

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
Department of Revenue
(CENTRAL BOARD OF DIRECT TAXES)
INCOME-TAX
Notification

New Delhi, the 31st January 2013.

S.O. 308 (E) .— In exercise of the powers conferred by clause (b) of section 13B read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income-tax (First Amendment) Rules, 2013.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 1962, after rule 17C, the following shall be inserted, namely:-

"17CA. Functions of electoral trusts.

- (1) The functions of an electoral trust referred to in section 13B shall be as provided in this rule.
- (2) The electoral trust may receive voluntary contributions from -
 - a) an individual who is a citizen of India;
 - b) a company which is registered in India; and
 - c) a firm or Hindu undivided family or an Association of persons or a body of individuals, resident in India.
- (3) A receipt indicating the following shall be issued by the trust immediately on receipt of any contribution indicating the following:-
 - a) name and address of the contributor;
 - b) Permanent account number of the contributor or passport number in the case of a citizen who is not a resident;
 - c) amount and mode of contribution including name and branch of the Bank and date of receipt of such contribution;
 - d) name of the electoral trust;
 - e) Permanent account number of the electoral trust;
 - f) date and number of approval by the prescribed authority; and
 - g) Name and designation of the person issuing the receipt.
- (4) The electoral trust shall not accept contributions-
 - a) from an individual who is not a citizen of India or from any foreign entity whether incorporated or not; and
 - b) from any other electoral trust which has been registered as a company under section 25 of the Companies Act, 1956 (1 of 1956) and approved as an electoral trust under the Electoral Trusts Scheme, 2013.

(5) The electoral trust shall accept contributions only by way of an account payee cheque drawn on a bank or account payee bank draft or by electronic transfer to its bank account and shall not accept any contribution in cash.

(6) The electoral trust shall not accept any contribution without the permanent account number of the contributor, who is a resident and the passport number in the case of a citizen of India, who is not a resident.

(7) A political party registered under section 29A of the Representation of the People Act, 1951 (43 of 1951) shall be an eligible political party and an electoral trust shall distribute funds only to the eligible political parties.

(8) (i) The electoral trust may, for the purposes of managing its affairs, spend upto five per cent. of the total contributions received in a year subject to an aggregate limit of rupees five hundred thousand in the first year of incorporation and rupees three hundred thousand in subsequent years;

(ii) the total contributions received in any financial year alongwith the surplus from any earlier financial year, if any, as reduced by the amount spent on managing its affairs, shall be the distributable contributions for the financial year;

(iii) an electoral trust shall be required to distribute the distributable contributions received in a financial year, referred to in item (ii), to the eligible political parties before the 31st day of March of the said financial year, subject to the condition that at least ninety five per cent. of the total contributions received during the financial year along with the surplus brought forward from earlier financial year, if any, are distributed.

(9) The trust shall obtain a receipt from the eligible political party indicating the name of the political party, its permanent account number, registration number, amount of fund received from the trust, date of the receipt and name and designation of person signing such receipt.

(10) The electoral trust shall not utilize any contributions for the direct or indirect benefit of the members or contributors, or for any of the following persons, namely:-

- a) the members (including members of its Executive Committee, Governing Committee or Board of Directors) of the electoral trust;
- b) any relative of such Members;
- c) where such member or contributor is a Hindu undivided family, a member of that Hindu undivided family;
- d) any person who has made a contribution to the trust;
- e) any person referred in sub-section (3) of section 13 of the Act; and
- f) any concern in which any of the persons referred to in clauses (a), (b), (c), (d) and (e) has a substantial interest.

(11) (i) An electoral trust shall keep and maintain such books of account and other documents in respect of its receipts, distributions and expenditure as may enable the computation of its total income in accordance with the provisions of the Act;

(ii) The electoral trust shall also maintain a list of persons from whom contributions have been received and to whom the same have been distributed, containing the name, address and permanent account number of each such person alongwith the details of the amount and mode of its payment including the name and branch of the bank.

(12) Every electoral trust shall get its accounts audited by an accountant as defined in the Explanation below sub-section (2) of section 288 and furnish the audit report in Form No. 10BC alongwith particulars forming part of its Annexure, to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the electoral trust, on or before the due date specified for furnishing the return of income by a company under section 139.

(13) An electoral trust shall maintain a regular record of proceedings of all meetings and decisions taken therein.

(14) Every electoral trust shall furnish a certified copy of list of contributors and a list of political parties, to whom sums were distributed in the manner prescribed in sub-rule (8), to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, every year along with the audit report as stipulated under sub- rule (12).

(15) Any change in the shareholders, subsequent to the approval granted under the Electoral Trusts Scheme, 2013 shall be intimated to the Board within thirty days of such change.”

3. In Appendix II, after Form No. 10 BB, the following Form and its annexure shall be inserted, namely:-

“FORM NO. 10BC

[See rule 17CA]

Audit report under (sub-rule (12) of rule 17CA) of the Income-tax Rules, 1962, in the case of an electoral trust

* I/We have examined the Balance Sheet of _____ [name of the electoral trust] as at _____ and the Income and Expenditure Account for the year ended on that date and certify that the Balance Sheet and the Income and Expenditure Account are in agreement with the books of account maintained by the said electoral Trust.

* I/We have obtained all the information and explanations which to the best of * my/our knowledge and belief were necessary for the purposes of the audit.

In * my/our opinion, proper books of account have been kept by the head office and the branches of the above named electoral trust visited by * me/us so far as appears from* my/our examination of the books, and proper documents adequate for the purposes of audit have been received from branches not visited by * me/us, subject to the comments given below:

In * my/our opinion and to the best of * my/our information, and according to information given to * me/us, the said accounts give a true and fair view-

(i) in the case of the Balance Sheet, of the state of affairs of the above named electoral trust as at and

(ii) in the case of the Income and Expenditure Account, of the surplus or deficit for its accounting year ending on that date.

The prescribed particulars are annexed hereto.

Place _____

Date _____

(Signed)

Accountant †

Name

Membership No.

Address

Notes :

1. *Strike out whichever is not applicable.

2. †This report has to be given by-

(i) a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949); or

(ii) any person who, in relation to any State, is, by virtue of the provisions of sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956), entitled to be appointed to act as an auditor of the companies registered in that State.

3. Where any of the matters stated in this report is answered in the negative, or with a qualification, the report shall state the reasons for the same.

ANNEXURE TO FORM NO. 10BC

I. Details of contributions received and distributed:-

- 1) Total amount of contributions received in the previous year.
- 2) Total amount of contributions distributed to eligible political parties.
- 3) Amount of contributions utilised for administrative or management functions.
- 4) Surplus brought forward.
- 5) Distributable Contributions for the Financial Year.
- 6) Whether the contributions received in the previous year have been distributed to eligible political parties?

Name of the Political Party with permanent account number	Amount distributed	Date	Mode

- 7) Surplus to be carried forward.
- 8) Whether all contributions have been received by account payee cheque or demand draft? If no; the details thereof.

Name of the person	Permanent account number	Amount of contribution	Date	Mode

9) Whether receipts in respect of all distributions made to political parties have been obtained?

10) Whether the list of all contributors has been maintained?

11) Whether the list of all political parties, to whom the amount distributed, has been maintained?

II. Application or use of income or property for the benefit of persons referred to in sub-rule (10) of rule 17CA:-

1. Details of any transaction in excess of Rs. 20,000 with a person referred to in sub-rule (10) of rule 17CA (hereinafter referred to in this Annexure as "interested person").

2. Whether any payment was made to any interested person during the previous year by way of salary, allowance or otherwise? If so, details thereof.

3. Whether any part of the contributions received by the trust was lent, or continues to be lent, in the previous year to any interested person?

If so, details of the amount, rate of interest charged and the nature of security, if any.

4. Whether any income or property of the electoral trust was diverted during the previous year in favour of any interested person? If so, details thereof together with the amount of income or value of property so diverted.

III. Information pertaining to expenditure incurred by the electoral trust towards administration or management of its affairs:-

1. Whether the administrative or management expenses pertaining to the electoral trust are in accordance with sub-rule (8) of rule 17CA?
2. If yes, whether the required details are adequately maintained?
3. If no, what is the percentage of expenditure incurred by the electoral trust vis-a-vis the total contributions received?


Place:

Signature of the Accountant: _____

Date:

Accountant Membership No. _____ "

[Notification No. 08/2013 (F. No. 142/20/2012 -TPL)]


(Raman Chopra)
Director (TPL-II)

[Principal rules were published vide Notification No. SO 969(E), dated the 26th March 1962 and last amended by Income-Tax (15th Amendment) Rules, 2012 vide Notification No. SO 2805(E) dated 29.11.2012]