

DEDUCTION UNDER SECTION 80G OF INCOME TAX ACT, 1961

SUBMITTED BY
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Deduction in respect of Donations to certain Funds, Charitable Institutes under section 80G

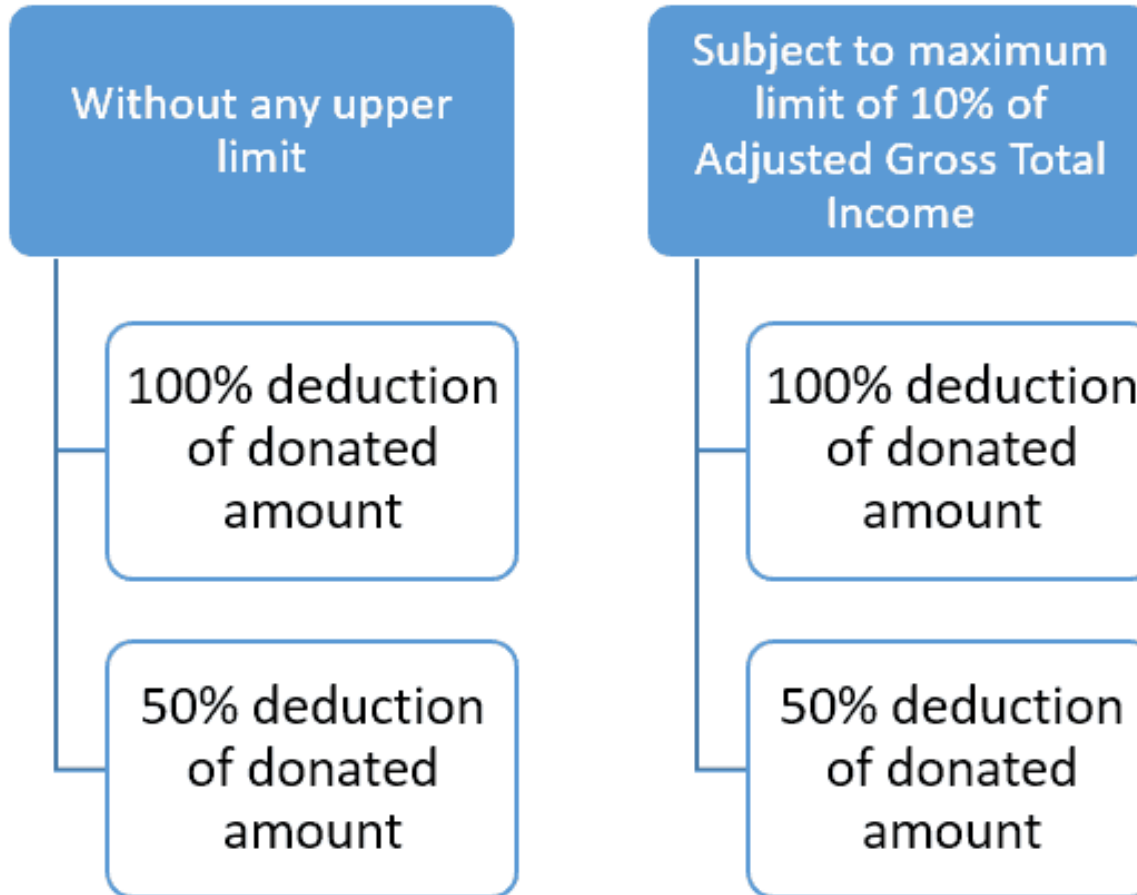


Section 80 G grants partial deduction in respect of amounts given as charitable donations.

ELIGIBILITY

All taxpayers (Individuals/ Companies/ Hindu undivided Families) are eligible to make donations to charity under Section 80G and claim a deduction, subject to limits set down under the Act.

Deduction of donation u/s 80G



NO LIMIT DONATIONS

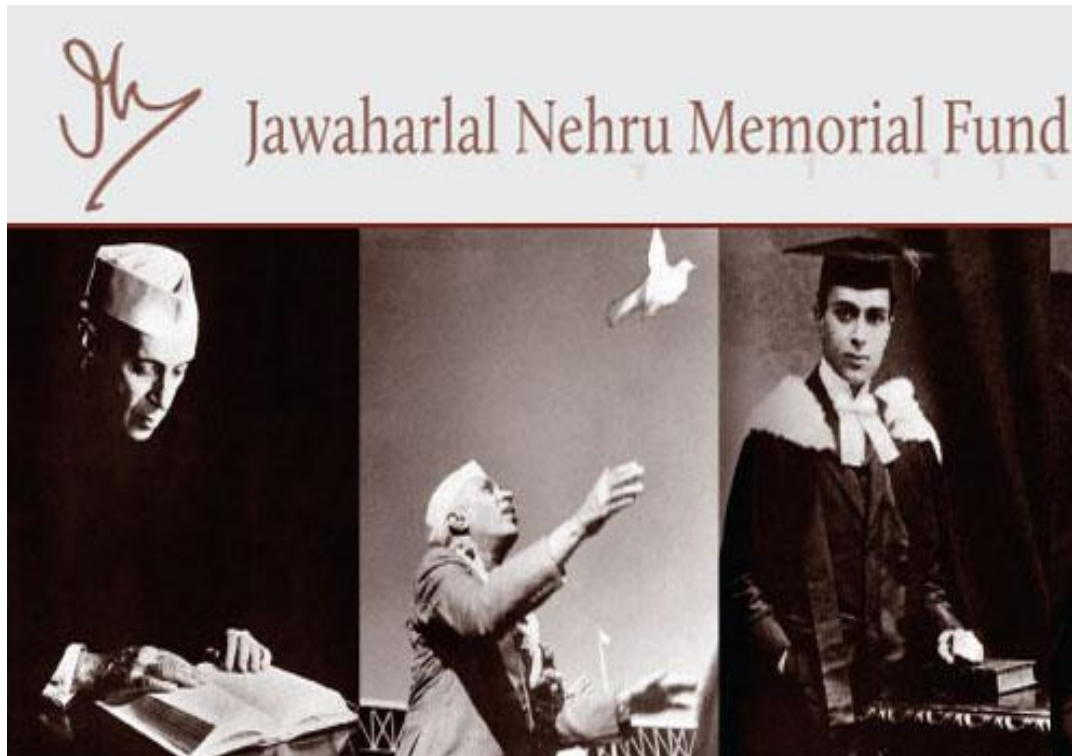
Any sum paid by assessee in the previous year as a donation to

(i) The National Defence Fund set up by Central Government



The screenshot shows the National Defence Fund (NDF) website. At the top left is the Indian national emblem. The text "National Defence Fund" is prominently displayed in the center, with "NDF" in a dark box on the right. Below the header is a wide banner image depicting a collage of military personnel, a naval ship, and graduates. A navigation bar at the bottom contains buttons for "About NDF", "Netbanking List", "Donate Online", "Payment History", "Contact Us", and "FAQs". A breadcrumb trail at the very bottom reads "home » Online Payments".

(ii). The Jawaharlal Nehru Memorial Fund referred to in the Deed of declaration of Trust adopted by the National Committee at its meeting held on 17th August, 1964



iii). The Prime Minister's Drought Relief Fund

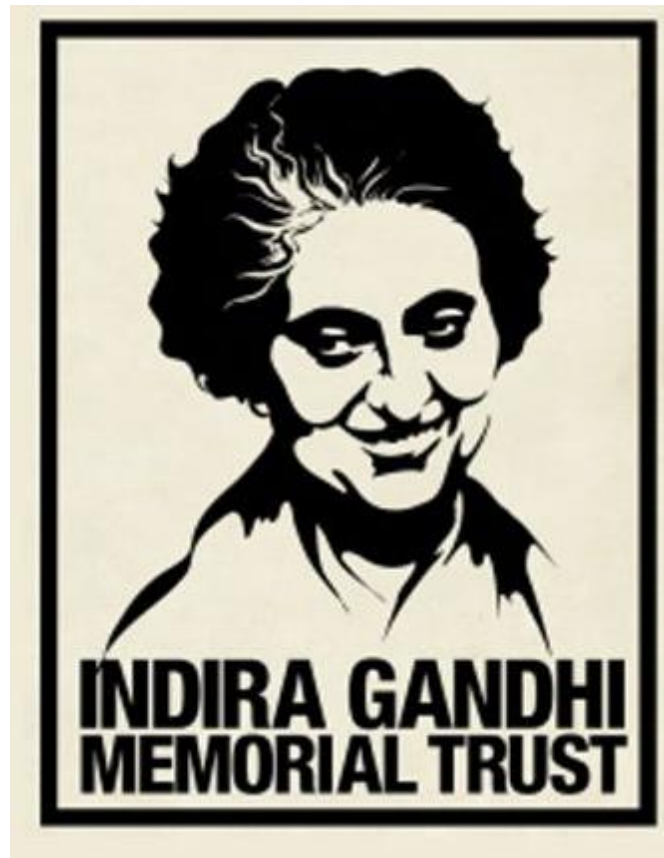
(iv). The Prime Minister's National Relief Fund

(v). The Prime Minister's Armenia Earthquake Relief Fund

(vi). The Africa (Public Contributions) India Fund

(vii). National Children Fund

(viii). The Indira Gandhi Memorial Trust



(ix). The Rajiv Gandhi Foundation



(x).The National Foundation for Communal Harmony



National Foundation
for Communal Harmony



(xi). A University or any educational institute of national eminence as may be approved by prescribed authority



(xii).The Chief Minister's Earthquake Relief Fund of Maharashtra



(xiii). any fund set up by state of Gujrat exclusively for providing relief to the victims of earthquake in Gujrat.

Any sum paid by assessee during the period beginning on 26 january 2001 and ending on 30 th day of septmber 2001, to any trust, institute or to fund to which this section applies for providing relief to the victims of earthquake in Gujrat

1. The trust institution and fund is established in India for the charitable purpose.
2. It is approved under 80 g (5)(v)
3. It maintain separate account of income and expenditure for providing relief to the victims of earthquake in Gujrat .
4. The donation made to trust institution or fund are applied for providing relief to the victims of earthquake in Gujrat on or before 31st march 2002.
5. The amount of donation remaining unutilised on 31st day of march 2002 is transferred to the prime minister national relief fund on or before 31st day of march 2002.

(xiv). The Zila Saksharta Samiti

(xv). The National Blood Transfusion Council or any State Blood Transfusion Council

(xvi). Any fund set up by state Govt. for Providing medical relief to poor



(xvii). Army Central Welfare Fund

(xviii).The Andhra Pradesh Chief Minister's Cyclone Relief Fund

(xix).The National Illness Assistance Fund

(xx). The Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund

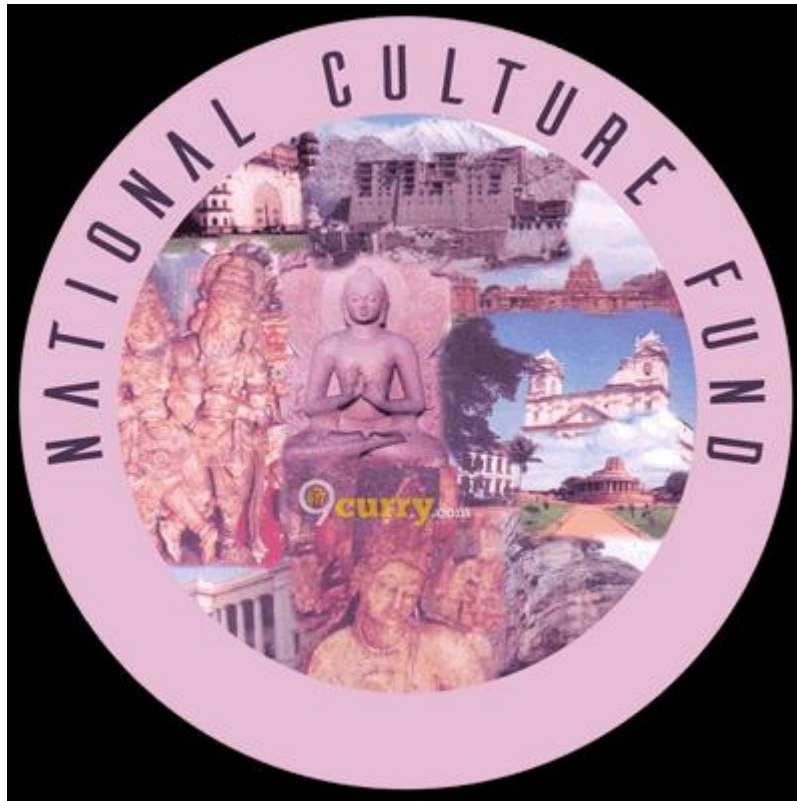


(xxi). National Sports Fund to be set up by Central Govt.

NATIONAL
SPORTS FUND



(xxii). National Cultural Fund set up by Central Govt.



(xxiii). Technology Development and Application Fund to be set up by Central Govt.



Technology
Development Fund

(xxiv) The National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities constituted under sub-section (1) of section 3 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act ,1999.



(xxv) Swachh Bharat Kosh set up by Central Government



(xxvi) Clean Ganga Fund set up by Central Government



(xxvii) National Fund for Control of Drug Abuse



These all are no limit donations



▶ BUT CERTAIN RULES ARE THERE

THERE IS 100% QUALIFYING AMOUNT AND
RATE IS ALSO 100% FOR DEDUCTION

EXCEPT :

DONATION	Q.A.	RATE
P.M. NATIONAL DROUGHT RELIEF FUND	100%	50%
JAWAHARLAL NEHRU MEMORIAL FUND	100%	50%
INDIRA GANDHI MEMORIAL TRUST	100%	50%
RAJIV GANDHI FOUNDATION	100%	50%

WITH LIMIT DONATIONS:

Donations given to

- (i) Any other fund or institution to which this section applies e.g. Prime Minister's Student Aid Fund or Prime Minister's Folk Art Fund
- (ii) The State or Central Govt.
- (iii) any local authority
- (iv) any charitable organisation

(v) Any authority referred in clause (20A) of section 10, for the purpose of satisfying the need of housing accommodation or planning, development of cities, towns and villages and both

(vi) Any corporation referred to section 10 (26 BB) it must be set up for the purpose to promote the interest of minorities

(vii) The govt. or any such local authority, institution or association as may be approved on this behalf by the Central Govt. to be utilised for the purpose of promoting family planning in India.



(viii) Any sum paid for repair or renovation of any temple, mosque, gurudwara, church or any place notified by Central Govt. in the Official Gazzete as a place of historic, archeological or artistic importance



(ix) Any sum paid by assessee being a company to an olympic association or any other association or institute as notified by by central govt under section 10 (23)for:

a. The development of infrastructure for sports and games in India.

b. The sponsorship of sports and games in India.



What is Qualifying Amount

(i) Actual total donations given under this category; or
(ii) 10 % of Adjusted Gross Total Income
whichever is less is qualifying amount

OUT OF TOTAL QUALIFYING
AMOUNT,

(a) 100% ALLOWED FOR

(i) DONATION FOR FAMILY PLANNING

(ii) BY A COMPANY TO INDIAN

OLYMPIC ASSOCIATION

(b) 50% OF BALANCE QUALIFYING

AMOUNT

HOW TO CALCULATE ADJUSTED GROSS TOTAL INCOME

The figure of gross taxable income shall be arrived at after deducting following amounts out of gross total income (G.T.I)

- (a) All other deductions available to the assessee u/s 80C to 80U except 80G
- (b) All incomes of the assessee on which income tax is not payable
- (c) Long-term capital gain
- (d) Short-term capital gain which is liable to tax @ 10% plus surcharge if any, and education cess (covered under STT)
- (e) Income referred to in sections 115A, 115AB, 115AC, 115AD.

CONDITIONS FOR 80G

No deduction to be allowed in case of the following donations u/s 80G:

- ▶ Donations to political parties
- ▶ Donations in kind
- ▶ Donations given are for the benefit of any particular religion, class, creed, community etc. However, donations given for the benefit of women and children, Scheduled Caste, Backward classes or Scheduled Tribes etc. don't come in this category.
- ▶ Benefit of 80G can only be claimed if the institution or Fund seeking donations has been approved by Commissioner of Income Tax.

ILLUSTRATION

M/s. S. Ltd. whose gross total income is Rs.40,00000 makes the following donations during the previous year ending on 31-3-2016

1. To Prime Minister National Relief Fund Rs. 1,00,000
2. To National Defence Fund Rs. 2,00,000
3. To a temple of public worship for its repair (so notified) Rs. 2,00,000
4. To a local college to construct of commerce block Rs. 1,00,000

5. To a poor students as an aid Rs.
10,000

6. To municipal committee Rs.
1,00,000

7. To PGI Chandigarh for promotion of
family planning Rs. 50,000

8. Chief Minister's Earthquake Relief
Fund, Maharashtra Rs. 20,000

The gross total income include Rs.
10,00,000 as profit on sale of long
term assets . Compute total income
for the assessment year 2016-2017.

Solution :

Calculation of Deduction u/s 80G

Donation	Q.A.	Rate	Amount
NO LIMIT DONATIONS			
1.To P.M. National Relief Fund	1,00,000	100%	1,00,000
2.To National Defence Fund	2,00,000	100%	2,00,000
3.To C.M RELIEF fund Maharashtra	20,000	100%	20,000
		Total	3,20,000

Donation	Q.A.	Rate	Amount
WITH LIMIT DONATIONS			
1. TO A NOTIFIED TEMPLE	2,00,000	4,50,000 OR 10% OF G.TAX.I 3,00,000 w.e. less is Q.A.	For F.P. 50,000 100%= 50,000
2. TO A RECOGNIZED COLLEGE	1,00,000		Balance Q.A. 2,50,000 50%= 1,25,000
3. TO PGI FOR FAMILY PLANNING	50,000		
4. TO A MUNICIPAL COMMITTEE	1,00,000		
		Total	1,75,000
Deduction u/s 80G			4,95,000

Computation of Total Income

Gross Total Income (excluding Rs. 10,00,000 as LTCG)	Rs. 30,00,000
Deduction u/s 80G	Rs. 4,95,000
Total Income	Rs. 25,05,000

REFERENCES

- ▶ Ahuja Girish (2017). “Systematic Approach to Income Tax”, Bharat Law House, New Delhi.
- ▶ Gaur, Puja and Puri, Rajeev (2017). “Corporate Tax Planning and Management”, Kalyani Publishers, Ludhiana.
- ▶ Mehrotra, H.C. (2017). “ Income Tax Law and Practice”, Sahitya Bhawan Publications, Agra
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