec 352]

Chapter XII-EB, titled “Special Provisions Relating to Tax on Accreted Income of Certain Trusts & Institutions” of the ITA 1961. This chapter encompasses sections 115TD, 115TE, and 115TF, which governed the taxation of “accreted income” for entities registered under section 12AA/12AB or approved under section 10(23C)(iv), (v), (vi), or (via) of the Act in specified circumstances.

A= B-C

A= Accreted Income

B= Aggregate FMV of total assets of the specified person, as on date specified in column C of the table in sub-section (4), computed in accordance with such method of valuation as may be prescribed

C= Total Liability of the specified person, as on date specified in column C of the table in sub-section (4), computed in accordance with such method of valuation as may be prescribed

Tax on Accreted Income [Sec 352]

These provisions are proposed to be consolidated into a single provision under Sec 352.

There are no changes to the circumstances under which accreted tax is levied, the method of computing accreted income, the time limit for payment, or the applicable tax rate. However, the specified situations are now presented in a tabular format for clarity.

Other Violation [Sec 353]

Corresponding Provision: Section 13(10) and 13(11) of the ITA 1961

Sec 353 applies to registered NPOs that fail to comply with specific statutory obligations, including:

(a) Maintaining books of account (Sec 347)

(b) Conducting audits (Sec 348)

(c) Furnishing income tax returns (Sec 349)

(d) Engaging in commercial activities in violation of Sec 346)

If an NPO breaches any of the above requirements, its regular income for the tax year, subject to expenditures specified in Sec 353(3), becomes taxable regular income under Sec 334 of ITA.

Other Violation [Sec 353]

Computation of allowable expenditure:

The law allows deduction of expenditures while computing taxable income, but subject to strict conditions:

- The expenditure must be incurred in India.
- The expenditure must directly relate to the objects of the NPO.
- No deduction for expenditure from corpus funds (i.e., accumulated funds of previous years).
- No deduction for expenditure out of loan or borrowing.
- Depreciation is disallowed if the asset acquisition was claimed as an application of income in any tax year.
- No deduction for contributions or donations made by the NPO to other entities.
- Payments violating Sec 36(4), (5), (6) and (7) shall not be deductible [Cash Expenses in excess of prescribed limit].
- Tax must be deducted at source (TDS) on payments, as per Sec 35(b)(i).
- No other deductions, set-offs, or allowances shall be permitted.

Approval for deduction under Sec 133(1)(b)(ii) [Sec 354]

Corresponding Provision:

Section 80G(5) of ITA

Approval for deduction under Sec 133(1)(b)(ii) [Sec 354]

- Section 80G of the ITA governs deductions for donations made to specified funds and institutions, including those covered under Section 80G(2)(a)(iv). Under Section 80G(5), these deductions applied only to donations made to institutions or funds established in India for charitable purposes, provided they met the specified conditions.

- The deduction provisions of Section 80G have now been replaced by Sec 133 of the ITA 2025, while the approval process under Section 80G(5) has been shifted to Sec 354 of the ITA 2025.

- Other aspects, such as the time limits for application, conditions, and processes, remain largely unchanged under the new provision.

Interpretation [Sec 355]

Sec 355 of ITA 2025 provides definitions for various terms used within this Part. There is no specific section in the ITA compiling the meanings of these terms; instead, they are defined within the respective provisions.

Interpretation [Sec 355]

The following definitions are given under the Sec :

- Anonymous Donation
- Approval
- Cancellation
- Donation
- Commercial Activity
- Registration
- Registered NPO

Interpretation [Sec 355]

- Related Person
- Relative
- Residual Income
- Specified Asset
- Specified Person
- Specified Provision
- Substantial Interest
- Value
- Wholly for charitable or religious purposes

INCOME TAX RULES 2026 & FORMS
RULES 181 -190
FORMS 104-113

RULE NO.	DESCRIPTION	EARLIER FORM	NEW FORM	RELEVENT SEC.
Rule No. 181	Application for provisional registration	Form 10A	Form No. 104	Sec 332 and Sec 354
	Application for registration	Form 10AB	Form No. 105	Sec 332 and Sec 354
	Approval of Provisional Registration	Form 10AC	Form No. 106	Sec 332 and Sec 354
	Approval / Denial of Registration	Form 10AD	Form No. 107	Sec 332 and Sec 354
Rule No. 182	Manner of computation of gains of commercial activities			Sec 344,345,346 and 355(e)
Rule No. 183	Manner of computation of any portion of income applied directly or indirectly for the benefit of any related person			Sec 337

RULE NO.	DESCRIPTION	EARLIER FORM	NEW FORM	RELEVENT SEC.
Rule No. 184	Deemed Application	Form 9A	Form No. 108	Sec 341(7)
Rule No. 185	Accumulation/ Set apart of Income	Form 10	Form No. 109	Sec 342(1)
Rule No. 186	Application for change of purpose of accumulation of income		Form No. 110	Sec.342(5)
	Order for change of purpose of accumulation of income		Form No. 111	Sec.342(6)
Rule No. 187	Books of accounts and other documents to be kept and maintained			Sec.347
Rule No. 188	Audit Report	Form 10B/ 10BB	Form No. 112	Sec 348
Rule No. 189	Method of valuation for Accreted Income			Sec.352
Rule No. 190	Furnishing of statement of particulars in respect of donation and certificate to the donor	Form 10BD	Form NO. 113	Sec 354

FOREIGN CONTRIBUTION (REGULATION) AMENDMENT RULE 2026

A — NEW DEFINITION: ‘KEY FUNCTIONARY’ [Rule 2 / New Rule 2(1)(ca)]

A statutory definition of **“Key Functionary”** has been inserted into the Rules for the first time. The term, in relation to an organisation other than an individual, is defined to include:

- Director of a company;
- Partner in a firm;
- Trustee of a trust;
- Karta of a Hindu Undivided Family;
- Any office bearer, member of the governing body, managing committee, or other controlling authority of a society, trust, trade union, or association of persons; and
- Any other officer or person, by whatever name called, who has control over, or responsibility for, the management or affairs of the organisation.

B — PURPOSE-SPECIFIC & STATE-SPECIFIC REGISTRATION [New Rule 9(1B)]

Every FCRA registration certificate will henceforth specify (a) the permitted purpose(s) and (b) the States / Union Territories for which registration is granted.

This is a structural shift from the current position, where registration covered a broad category without geographical restriction.

C — FOREIGN NATIONALS AS KEY FUNCTIONARIES [Rule 9, Explanation 1]

A new Explanation 1 has been inserted in Rule 9, clarifying that an association having **foreign nationals (other than persons of Indian origin) as its key functionaries** shall **ordinarily not be considered eligible** for grant of FCRA registration or prior permission.

D — UTILISATION RESTRICTED TO INDIA [Rule 9, Explanation 2]

A new Explanation 2 to Rule 9 clarifies that foreign contribution received shall be utilised **only for activities carried out in India**, in accordance with the association's stated objectives and for the purposes for which such contribution was received.

E — PRIOR PERMISSION: SUBSEQUENT INSTALMENT RELEASE
[Rule 9A / New Form FC-3BB]

The procedure for release of the second and subsequent instalments under prior permission has been overhauled:

- A new application form, Form FC-3BB, has been prescribed (replacing the earlier proviso mechanism).
- The second or any subsequent instalment will be released only after:

  1. Utilisation of at least 75% of the foreign contribution received in the previous instalment; and
  2. Field inquiry of such utilisation by MHA.

F — MINIMUM SPEND THRESHOLD FOR RENEWAL / CANCELLATION [New Rule 14A]

A new Rule 14A has been inserted, establishing a minimum utilisation benchmark for determining whether an association has undertaken ‘reasonable activity’ — a criterion relevant to both cancellation proceedings under Section 14 and renewal under Section 16.

An association shall be deemed to have undertaken reasonable activity in its chosen field for the benefit of society if it has utilised ₹ 10,00,000 (Rupees Ten Lakh) in the last two financial years for the relevant purpose.

Only activity undertaken out of, or by utilising, foreign contribution received under the FCRA counts for this threshold. Domestic-funded activity cannot be aggregated to meet the ₹ 10 lakh benchmark.

G — CHANGE OF SCOPE OF REGISTRATION [New Rule 17B / Form FC-6F]

A new Rule 17B has been introduced, prescribing a formal process for associations that wish to change their area of operation by including or deleting any purpose or State / UT specified in their registration certificate.

H — ANNUAL RETURN & REPORTING CHANGES [Rules 17, 17A / Form FC-4]

Rule 17(1) has been amended to require that, alongside the income and expenditure statement, scanned copies of the detailed activity report must now be filed with the annual return. Previously, no such activity report was explicitly mandated.
Sub-rules (3), (4), and (5) of Rule 17 have been omitted. These sub-rules related to certain supplementary filing obligations that have now been rationalised.

The CA certificate in Form FC-4 must now include:
- The date of issue and the UDIN of the certificate; and
- The UDIN of the separate audited financial statements maintained for foreign contribution.

New Disclosures in Form FC-4

Form FC-4 (Annual Return) has been significantly expanded:

- Official website and social media accounts of the association must now be disclosed.
- For receipts from Donor Advised Funds or other intermediary remittance vehicles: details of ultimate donors (name, address, email, amount) must be disclosed.
- A project/activity-wise utilisation statement (project name, location, amounts spent on project activities, fresh assets, and admin expenses) must be furnished.
- Publications brought out by the association or its key functionaries during the year must be listed, including the nature of the publication, title, and a brief description. Note: Section 3(1)(g) prohibits engagement in news or current affairs broadcasting.

Changes to Forms FC-3A and FC-3C

Applications for fresh registration (Form FC-3A) must now include:

- Social media accounts of the association;
- Scope of registration — purpose(s) and geographical area of operation;
- Details of activities undertaken in the last three financial years (project name, location, and amounts utilised year-wise);
- Disclosure of whether the organisation is constituted by or under a Central / State Act, is wholly government-owned, or is subject to compulsory CAG audit.

Form FC-3C (renewal application) similarly now requires a year-wise detailed activity report for the last three financial years.

Changes to Form FC-2 (Key Functionary Declaration)

A new serial number 8A has been inserted requiring key functionaries to disclose their office and service particulars — including legislative membership, political party affiliation, judicial office, government service details, or corporate employment, as applicable.

I — NEW SCHEDULE OF PERMITTED PURPOSES [New Schedule to Rule 9(1B)]

The Amendment Rules insert a detailed Schedule of Permitted Purposes for FCRA registration. Purpose selection under Rule 9(1B) is now restricted to the activities listed in this Schedule. The Schedule is divided into five categories:

Category	Activities	Key Scope Notes
I. Religious	16 activities	Covers construction of places of worship, scriptural digitisation, pilgrimage facilities, inter-faith dialogue. Proselytisation is expressly excluded.
II. Cultural	18 activities	Archaeological conservation, performing arts, regional language promotion, craft training, intangible heritage, film/radio archiving. Excludes political/ideological content.
III. Economic	19 activities	Agriculture, allied livelihoods, micro-finance, rural industries, women entrepreneurship, green economy. Activities must be non-commercial / community-benefit oriented.
IV. Educational	22 activities	Formal and non-formal education, scholarships, teacher training, digital education, STEM, girls' education. Civic awareness programmes must be strictly non-political.
V. Social	30 activities	Healthcare, nutrition, WASH, disability care, women's safety, disaster relief, community infrastructure, environmental protection, animal protection.

Implication for Existing Associations

Existing associations must map their current FCRA-registered purpose (e.g., ‘Social’, ‘Educational’) to the specific activity codes in the Schedule when filing Form FC-6F. Activities not covered by the Schedule cannot be registered under FCRA.

J — SUMMARY OF NEW AND AMENDED FORMS

Form	Purpose	Key New / Changed Requirements
FC-2	Key Functionary Declaration	New S.8A: office and service particulars (legislature, judiciary, government service, corporate employment, etc.)
FC-3A	Fresh Registration Application	Social media accounts; scope (purpose + states); 3-year activity details; government entity disclosures
FC-3B	Prior Permission Application	Government entity disclosures added (S.14)
FC-3BB	New – Subsequent Instalment Release	New form: details of prior permission, FC received/utilised,

		75% utilisation certification, CA certificate with UDIN
FC-3C	Renewal Application	Government entity disclosures; year-wise detailed activity report for last 3 FYs now mandatory
FC-4	Annual Return	Website/social media; DAF ultimate donor details; project-wise utilisation table; publications disclosure; UDIN requirements
FC-6F	New – Intimation / Change of Scope	Transitional filing by all existing associations by 21 Jun 2027; ongoing applications for adding/removing purposes or states

Notification Dated 22nd June 2026

S.O. 3272(E).— In exercise of the powers conferred by section 48 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010), the Central Government hereby makes the following rules further to amend the Foreign Contribution (Regulation) Rules, 2011, namely:—

1. (1) These rules may be called the Foreign Contribution (Regulation) Amendment Rules, 2026.

   (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Foreign Contribution (Regulation) Rules, 2011(hereinafter referred to as the said rules), in rule 2, in sub-rule (1), after clause (c), the following clause shall be inserted, namely:-

‘(ca) “key functionary”, in relation to a person other than an individual, includes—

(i) the Director of a company

(ii) a partner in a firm

(iii) a trustee of a trust

(iv) the Karta of a Hindu undivided family

(v) an office bearer, member of the governing body, managing committee or other controlling authority of a society, trust, trade union or association of individuals; and

(vi) any other officer or person, by whatever name called, who has control over, or responsibility for the management or affairs of such person;’.

3. In the said rules, in rule 5,—

(a) in clause (i), for the words "Members of the Executive Committee or Governing Council of the person", the words "key functionaries of the person" shall be substituted;

(b) in clause (iii), for the words "Members of the Executive Committee or Governing Council", the words "key functionaries" shall be substituted.

4. In the said rules, in rule 9,—

(a) In sub-rule (1), in clause (a), for the words "each office bearer and key functionary and member", the words "each key functionary" shall be substituted;

(b) after sub-rule (1A), the following sub-rule shall be inserted, namely:—

"(1B) (a) The certificate of registration shall specify the purpose or purposes and the States or Union territories for which registration is granted.

(b) Every application for registration shall mention—

(i) the purpose or purposes for which registration is sought, chosen only from such list of purposes as specified in the Schedule appended to these rules; and

(ii) the States or Union territories in which the association proposes to undertake the activities.

(c) Every association registered before the commencement of the Foreign Contribution (Regulation) Amendment Rules, 2026 shall, within one year of such commencement, submit to the Central Government an intimation in Form FC-6F specifying the purpose or purposes and the States or Union territories for which it seeks to retain its registration.”.

(c) In sub-rule (2), in clause (f), in sub-clause (ii),—

(i) In item (B), for the words “the office-bearers or members of the governing body”, the words “the key functionaries” shall be substituted;

(ii) in item (C), for the words “the chief functionary or office bearer”, the words “the key functionary” shall be substituted;

(iii) in item (D), for the words, “the office bearers or members of the governing body”, the words “the key functionaries” shall be substituted;

(d) in sub-rule (4), in clause (b), the following proviso shall be inserted, namely:—

"Provided that the fee specified above shall be for registration to operate in one State or Union territory and to conduct activities for one purpose only; and where the application relates to more than one State or Union territory, an additional amount of rupees three hundred per State or Union territory shall be payable, and where the application relates to more than one purpose, an additional amount of rupees three hundred per purpose shall be payable.";

(e) after sub-rule (5), the following Explanations shall be inserted, namely:—

"Explanation 1.— It is hereby clarified that an association having foreign nationals, other than those of Indian origin, as its key functionaries shall ordinarily not be considered eligible for grant of registration or prior permission under the Act:

Provided that the Central Government may, by order, specify such cases or circumstances in which foreign nationals may be permitted to be key functionaries of an association for the purposes of consideration of registration or prior permission, and the conditions to be fulfilled for such consideration.

Explanation 2.— For the removal of doubts, it is hereby clarified that the foreign contribution so received shall be utilised only for activities carried out in India in accordance with the association's stated objectives and for the purposes for which such contribution has been received.

5. In the said rules, in rule 9A, for the proviso, the following proviso shall be substituted, namely:-

"Provided that an association seeking release of the second or any subsequent instalment shall make an application in Form FC-3BB and the second or any subsequent instalment shall be released only after utilisation of seventy-five per cent. of the foreign contribution received in the previous instalment and after field inquiry of such utilisation."

6. In the said rules, in rule 12, in sub-rule (2), for the words "each office bearer, key functionary and member", the words "each key functionary" shall be substituted.

7. In the said rules, after rule 14, the following rule shall be inserted, namely:-

"14A. Utilisation of foreign contribution for reasonable activity.- For the purposes of cancellation under section 14 and renewal under section 16, an association shall be deemed to have undertaken reasonable activity in its chosen field for the benefit of society if it has utilised foreign contribution of not less than ten lakh rupees in the last two financial years for such purpose.

Explanation.— The expression "reasonable activity" shall be deemed to include only such activity as is undertaken out of, or by utilising, foreign contribution received in accordance with the Act.".

8. In the said rules, in rule 17,-

(a) in sub-rule (1), after the words "scanned copies of", the words "the detailed activity report," shall be inserted.

(b) sub-rules (3), (4) and (5) shall be omitted.

9. In the said rules, in rule 17A, in clause (iv), for the words, "office bearers or key functionaries or members", the words "key functionaries" shall be substituted.

10. In the said rules, after rule 17A, the following rule shall be inserted, namely:-

"17B. Change of scope of registration.- (1) An association registered under the Act which intends to change its area of operation by including or deleting any purpose or any State or Union territory specified in its certificate of registration shall apply, in Form FC-6F, for such inclusion or deletion, along with—

(a) a resolution of the governing body approving such application;

(b) the prescribed fee.

(2) The fees payable for inclusion of additional purpose or State or Union territory under sub-rule (1) shall be in accordance with sub-rule (4) of rule 9 and the proviso thereof.

(3) The Central Government may, after such inquiry as it deems fit, approve or reject the application under sub-rule (1).".

11. Sl. In the said rules, after rule 23 and before Form FC-1, the following Schedule shall be inserted, namely:-

“ SCHEDULE

Purposes for Registration

[See rule 9 (1B)]

VI. Religious:

Sl.	Purposes/ Activities
1	Construction, renovation, and maintenance of temples, mosques, churches, gurudwaras, monasteries, synagogues, and other places of worship.
2	Preservation, printing, translation, and digitisation of sacred scriptures and commentaries used in liturgy.
3	Preservation and support of institutions engaged in the study, documentation, and preservation of religious philosophy, theology and religious history (excluding proselytisation).
4	Provision of amenities for pilgrims at heritage religious sites (drinking water, sanitation, shelter).
5	Setting up of dharamshalas, langars, annadans, and community kitchens under religious auspices.
6	Conduct of religious education, moral instruction, satsangs, discourses, and meditation retreats (excluding proselytisation).
7	Promotion of devotional music, chants, theatre, and liturgical arts.
8	Documentation, preservation, and revival of indigenous and tribal faith practices, rituals and systems of worship (excluding proselytisation).

9	Protection of sacred relics, shrines, places of worship, and archaeological religious heritage primarily associated with religious practice.
10	Archiving, digitisation, and oral-history recording of religious rituals, festivals, and traditions of faith communities.
11	Inter-faith dialogue, harmony-building programmes, and peace initiatives through religious institutions.
12	Religious publications, journals, and faith-based research.
13	Establishment of religious libraries, museums, and archives.
14	Faith-based counselling centres, de-addiction centres, and social care programmes operated through religious organisations.
15	Training in traditional sacred crafts: idol-making, church art, calligraphy of scriptures, iconography, etc.
16	Burial/ cremation ground development and maintenance.

VII. Cultural:

Sl.	Purposes/ Activities
1	Archaeological exploration, excavation, conservation, and restoration of monuments, heritage sites, forts, and palaces.
2	Establishment and maintenance of museums, archives, libraries, cultural interpretation centres, and heritage walks.
3	Documentation, preservation, and promotion of folk songs, dances, oral epics, storytelling, and puppetry.
4	Support for classical performing arts: Bharatanatyam, Kathak, Odissi, Carnatic music, Hindustani music, Yakshagana, etc.
5	Promotion of contemporary arts inspired by Indian traditions (excluding political/ ideological content): visual arts, sculpture, cinema, photography, design.
6	Training and capacity-building for artisans, craftspersons, handloom weavers, potters, woodworkers, and metal workers.
7	Preservation of non-religious manuscripts, palm-leaf texts, paintings, frescoes, and rare cultural artefacts.
8	Promotion and preservation of regional languages, dialects, and scripts, including translation projects.
9	Establishment of literary academies, support to writers, poets, and translators, and organisation of book fairs.
10	Support to tribal and indigenous cultural heritage, including festivals, crafts, oral traditions, languages, and customs, excluding religious rituals and worship practices.
11	Organisation of national and international cultural festivals, fairs, and exhibitions.
12	Development of craft villages, heritage circuits, art hubs, and cultural tourism facilities.
13	Promotion of traditional culinary practices, traditional sports, food festivals, and culinary heritage preservation.
14	Research in cultural anthropology, ethnography, and folk studies.
15	Archiving and digitisation of films, radio programmes, theatre scripts, and photographs.
16	Documentation and preservation of traditional knowledge systems as intangible cultural heritage (e.g., Ayurveda manuscripts, tribal medicine practices).
17	Preservation of scientific and knowledge heritage (astronomy, mathematics, metallurgy manuscripts, traditional technologies).
18	Documentation and archiving of modern historical movements and oral histories of national importance (freedom struggle, social reform, etc.).

VIII. Economic:

Sl.	Purposes/ Activities
1	Agricultural development programmes: farmer training, non-commercial input support, organic farming promotion.
2	Allied activities: dairy farming, animal husbandry, poultry, fisheries, sericulture, apiculture (non-commercial).
3	Formation and strengthening of farmer-producer organisations (FPOs), cooperatives, and self-help groups (SHGs).
4	Microfinance, microcredit, and community savings institutions for poor households.

5	Vocational training and livelihood-linked short-term skilling programmes (non-formal) not leading to recognised educational qualifications.
6	Promotion of rural and cottage industries such as weaving, pottery, handicrafts, and agro-processing, undertaken with non-profit and community welfare orientation.
7	Support for socially-oriented micro, small, and medium enterprises operating on a non-profit or community-benefit basis.
8	Women's entrepreneurship promotion: tailoring, food processing, handicrafts, small-scale manufacturing.
9	Skill incubation centres and employability-oriented digital skilling programmes for youth (IT, coding, electronics).
10	Infrastructure creation for livelihoods: rural haats, cold storages, community processing units.
11	Promotion of fair-trade, ethical supply chains, and eco-friendly businesses.
12	Encouragement of sustainable community livelihood models in eco-tourism, and homestays.
13	Fisheries and aquaculture livelihood training for coastal and inland communities.
14	Green economy livelihoods: solar technicians, e-waste handlers, recycling units.
15	Job placement services, employment exchanges, and market linkages for trained youth.
16	Food processing and value addition units.
17	Digital literacy, financial literacy, technology access, and digital inclusion programmes for livelihood enhancement and economic inclusion of rural and marginalised communities.
18	Livelihood support for migrant workers and vulnerable groups, including temporary shelter-linked employment opportunities.
19	Community renewable energy enterprises (solar, biogas, micro-grids) generating local jobs.

IX. Educational:

Sl.	Purposes/ Activities
1	Establishment and management of educational institutions and facilities, including early childhood education centres, schools, colleges, universities, hostels, libraries, reading rooms, and community learning centres.
2	Scholarships, fellowships, stipends, and financial aid for disadvantaged students.
3	Adult literacy, continuing education, and night schools for workers.
4	Inclusive education for marginalized children and differently-abled children with Braille, sign language, and assistive technologies.
5	Teacher training institutes, refresher courses, and academic fellowships.
6	Establishment and running of technical, industrial, and vocational education institutions leading to recognised certification, diploma, degree, or accreditation.
7	Research institutions, think-tanks, innovation labs, and academic chairs.
8	Digital education platforms, smart classrooms, e-libraries, and distance learning.
9	Girls' education initiatives: residential schools, hostels, scholarships.
10	Education for children of migrant workers, refugees, and nomadic tribes.
11	Bridge courses, remedial coaching, and dropout reintegration programmes.
12	Environmental education (including climate change, biodiversity awareness etc.) programs in schools/ colleges.
13	STEM education programmes, science clubs, and innovation fairs.
14	Structured Sports education and training academies attached to schools/ colleges.
15	Language teaching, translation studies, and linguistic training.
16	Career counselling centres, mentorship programmes, and educational placement cells.
17	Higher academic fellowships abroad in government-recognised institutions for meritorious students from disadvantaged backgrounds
18	Value-based and ethics education in schools.
19	Awareness programmes on constitutional rights, fundamental duties, and civic responsibilities, strictly non-political in nature.
20	Disaster preparedness education: mock drills, safety training, and community insurance literacy.
21	Digital inclusion initiatives: assistive technologies for differently-abled students, rural e-learning hubs.
22	Youth leadership and civic engagement programmes.

X. Social:

Sl.	Purposes/ Activities
1	Establishment and operation of hospitals, community health centres, dispensaries, mobile health clinics, ambulance services, patient transport facilities, and emergency medical response systems.
2	Preventive healthcare: vaccination drives, health awareness camps, vector-borne disease control.
3	Maternal and child healthcare, including maternity homes, neonatal care, nutrition supplementation, nutrition rehabilitation, and community-based management of malnutrition.
4	Nutrition and food security programmes, including midday meals, community kitchens, feeding programmes, grain banks, ration support, and hunger-relief initiatives.
5	Drinking water supply projects, community RO plants, and piped water schemes.
6	Sanitation: construction of toilets, hygiene awareness, menstrual health initiatives.
7	Orphanages, foster care, adoption support, and child protection homes.
8	Old-age homes, day-care centres, geriatric clinics, and pensions facilitation.
9	Disability care, including provision of assistive devices, rehabilitation services, therapy, vocational support, caregiver support, and community inclusion programmes.
10	Rehabilitation centres for drug addicts, alcoholics, and substance abusers.
11	Mental health counselling centres, suicide prevention helplines, and community psychiatry.
12	Women's safety and empowerment: shelters, legal aid, self-defence training.
13	Anti-trafficking programmes: rescue, rehabilitation, vocational reintegration.
14	Homeless shelters, night shelters, low-cost housing, and rehabilitation facilities for homeless, destitute, abandoned, and vulnerable persons.
15	Legal aid clinics, paralegal training, and access-to-justice programmes.
16	Disaster relief, emergency response, and post-disaster rehabilitation relating to floods, earthquakes, cyclones, pandemics, and similar calamities.
17	Provision of basic civic and community infrastructure such as electrification, rural roads, solar lighting, and community halls, strictly on a non-commercial, community-welfare basis.
18	Community-based environmental protection and restoration (afforestation, biodiversity parks, mangrove projects).
19	Water harvesting and watershed management for community welfare and drinking water security.
20	Waste management at community level (solid waste, e-waste, plastic-free campaigns, recycling units).
21	Road safety: awareness, trauma-care centres, first-aid training.
22	Operation of community radio stations, helplines, and awareness platforms, subject to compliance with applicable broadcasting, telecom, and IT regulations.
23	Rehabilitation and reintegration of released prisoners.
24	Support to victims of domestic violence, dowry harassment, and acid attacks.
25	Community-level sports and recreation facilities for underprivileged children and youth (non-institutional).
26	Animal Protection, Rescue and Rehabilitation
27	Public health research: disease mapping, epidemiology, and health data systems.
28	Palliative care and hospice services for terminally ill patients.
29	Community blood banks, eye banks, and organ donation awareness.
30	Pre-disaster risk reduction, mitigation, preparedness, and resilience programmes, including flood control works, cyclone shelters, early-warning dissemination, community drills, and community emergency response teams.".

12. In the said rules, in Form FC-2, after serial number 8 and entries relating thereto, the following serial number shall be inserted, namely:-

"8A. Details of office and service particulars:

(a) Name of Legislature/ House, Constituency (in case of member of legislature)

(b) Designation, Name of party (in case of office bearer of political party)

(c) Designation, Name of Court (in case of Judge)

(d) Service, batch/ Year of joining of service, designation, office details (in case of Government Servant)

(e) Designation, office details and name of corporation/ body (in case of employee of corporation or body)".

13. In the said rules, in Form FC-3A,-

(a) against serial number 2,-

(i) in entry (e), the words ", if any" shall be omitted;

(ii) after entry (f), the following shall be inserted, namely:- "(g) Social Media accounts of the association:";

(b) after serial number 4 and entries relating thereto, the following serial number shall be inserted, namely:-

"4A. Scope of registration:

(a) Purpose of FCRA Registration (select activities)

(b) Geographical Area of operation (select states)";

(c) after serial number 5 and entries relating thereto, the following serial number shall be inserted, namely:- “5A. Details of activities undertaken in the last three financial years:

Sl.	Name of project/ activity	Address/ location	Amount utilised in FY1	Amount utilised in FY2	Amount utilised in FY3
(1)	(2)	(3)	(4)	(5)	(6)”

(d) in serial number 10, in the entries under column (1) of the table, for the words ‘Another “FCRA Account”, if any’, the words ‘Another “FCRA Account” and utilisation accounts, if any’ shall be substituted;

(e) after serial number 12 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

"13. Whether:

(iv) The person/ association has been constituted or established by or under a Central Act or a State Act or by any administrative or executive order of the Central Government or any State Government;

(v) The person/ association is wholly owned by the respective Government;

(vi) The person/ association is required to have its accounts compulsorily audited by the Comptroller and Auditor General of India (CAG).".

14. In the said rules, in Form FC-3B, after serial number 13 and entries relating thereto, the following serial number and entries shall be inserted, namely:-

"14. Whether:

(iv) The person/ association has been constituted or established by or under a Central Act or a State Act or by any administrative or executive order of the Central Government or any State Government;

(v) The person/ association is wholly owned by the respective Government;

(vi) The person/ association is required to have its accounts compulsorily audited by the Comptroller and Auditor General of India (CAG).".

15. In the said rules, after Form FC-3B, the following form shall be inserted, namely:-

<u>"FORM FC-3BB</u>

<u>[See rule 9A]</u>

No. _______ Date: ____________

Darpan ID: _______

The Secretary to the Government of India,
Ministry of Home Affairs,
Foreigners Division (FCRA Wing),
New Delhi-110002.

Subject: Application for release of second or subsequent instalment of foreign contribution permitted under prior permission granted under sub-section (2) of section 11 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010).

I/ We (name of person/ association), having been granted prior permission vide order No. dated for receipt of foreign contribution from (name of foreign source), furnish the following particulars for release of the next instalment under rule 9A of the Foreign Contribution (Regulation) Rules, 2011.

1. Details of person/ association
   - (a) Name in full
   - (b) Address
   - (c) FCRA Prior Permission number and date
   - (d) Telephone number
   - (e) E-mail address
   - (f) Darpan ID

2. Details of prior permission

(a) Name of foreign source
(b) Country of foreign source:
(c) Value of foreign contribution permitted under prior permission (Rs.):
(d) Purpose for which foreign contribution was permitted to be received:
(e) Period for which prior permission was granted:
(f) Number of instalments in which FC permitted:
(g) Number of instalments already approved earlier:

3. Details of foreign contribution received and utilised

Particulars	Amount (Rs.)
(a) Value of foreign contribution permitted under prior permission	
(b) Foreign contribution received till date	
(c) Foreign contribution utilised till date	
(d) Balance foreign contribution available	

4. Details of previous instalment

Particulars	Amount (Rs.)
(a) Amount of previous instalment received	
(b) Year of receipt	
(c) Amount utilised out of previous instalment	
(d) Balance available	

Whether seventy-five per cent. or more of the foreign contribution received in the previous instalment has been utilised: Yes / No

5. Activity-wise utilisation of foreign contribution received in the previous instalment

Sl. No. (1)	Name and location of project/ activity (2)	Amount received (Rs.) (3)	Amount utilised (Rs.) (4)	Balance (Rs.) (5)	Remarks (6)
1					
2					
3					
	Total				

6. Details of assets created out of foreign contribution received in previous instalment, if any

Sl. No.(1)	Details of asset (2)	Address/location (3)	Value (Rs.) (4)
1			
2			
3			

7. Whether during the period under report—

(a) any foreign contribution has been utilised for purposes other than those for which prior permission was granted; Yes / No
(b) any foreign contribution has been received otherwise than in accordance with the prior permission; Yes / No
(c) any violation of the Foreign Contribution (Regulation) Act, 2010 or rules made thereunder has occurred; Yes / No

(d) any change in office bearers or key functionaries has taken place; Yes / No
(e) any asset created out of foreign contribution has been transferred, sold or otherwise disposed of. Yes / No
* Wherever the answer is 'Yes', brief details shall be provided.

8. Amount of foreign contribution sought to be released in the next instalment: Rs.:__

Declaration and Undertaking:

(a) I/We hereby declare that the information furnished above is true and correct;
(b) I/We undertake that the foreign contribution already received has been utilised only for the purpose for which prior permission was granted;
(c) I/We certify that not less than seventy-five per cent. of the foreign contribution received in the previous instalment has been utilised;
(d) I/We undertake that the foreign contribution released in the next instalment shall be utilised only in accordance with the terms and conditions of the prior permission granted by the Central Government.

Place: Yours faithfully,

(Signature) Date: [Name of the Chief Functionary (Chairperson/President/Secretary/CEO/MD)]

(Seal of the person/association)

Note: The applicant seeking release of second or subsequent instalment shall enclose the following documents, namely:—

(a) utilisation statement of the previous instalment, duly certified by a Chartered Accountant;

(b) copy of bank statement of the FCRA designated account and utilisation account(s) covering the period from receipt of previous instalment till the date of application;

(c) brief report regarding utilisation of foreign contribution received in the previous instalment along with photographs of activities, if any;

(d) such other documents as may be required by the Central Government.

Certificate to be given by Chartered Accountant

I have examined all relevant books and vouchers of (name of person/association) for the period from to , and certify the following particulars in respect of the foreign contribution received in the previous instalment:—

(i) total foreign contribution received in the previous instalment was Rs.

(ii) foreign contribution utilised out of the previous instalment was Rs.

(iii) balance of unutilised foreign contribution as on date of certificate was Rs.

(iv) the utilisation is not less than seventy-five per cent. of the foreign contribution received in the previous instalment: Yes / No

(v) Activity-wise and location-wise utilisation of foreign contribution received in the previous instalment is as under:—

Sl. No. (1)	Name and location of project/ activity (2)	Amount received (Rs.) (3)	Amount utilised (Rs.) (4)	Balance (Rs.) (5)	Remarks (6)
1					
2					

I have examined all relevant books and records, and to the best of my knowledge and belief (name of the person/association) has

(Strike out whichever is not applicable)

(i) not violated any provisions of the Foreign Contribution (Regulation) Act, 2010 or rules made thereunder or notifications issued thereunder;

or

(ii) violated the provisions of Foreign Contribution (Regulation) Act, 2010 or rules made thereunder or notifications issued thereunder. The details of the violation(s) are as under:

Details of Chartered Accountant:

(i) Name:

(ii) Member registration number:

(iii) Address:

(iv) E-mail address:

(v) Date of issue of certificate:

Place: (Signature of Chartered Accountant)

Date:

Name:

Membership No.:

(Seal)".

16. In the said rules, in Form FC-3C,-

(a) after serial number 11 and entries relating thereto, the following serial number and entries shall be inserted, namely:-

“12. Whether:

(i) The person/ association has been constituted or established by or under a Central Act or a State Act or by any administrative or executive order of the Central Government or any State Government;

(ii) The person/ association is wholly owned by the respective Government;

(iii) The person/ association is required to have its accounts compulsorily audited by the Comptroller and Auditor General of India (CAG).”;

(b) in the note at the end of the form, after clause (b), the following clause shall be inserted, namely:- “(c) year wise detailed activity report of last three financial years”.

17. In the said rules, in Form FC-4,

(a) against serial number 1, after clause (b), the following clauses shall be inserted, namely:-

"(c) Official website of the person/ association:

(d) Social media accounts of the person/ association:";

(b) against serial number 2, in clause (ii),

(i) in sub-clause (a), in the table, in column (3), for the column heading "Institutional/ Individual", the column heading "Institutional/ Individual/ Donor Advised Funds/ Other intermediary remittance vehicles" shall be substituted; (ii) after sub-clause (a), the following sub-clause shall be inserted, namely:-

"(aa) Details of ultimate donors in case of Donor Advised Funds/ Other intermediary remittance vehicles:

Sl.	Name of intermediary	Nature of intermediary (Donor Advised Funds/ Other intermediary remittance vehicles)	Name of ultimate donor	Address of ultimate donor	Email Address of ultimate donor	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(c) against serial number 3, in clause (a),

(i) after the words and brackets "(in rupees)", the words and brackets "[Detailed activity report shall be attached]" shall be inserted;

(ii) after the table and before sub-clause (i), the following shall be inserted, namely:-

"Sl.	Name of project/ activity	Address/ location	Amount utilised on		
			Project/ activity	Fresh Assets	Admin. Exp.
(1)	(2)	(3)	(4)	(5)	(6)"

(d) after serial number 8 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

" 8A. Details of publications brought out by the association:

(i) Whether the association or its key functionaries has brought out any publication during the year: Yes/ No

(ii) If yes, details of the publications:

Date of publication	Nature of mass communication (Book, magazine, Newspaper article etc.)	Title	Published in/ on (Name of newspaper/ website where it is hosted etc.)	Brief description of the article
(1)	(2)	(3)	(4)	(5)

Note: As per Sec. 3(1)(g), the association shall not engage in production or broadcast of any news or current affairs related matters through any mode of mass communication"

(e) against serial number 9,

(i) in clause (v), for the entry "date of issue of certificate;", the following entry shall be substituted, namely:- "date of issue and UDIN of certificate;"

(ii) after clause (v), the following clause shall be inserted, namely:- "(va) UDIN of the separate audited financial statements maintained for foreign contribution;"

18. In the said rules, after Form FC-6E, the following form shall be inserted, namely:-

"FORM FC-6F
[See rules 9(1B) and 17B]

To
The Secretary,
Government of India,
Ministry of Home Affairs,
Foreigners Division (FCRA Wing),
New Delhi – 110002

Subject: Application for inclusion of purpose / State / Union Territory in Certificate of Registration

1. Association Details
1.1 FCRA Registration Number: ___________________________
1.2 Name of Association: ___________________________
1.3 Address (as per FCRA records): ___________________________
1.4 Nature of Association: (Society / Trust / Section 8 Company / Other) __________
1.5 Email ID: ___________________________
1.6 Telephone Number: ___________________________

2. Application for Inclusion/ deletion
2.1 Purpose to be added: ___________________________
2.2 State/UT to be added: ___________________________
2.3 Purpose to be deleted: ___________________________
2.4 State/UT to be deleted: ___________________________

3. Declaration

I, ________________________ (name), ________________________ (designation), authorised signatory of the association, hereby declare that the information furnished above is true and correct.

[Name of the chief functionary
(Chairperson/ President/ Secretary/ CEO/ MD) in block letters]
(Seal of the person/ association)

Note: Applicant intimating change of state/ UT and/or purpose shall also enclose a copy of Resolution of the Governing body passed before effecting the change.”.

FOREIGN CONTRIBUTION (REGULATION) AMENDMENT BILL, 2026

1. **FCRA 1976**
2. **FCRA 2010**
3. **FCR AMENDEMENT ACT 2020**
4. **FCR AMENDMENT BILL 2026**

1. FCRA 1976

<u>Objective:</u> To prevent foreign influence in Indian politics, media, judiciary, and public institutions for national security, transparency, and regulation of foreign funding.

2. FCRA 2010 FCRA AND RULE 2011

1. <u>Objectives:</u>

Foreign Contribution (Regulation) Act, 2010 Replaced the 1976 Act Came into force on 1 May 2011
Ensure foreign funds are used for legitimate purposes Prevent misuse affecting sovereignty, integrity, and public interest

3. <u>Key Features:</u>

Registration validity: 5 years (renewable)
Mandatory bank account for FCRA funds Annual filing (FC-4 return)
Power to suspend/cancel registration
Stricter monitoring of NGOs

4. Rules and Implementation FCRA Rules, 2011 notified to operationalize the Act Later replaced by FCRA Rules, 2020 for stricter compliance

CA P J JOHNEY B.Sc FCA

3. FCR AMENDMENT ACT 2020
FCR AMENDMENT RULES 2020

1. Single FCRA Account mandatory at State Bank of India
2. Administrative expenses capped at 20% (earlier 50%)
3. Prohibition on sub-granting to other NGOs
4. Aadhaar made mandatory for key functionaries
5. Increased government powers to suspend/cancel/surrender/renew registrations

Sec 15- Management of foreign contribution of person whose certificate has been cancelled [or surrendered]

15(1) The foreign contribution and assets created out of the foreign contribution in the custody of every person whose certificate has been cancelled under section 14 2 [or **surrendered** under section 14A] shall vest in such **authority as may be prescribed.**

(2) The authority referred to in sub-section (1) may, if it considers necessary and in public interest, manage the activities of the person referred to in that sub-section for such period and in such manner, as the Central Government may direct and such authority may utilise the foreign contribution or dispose of the assets created out of it in case adequate funds are not available for running such activity.

(3) The authority referred to in sub-section (1) shall return the foreign contribution and the assets vested upon it under that sub-section to the person referred to in the said sub-section if such person is subsequently registered under this Act.

14A. Surrender of certificate

Sec 16- Renewal of certificate

16(1) Every person who has been granted a certificate under section 12 shall have such certificate renewed within six months before the expiry of the period of the certificate.

Provided that the Central Government may, before renewing the certificate, make such inquiry, as it deems fit, to satisfy itself that such person has fulfilled all conditions specified in sub-section (4) of section 12.

(2)The application for renewal of the certificate shall be made to the Central Government in such form and manner and accompanied by such fee as may be prescribed.

Sec 16- Renewal of certificate

(3)The Central Government shall renew the certificate, ordinarily within ninety days from the date of receipt of application for renewal of certificate subject to such terms and conditions as it may deem fit and grant a certificate of renewal for a period of five years:

Provided that in case the Central Government does not renew the certificate within the said period of ninety days, it shall communicate the reasons therefor to the applicant:

Provided further that the Central Government may refuse to renew the certificate in case where a person has violated any of the provisions of this Act or rules made thereunder

FCR AMENDMENT BILL 2026

- sec 2(a) –Administrator
- sec 2(fa) Designated authority
- Sec 14B –

(1) The certificate shall be deemed to have ceased on the expiry of its period of validity if—

(a) the application for renewal has not been made under sub-section (2) of section 16;

(b) the application for renewal has been made, but refused by the Central Government under the second proviso to sub-section (3) of section 16; or

(c) the certificate is not renewed before its expiry.

(2) No person whose certificate has ceased to exist shall either receive or utilise the foreign contribution unless the certificate is renewed.”.

- Section 15 shall be omitted

• Chapter IIIA - VESTING OF FOREIGN CONTRIBUTION AND ASSETS IN DESIGNATED AUTHORITY

16A. (1) The foreign contribution and the assets created out of foreign contribution of any person—

(a) whose certificate has been cancelled under section 14; or

(b) who has surrendered the certificate under section 14A; or

(c) whose certificate has ceased under section 14B or any rules made under this Act, shall, from the date of such cancellation, surrender or cessation, vest provisionally in the Designated authority in such manner as may be prescribed.

(2) An asset shall vest wholly in the Designated authority whether created or acquired partly from foreign contribution and partly from other sources:

Provided that the person referred to in sub-section (1) may make an application to the Designated authority for return of any distinct or ascertainable portion of the asset created or acquired from other sources and the Designated authority, on being satisfied, shall by an order, return such portion of the asset to the applicant in such manner as may be prescribed.

(3) Upon vesting of the assets in it under sub-section (1), the Designated authority may either directly or through an Administrator, take possession of the assets and shall—

(a) be responsible for the supervision, management, safeguarding, preserving or maintaining the assets so vested in it;

(b) if considered necessary or expedient so to do in the public interest, undertake the management of activities of the person whose assets are provisionally vested in it under sub-section (1), in such manner and for such period as may be prescribed and the Designated authority may utilise the foreign contribution for managing such assets and activities.

(4) Where, in respect of any person referred to in sub-section (1),—

(a) a fresh certificate is granted under section 12;

(b) the certificate is renewed under section 16; or

(c) the certificate is restored by revision under section 32,

within such period as may be prescribed, then the Designated authority shall return the unutilised foreign contribution and such of the assets vested provisionally in it, subject to such conditions and in such manner as may be prescribed.

(5) If the person referred to in sub-section (1) fails to obtain a fresh certificate or get its certificate renewed or restored within the period referred to in sub-section (4), the foreign contribution and the assets created out of foreign contribution shall thereupon stand permanently vested in the Designated authority.

(6) The Designated authority shall apply the foreign contribution and the assets permanently vested in it for public purposes and may, by order—

(a) transfer such assets to any Ministry, Department, authority or agency of the Central Government or of a State Government or any local authority, in such manner as may be prescribed; or

(b) dispose of such assets through sale or any other appropriate process, in such manner as may be prescribed and credit the sale proceeds together with any unutilised foreign contribution to the Consolidated Fund of India:

Provided that no person referred to in sub-section (1) or any of its key functionaries at the time of cancellation, surrender or cessation or any person acting on behalf or for the benefit of such person or any of its key functionaries shall directly or indirectly acquire or derive any interest in the assets so dealt with.

(7) Notwithstanding anything contained in sub-section (6), the Designated authority shall, where any asset permanently vested in it or portion thereof is a place of worship, entrust the management or operation of such asset or portion thereof to such person, in such manner and on such terms and conditions as may be prescribed and ensure that the religious character of such place of worship is maintained.

16B. The provisions of this Act, as amended by the Foreign Contribution (Regulation) Amendment Act, 2026, shall apply to all foreign contributions and assets created out of foreign contributions vested under section 15 as omitted by the said Act, or any rules made under this Act, as it stood immediately before the commencement of the said Amendment Act, and all such foreign contributions and assets shall, from the date of commencement of the Foreign Contribution (Regulation) Amendment Act, 2026, be deemed to be provisionally vested in the Designated authority under sub-section (1) of section 16A.

16C. Notwithstanding anything contained in any other law for the time being in force, where any person who was permitted to accept foreign contribution under this Act ceases to exist or is rendered inoperative or defunct,—

(a) the last key functionaries of such person shall inform the Central Government of such cessation or status of being inoperative or defunct, in such form and manner and within such period as may be prescribed;

(b) the foreign contribution received by such person and the assets created out of foreign contribution shall stand permanently vested in the Designated authority under sub-section (5) of section 16A.

16D. (1) Where the Designated authority sells any immovable property vested in it under this Act, it shall, upon receipt of the sale proceeds, issue a certificate of sale in such form as may be prescribed, in favour of the transferee and such certificate shall, notwithstanding that the original title deeds of the property have not been delivered to the transferee, be conclusive proof of the transferee's ownership of the property:

Provided that where such property is transferred by the Designated authority otherwise than by way of sale, the Designated authority shall issue a certificate of transfer in such form as may be prescribed and such certificate shall have the same legal effect as a certificate of sale.

(2) Notwithstanding anything contained in any other law for the time being in force, the certificate of sale issued under sub-section (1) shall be a valid instrument for the registration of the property in favour of the transferee and such registration shall not be refused on the ground of absence of original title deeds.

(3) Any property vested in the Designated authority under this Act shall not be transferred, whether by order of attachment, seizure or sale in execution of a decree of a Civil Court or orders of any tribunal or other authority, except in accordance with the provisions of this Act.

16E. (1) Without prejudice to the provisions of section 16A, the Designated authority shall be responsible for—

(a) maintaining proper records, registers, inventories and accounts of the foreign contributions and assets vested in it;

(b) reporting to the Central Government any violation of the provisions of this Act or any fraudulent activity that comes to its notice during the discharge of its duties;

(c) submitting such periodic reports to the Central Government as may be prescribed; and

(d) discharging such other incidental or ancillary functions as may be assigned to it by the Central Government.

(2) The Designated authority shall act in accordance with such directions or orders, whether general or special, as may be issued to it by the Central Government from time to time.

16F. Every person whose foreign contribution or assets are vested in the Designated authority and all key functionaries of such person, shall—

(a) afford to the Designated authority or to any person authorised by it, full and unhindered access to its books of account, records (including electronic records), premises and properties and allow inspection, inventory and valuation thereof;

(b) produce or deliver all books, accounts, documents, securities, keys and movable assets and hand over possession or control of bank accounts, lockers and safe deposits, as may be required by the Designated authority;

(c) not alienate, encumber, part with possession of, or conceal, remove or otherwise deal with any foreign contribution or asset created out of such contribution, except with the prior approval of the Designated authority;

(d) keep such foreign contribution and assets intact and in the same condition, and shall carry on its activities under the supervision of, and subject to such terms and conditions as may be specified by the Designated authority;

(e) furnish correct and complete information, returns and declarations and cause an authorised representative to appear when called for; and

(f) provide such assistance and comply with such further directions as may be issued by the Designated authority or the Central Government, as may be required for the purposes of carrying out the provisions of this Act.

16G. The Designated authority and the Administrator, for the purposes of discharging their functions under this Act, shall—

(a) have all the powers of a Civil Court under the Code of Civil Procedure, 1908, while trying a suit, in respect of summoning and enforcing the attendance of any person, examining them on oath, requiring the discovery and production of documents, receiving evidence on affidavits, issuing commissions and such other matters as may be prescribed;

(b) be deemed to be a public servant within the meaning of clause (28) of section 2 of the Bharatiya Nyaya Sanhita, 2023.

16H. All officers of the Central Government, State Governments, Union territory Administrations, local authorities, public financial institutions, banks and such other authorities or agencies as may be specified by the Central Government shall extend such assistance to the Designated authority as may be required for the discharge of its duties.

16-I. The Designated authority shall not delegate any of its powers or functions conferred on or assigned to it under this Act or the rules made thereunder, except to such extent, in such manner and subject to such conditions as may be prescribed.

16J. The Designated authority may revise any of its orders passed under this Chapter, either on its own motion or on an application made to it by the person referred to in section 16A or the last key functionaries referred to in section 16C, within ninety days from the date of such order, and pass an order in relation thereto, as it thinks fit.

16K. Any person aggrieved by an order of the Designated authority passed under this Chapter may prefer an appeal, within ninety days—

(a) to the Court of the District Judge within the local limits of whose jurisdiction the vesting, management or disposal was made;

(b) subject to such pecuniary or other limits as may be prescribed, to such judicial officer, not below the rank of a Civil Judge of Senior Division, as the Central Government may, by notification, specify in this behalf.

16L. Notwithstanding anything contained in this Chapter, the Central Government may, if it is necessary or expedient so to do in the public interest, exempt such person or class of persons, in such manner and to such extent and subject to such conditions, as may be prescribed, from the provisions of this Chapter."

THANK YOU

CA. P J JOHNEY, PALLIVATHUKKAL, B.Sc., FCA