

Form 112 – Audit report to be furnished under Section 348 of the Income-tax Act, 2025, in the case of a registered non-profit organisation

Purpose:

Form 112 is a report of audit of the accounts of a registered non-profit organisation, for a tax year, which is required to be furnished electronically/digitally under section 348 of the Income-tax Act.

Who Should File:

Any **registered non-profit organisation** whose total income, without giving effect to the provisions of Chapter XVII-B of the Act, exceeds the maximum amount which is not chargeable to income-tax in any tax year shall get the accounts for that tax year audited by an accountant and shall furnish a report of such audited income for the tax year electronically in Form 112 from the e-filing Portal

Frequency & Due Dates:

Frequency	Covered	Due Date for Filing
Annual	Tax-Year	On or before 30 th September of the year following such tax year

Structure of Form 112:

- **Certificate of the Chartered Accountant**
- **Annexure containing statement of particulars of audited Accounts**
 - **Part -A (personal information)** containing – (i) **details of PAN, Name, Tax Year, Registered/other Addresses** of the registered non-profit organisation/auditee; (ii) **details** of regular income under Section 335, Foreign Contribution received and application of income outside India during the tax year **to determine whether the auditee is a small/large registered non-profit organisation** as per the criteria mentioned in Note 2 of the Form 112.
 - **Part – B (other Information) containing various details** (major ones are listed as below) **pertaining to audited accounts/income of the small/large registered non-profit organisation structured under various Rows of the Form and supported by applicable schedules** and some of the schedules are separate for small and large registered non-profit organisations.
 - ❖ Details of formation including Objects of the Auditee and modification of objects if any
 - ❖ Registration/Approval Details
 - ❖ Change in Management

- ❖ Details of business undertaking
- ❖ income from profits and gains from any business
- ❖ Gains from Commercial activities
- ❖ Receipts on which TDS is made
- ❖ Donations (Corpus, Non-corpus, Anonymous Donations, Foreign Contribution)
- ❖ Regular income, Specified income, Residual income and total income
- ❖ Application of Income within India and disallowances out of application
- ❖ Application of Income outside India
- ❖ Details of deemed application and accumulation of income
- ❖ Religious Expenditure
- ❖ Related party Transactions
- ❖ Specified and other Violations
- ❖ Depreciation
- ❖ Loans and Borrowings
- ❖ TDS Details

- **Notes providing clarifications wherever required to support filing the details in Form No 112**

What are the documents required to file the Form 112?

Following documents may be required for filing Form 112

1. Instrument Deed/Modification Deed(s)
2. Registration/Approval Documents
3. Audited Financials for the Tax Year
4. Forms - 113, 108 and 109 filed
5. FCRA return/statement
6. Annual Information Statement (AIS) and TDS returns

Filing Count:

On average, **1.24 lakh** Form No 10B (Now Form 112) were filed each year over the past five years.

What is the process flow of filing Form 112?

The process flow includes following steps

1. Furnishing details pertaining to audited accounts/income under various rows in Form No 112 and the detailed information in the applicable schedules electronically
2. Furnishing Certificate of Chartered Accountant

Outcome of Processed Form 112:

Registered non-profit organisations are eligible to claim exemptions under various provisions of Chapter XVII-B in the return of income to be filed subsequently, only after furnishing the audit report in Form No 112 under Section 348 within the prescribed due date.

Brief note on broad or qualitative changes proposed:

1. Earlier as per the condition prescribed in old Rule 17B, larger registered non-profit organisations whose total income exceeded Rs 5 crores or who received any Foreign Contribution in the year or who has applied any part of income outside India were required to file the Audit report in Form 10B and in all the other cases i.e. smaller registered non-profit organisations were required to file Audit report in Form 10BB. **This has been changed now and a common audit form is required to be filed by all registered NPOs in Form 112 with a very compact Annexure** and depending upon the total income and other conditions as specified in the instruction under Note 2, small and large registered NPOs are required to fill different schedules containing detailed information about the various rows of the Form that follow after the main form in the Annexure. For reference, Note 2 is reproduced as below.

Any registered non-profit organisation referred to in Chapter XVII-B of the Act shall be referred as “auditee” in this form; For the purpose of this form, small registered NPO means a registered non-profit organisation which fulfils the following conditions –

- (a) its regular income under section 335 of the Act does not exceed ₹ 5 crores during the tax year;
- (b) it has not received foreign contribution exceeding ₹ 10 lakhs during the tax year; and
- (c) it has not applied income exceeding ₹ 10 lakhs outside India during the tax year.

For the purposes of clause (b) above, the expression foreign contribution shall have the same meaning assigned to it in clause (h) of sub-section (1) of section 2 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010).

This is a significant change as earlier, any auditee receiving Foreign Contribution of any amount or applying any amount of income outside India was required to file bigger Audit Report in Form 10B. Now, up to Rs. 10 lakh of foreign contribution and income application outside India up to Rs. 10 lakh will not disqualify from being a smaller trust. This is based on the feedback received from the stakeholders.

2. The language has been aligned with language as referred to in Sections 332 to 355 of the Chapter XVII-B of ITA, 2025, giving reference to the new clauses and “tax year”.
3. The phrase fund or trust or institution or any university or other educational institution or any hospital or other medical institution is replaced with the term registered non-profit organisation.

4. Rows referring to redundant sections/clauses have been removed and Simplification of information sought in the Rows/Columns in the Form aligned with the simplification of provisions reflecting in the various sections of the Chapter XVII-B of ITA, 2025
5. Computation of Regular Income and Taxable Regular Income has been made simple and easy to understand
6. Information pertaining to Specified Income is detailed at a single place and numerically arranged aligned with the Serial numbers of Table under Section 337 of ITA, 2025
7. Information pertaining to disallowance of Expenditure is numerically arranged and aligned with the clauses/sub-sections of section 353 of ITA, 2025
8. The term specified person is replaced with the term related person as referred to in section 355(h) of the ITA, 2025 and Information pertaining to Related Person transactions is sought without any qualifications/restrictions so as to facilitate the field formations with appropriate information about the same for proper scrutiny and verification.
9. Information pertaining to Specified violations is numerically arranged and aligned with the clauses/sub-sections of section 351 of ITA, 2025.
10. Amount pertaining to Inter trust Charity Donations has been taken for disallowance from application of income so as to align with the respective specific field of Inter Charity Donations in ITR-7
11. Total amount of foreign contributions as recorded in the respective Schedule includes the amount of Interest accrual on the foreign contribution as referred to in Explanation 2 to section 2(1)(h) of FCRA

Challenges and Solutions:

As per the feedback from Stakeholders, a common audit Form in 112 has been proposed for all registered non-profit organisations in place of earlier Form 10B and Form No 10BB. Depending upon whether the registered non-profit organisation is small or large as per the criteria mentioned in Note 2, the form needs to be populated dynamically with applicable schedules and some of the datas are to be prefilled from ITR and based on the data filled in the Schedules of the Form 112. A detailed Note to Systems has been prepared to notify this requirement.

Common Changes made across Forms:

1. Assessment / Financial / Previous year or years have been replaced with Tax year or years, wherever appearing in the Form/Annexure.

2. Sections, Clauses and Schedules changes as per the Income-tax Act, 2025.