

Book Review

Taxmann's Taxation of Trusts & NGOs with Foreign Contribution (Regulation) Act & FEMA As amended by Finance Act 2006 & Taxation Laws (Amendment) Act 2006

by Manoj Fogla (Price Rs. 775)

The third edition of the book on taxation of trusts and NGOs is published by the reputed publishing house Taxmann and authored by Mr. Manoj Fogla who is a practicing Chartered Accountant specializing in the finance, legal and governance issues related to Voluntary Organisations.

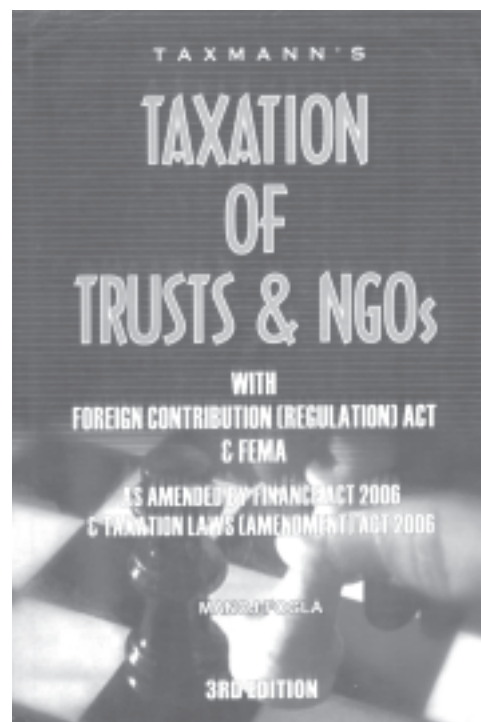
The author has in this book covered in a masterly way the relevant aspects of the laws applicable to Voluntary Organisations, the Income Tax Act 1961 and the Foreign Contribution (Regulation) Act, 1976.

The author makes a detailed analysis of the various complexities of the law and the legal aspects in 5 major divisions.

The First Division deals with the Income, Exemptions, Application / Accumulation of Income and Forfeiture of Exemptions under the Income Tax Act, 1961.

In this division, the author examines the scope of income of a charitable trust for tax purposes with references to various case laws.

Regarding the allowance of depreciation which has remained controversial, the author



exemplarily presents the varying instances regarding charging of depreciation.

The Charitable Purpose and the Purposes held as Charitable in nature under the law have been explained in a simplistic manner.

The registration procedure under the Income Tax Act (Sec.12A) and the conditions that are

to be fulfilled and the documents that are to be submitted are well articulated.

The book also provides information on the application and accumulation of income permissible under the Income Tax Act.

One of the areas that the voluntary organizations requires clarity is on undertaking the Business Activities and the scope of exemption available under the existing provisions for exemptions. This has been well explained in the book.

The procedure for obtaining the PAN (Permanent Account Number) and the TAN (Tax Deduction Account Number) have been clearly presented along with the mandatory nature of provisions attached to them.

The author also discusses the “donor dimension” under the Income Tax Act. The deductions available (under Section 80 G & Sec. 35 AC) to a donor for making a donation is well pointed out.

The book also discusses about the Corpus and Endowment Funds and the need to build them and emphasizes the importance to maintain a judicious balance between a corpus fund and other funds that are utilized.

The governance aspects are also discussed from the legal angle and the author shares information on the Annual General Body Meeting and the Governing Body Meeting and how they are to be conducted, what should constitute the agenda, the quorum, recording of the meetings proceedings and about resolutions made therein.

In Division Three of the book, the author discusses the Formation and Management of Voluntary Organisations. The options of registering an organization either as a Society, Trust or a Sec.25 company as a non-profit organization are well presented along with various respective statutory obligations.

The significance of this edition is that it provides an overview of the amendments as per the Finance Act, 2006.

The history and provisions of the Foreign Contribution (Regulation) Act, 1976 (FCRA) has been elaborately discussed in 13 chapters under Division Four.

The registration, accounting and compliance aspects under FCRA are well detailed. The common “grey” areas relating to second and subsequent recipient of foreign funds, revolving funds, treatment of sale proceeds of an asset purchased out of foreign funds are well clarified within legal ambit.

The highlight of this Division Four is the compilation of various FAQs by the author on FCRA related aspects that he has come across during his interaction with the Voluntary Sector.

The author has also provided an overview of the proposed Foreign Contribution (Management & Control) Bill, 2005 and the implications of its various provisions.

The book serves as a complete guide and veritable mine of information to be treasured by every Voluntary Organisation.

(S. P. Selvi, FMSF)