

**Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes**

**New Delhi, 17th December, 2016.**

**Press Release**

**Sub : Clarification of Status of Political Parties under Income Tax Act, 1961**

There have been some newspaper reports which seem to wrongly suggest that there cannot be any scrutiny of Income-tax returns of political parties registered with the Election Commission in the context of deposits of old currency notes. This inference seems to have been drawn because of the fact that the income of the political parties is exempt from Income - tax under Section 13A.

In this context, the following clarifications need to be kept in mind :

- (i) The exemption from Income-tax is given to only registered political parties subject to certain conditions, which are mentioned in Section 13A, which includes keeping and maintaining books of accounts and other documents as would enable the Assessing Officer to deduce its income therefrom;
- (ii) In respect of each voluntary contribution in excess of Rs.20000, the political party will have to maintain a record of such contributions along with the name and address of such person who has made such contribution;
- (iii) The accounts of each such political party is to be audited by a Chartered Accountant; and
- (iv) The political party has to submit a report to the Election Commission about the donations received within a timeframe prescribed.

There are enough provisions in the Income Tact to scrutinise the accounts of the political parties and these political parties are also subject to other provisions of Income -tax including filing of return.

**(Meenakshi J. Goswami)  
Commissioner of Income Tax  
(Media and Technical Policy)  
Official Spokesperson, CBDT.**