



The Chamber of Tax Consultants

Mumbai | Delhi

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Ajay R. Singh

Date: 5th June, 2019

To,
Mr. Niraj Kumar,
Joint Commissioner of Income-tax (OSD) (TPL)-I
Directorate of Income Tax (Systems),
Aayakar Bhawan,
Vaishali, Sector-3,
Ghaziabad, 201010,
Uttar Pradesh

Respected Sir,

Re: Representation on amendment to Form No. 10B of the Income-tax Rules, 1962 ("the Rules") issued vide Letter F No. 370142/6/2019-TPL dated May 21, 2019

The Chamber of Tax Consultants (CTC), Mumbai was established in 1926. CTC is one of the oldest (about 92 years) voluntary non-profit making organizations in Mumbai formed with the object of educating and updating its members on Tax and other Laws. It has robust membership strength of about 4000 professionals, comprising Advocates, Chartered Accountants and Tax Practitioners. The Chamber also has created a niche with the government and other regulatory agencies. It is the one of the leading institution for making effective representation with respect to Income Tax and Allied laws .It acts as catalyst for bring out necessary change both from the perspective of Government as well as Tax payers.

Recently, the Central Board of Direct Taxes ("**CBDT**") vide Letter F No. 370142/6/2019 dated May 21, 2019 proposed to substitute existing rule 17B of the Rules



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and also existing Form No.10B. In the said letter it is stated that the stakeholders and general public may provide their inputs on the proposed drafts as referred to above.

We appreciate the efforts to invite the views of stake holders who would be affected by the introduction of this form. We herein below give our suggestions for your active consideration:

1. It is settled law that any amendment which comes after 1st day of assessment year would be applicable from the subsequent assessment year and not from current assessment year. The proposed Rule 17B and Form 10B has been put in public domain only on 21st May 2019 and by the time the relevant forms are notified, there will be hardly time available for the Trust to compile such exhaustive details. Further The form is exhaustive and information sought in Form 10B is voluminous. Most of the charitable trusts do not have requisite strength to provide such information in short span of time. Hence, it requires time lag to gear up themselves to provide such information. Hence, the proposed Form No. 10B may be brought into force with effect from **assessment year 2020-21 after considering our suggestions given below.**
2. On perusal of proposed Form No. 10B, it can be seen that the requirements are not simple but voluminous as also requires huge compilation of details by the Trust It requires consideration of time and cost, which a small trust may not be able to afford. Further, the trusts by their nature are charitable and they do not have requisite manpower to provide such information, more particularly smaller trusts. Audit Report sought in form 10B is akin to Audit report sought u/s 44AB of the Income Tax Act in case of assessee having business income. The said provisions have been made applicable to entities having a business turnover exceeding Rs. 1 crore – the concept being that smaller entities would not have the wherewithal in terms of financial or administrative support to compile data of such volume to be audited by an Auditor



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and hence in order to ensure ease of doing business, smaller assesseees have been exempted from the onerous rigors of providing such information required. Similarly, the proposed Form 10B may be **made applicable** to such trusts or institutions whose income/ receipts before giving effect to the provisions of section 11 of the Act exceeds Rs. 1 crore – similar to the **threshold** provided for conducting audit u/s. 44AB of the Act whereby small assesseees have been exempted. Auditors of trusts having total income more than the exemption limit but less than this threshold may be asked to file the existing format of Form 10B.

3. The form is exhaustive and information sought in Form 10B is voluminous. Certain information sought in Form 10B is already incorporated in return of income and hence are repetitive in nature and required to be removed. Details on information which are required to be removed from Form 10B are given as under:

- Clause B: Legal Status
- Clause C: Registration details
- Clause D: Purpose & Objects
- Clause F (2b): Details of Income & Application – Details of registration under FCRA.

4. Certain information sought in Form 10B are contentious in nature, since they are purely a subject matter of interpretation of law and there are plethora of legal judgments available. Hence such details should not be made part of the proposed form 10B. We provide examples of such clauses as under:

- Section "Purpose and Object" Clause D: Point (1b)
- Section "Details of Business" Clause H Point 2



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5. An option should be available to file Form 10B online. The details of the Assessee sought in form 10B should be auto-populated with the option to edit the same. Such change is required so as to save upon the time where the information is repetitive in nature.

Kindly consider the above before notifying the final form 10B and amending the Rule 17B.

Thanking you,

Sincerely,

For **The Chamber of Tax Consultants**

Sd/-
Hinesh Doshi
President

Sd/-
Mahendra Sanghavi
Chairman
Law & Representation Committee

Sd/-
Apurva Shah
Co-Chairman

Cc to: Mr. Pramod Chandra Mody
The Chairman,
Central Board of Direct Taxes
Ministry of Finance,
North Block, Parliament Street,
New Delhi –110 001