

# CONTENTS

	PAGE
<i>About the Authors</i>	<i>I-5</i>

## FAQs ON AUDIT OF TRUSTS & INSTITUTIONS IN FORM 10B/10BB FOR AY 2023-24

---

◆ FAQs on Audit of Trusts & Institutions in Form 10B/10BB for AY 2023-24	3
◆ FAQs : Introduction & Applicability of Audit	5
◆ FAQs : Who can conduct the Audit?	16
◆ FAQs : Format of Audit Report	18
◆ FAQs : Due date & process to file Audit Report	24
◆ FAQs : Disclosure & reporting of common clauses in Annexure to Form 10B/10BB	32
◆ FAQs : Clauses for reporting only in Annexure to Form 10B	53

## LAW AND PRACTICE RELATING TO AUDIT OF TRUSTS AND INSTITUTIONS AND ITR-7

---

### 1

#### REQUIREMENT OF AUDIT UNDER SECTION 12A AND SECTION 10(23C)

1.1	Requirement of audit of accounts	69
1.2	Time limit to obtain and furnish the audit report	70
1.3	Applicability of audit to section 10(23C) institutions	70

	PAGE	
1.4	Applicability of audit to non-approval category of section 10(23C) institutions	71
1.5	Monetary limit for audit	71
1.6	Objective of audit under the Income-tax Act	71
1.7	Form of audit report (upto A.Y. 2022-23)	72
1.8	Form of audit report (from A.Y. 2023-24)	73
1.9	Who is required to file an audit report in Form 10B?	73
1.10	Who is required to file an audit report in Form 10BB?	73
1.11	Definition of foreign contribution	74

## 2

### MAINTENANCE OF BOOKS OF ACCOUNT

2.1	Inherent requirement to maintain books of account	76
2.2	Insertion of explicit provision by the Finance Act, 2022	78
2.3	Condition of the requirement to maintain books of account	79
2.4	Applicable if total income exceeds ₹ 2,50,000	79
2.5	Meaning of books of account	79
2.6	List of books and documents to be maintained by trust or institution	80
2.7	Manner of keeping books of account	87
2.8	Place of keeping books of account	88
2.9	Period for which books are to be maintained	88

## 3

### RAMIFICATIONS OF NOT OBTAINING AUDIT REPORT AND NON-MAINTENANCE OF BOOKS OF ACCOUNT

3.1	Whether submission of the audit report is directory or mandatory?	89
3.2	Case laws regarding the delayed filing of audit report [not relevant after enactment of section 13(10) and 13(11)]	90
3.3	If the conditions for availing the benefit of exemption are substantially satisfied, it could not be denied exemption merely on the bar of limitation in the furnishing audit report in Form 10B	91

	PAGE
3.4	Delay in obtaining/submission of audit report upto AY 2022-23 92
3.5	Delay in obtaining/submission of audit report w.e.f. AY 2023-24 92
3.6	Special provisions to compute income (w.e.f. AY 2023-24) 92
3.7	Reporting in clause 39 of annexure to Form 10B 93
3.8	Computation of income 94
3.9	Condonation of delay in filing Form 10B/10BB 95

## 4

### OVERVIEW OF FORM 10B AND FORM 10BB

4.1	Who must file an audit report in Form 10BB? 98
4.2	Who is required to file Form 10B? 98
4.3	Audit report and its parts 99
4.4	Annexure to Form 10BB 103
4.5	Annexure to Form 10B 109
4.6	Notes to Form 10BB and Form 10B 116

## 5

### ANALYSIS OF THE APPLICABILITY OF TAX AUDIT UNDER SECTION 44AB

5.1	Do the charitable trusts need to file an audit report in Form 3CA/3CB-3CD? 117
5.2	Controversy on the applicability of tax audit 117
5.3	Analysis of the applicability of tax audit 120
5.4	What are the implications of point 9 in the notes to Form 10B, which requires the uploading of the audit report in Form 3CA or 3CB? 131
5.5	Conclusion 132

## 6

### SAMPLE OBSERVATIONS AND QUALIFICATIONS FOR INCLUSION IN THE MAIN AUDIT REPORT

6.1	Reporting the details of persons specified in section 13(3) 133
-----	---

	PAGE	
6.2	Reporting of benefit to specified persons	135
6.3	Reporting of specified violation	136
6.4	Requirement of reporting of maintenance of books of account	137
6.5	Reporting of non-filing of the income tax return and non-furnishing of the audit report under section 13(10) and 13(11)	137
6.6	Reporting the amount of application based on income and expenditure account	138
6.7	For reporting specified violations as to whether the auditee has complied with other relevant laws	138
6.8	Suggested remarks in technical guide on report of audit under section 12A/10(23C) of the Income-tax Act, 1961 issued by ICAI	140

## 7

### **INSTRUCTIONS FOR FILLING FORM 10BB ISSUED BY INCOME TAX DEPARTMENT**

7.1	Assessment Year from which renotified Form 10BB is applicable	145
7.2	Applicability of existing Form 10BB	145
7.3	Meaning of “auditee”	145
7.4	Applicability of renotified Form 10BB	146
7.5	Meaning of “foreign contribution”	146
7.6	Process to file Form 10BB (A.Y. 2023-24 onwards)	146
7.7	Modes of Verification of Form 10BB (A.Y. 2023-24 onwards)	147
7.8	Common Instructions	147
7.9	Field Specific Instructions	148

## 8

### **INSTRUCTIONS FOR FILLING FORM 10B ISSUED BY INCOME TAX DEPARTMENT**

8.1	Assessment Year from which renotified Form 10B is applicable	152
-----	--	-----

	PAGE	
8.2	Applicability of existing Form 10B	152
8.3	Meaning of “auditee”	152
8.4	Applicability of renotified Form 10B	153
8.5	Meaning of “foreign contribution”	153
8.6	Process to file renotified Form 10B	153
8.7	Modes of Verification of Form 10B	154
8.8	Process of Downloading Offline Utility for Renotified Form 10B	154
8.9	Instructions for filling specific fields of Form 10B	154
8.10	Common Instructions to fill schedules and .CSVs	171
8.11	Miscellaneous things to be taken care in filing the offline utility	171

## 9

### TUTORIAL ON E-FILING OF FORM 10B/10BB

9.1	Introduction	173
9.2	Steps to submit Form 10B/10BB	173
9.3	Tutorial on adding the CA to the e-filing portal ( <i>Assessee Login</i> )	174
9.4	Tutorial on assigning Form 10B/10BB to the CA ( <i>Assessee Login</i> )	176
9.5	Tutorial on acceptance of assignment by CA ( <i>CA Login</i> )	179
9.6	Tutorial on uploading/submission of Form 10B/10BB by CA ( <i>CA Login</i> )	181
9.7	Tutorial on acceptance of Form 10B/10BB by auditee ( <i>Assessee Login</i> )	184

## 10

### REQUIREMENT TO SUBMIT ITR UNDER SECTIONS 12A AND 10(23C)

10.1	Submission of ITR is one of the conditions to claim the benefit of exemption	186
10.2	Requirement to submit ITR	187
10.3	Time-limit to file ITR	187

	PAGE
<b>10.4</b> Which ITR Form is to be used?	188
<b>10.5</b> E-filing of ITR	190
<b>10.6</b> Consequences of delay in furnishing of ITR, <i>i.e.</i> , submission of return after the due date but before the time allowed under section 139(4)	191
<b>10.7</b> Belated return of income	192
<b>10.8</b> Revised return of income	193
<b>10.9</b> Can the benefit of exemption be claimed by filing an updated return?	194
<b>10.10</b> Should the updated return be subject to section 13(10) and 13(11)?	195
<b>10.11</b> Whether assessment made due to non-furnishing of return shall be subject to section 13(10) & 13(11)?	197

## 11

### PRACTICAL GUIDE TO FILE FORM ITR-7

<b>11.1</b> Introduction	198
<b>11.2</b> Key changes introduced in Form ITR-7 applicable for AY 2023-24	199
<b>11.3</b> Relevant schedules of Form ITR-7	203
<b>11.4</b> Manner of filing ITR	206
<b>11.5</b> Verification of ITR	206
<b>11.6</b> Processing of ITR	207
<b>11.7</b> Defective ITR	207
<b>11.8</b> Common mistakes while filing of ITR-7	208

## APPENDICES

---

<b>Appendix 1 :</b> Circulars and Notifications	213
<b>Appendix 2 :</b> Relevant Rules of Income-tax Rules, 1962	226
<b>Appendix 3 :</b> Relevant Forms of Income-tax Rules, 1962	235