

PRACTICAL WEBINAR ON NGO's REGISTRATION AND COMPLIANCES

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❖ POINTS TO BE DISCUSSED

1. Types of NGO's

2. Difference Between Trust, Society & Section 8 Company

3. Necessary Registrations Certificates for NGO.

4. ITR form, tax rate & audit applicability

5. Income Tax Intimations/Demands/Notice's

6. FCRA Registrations, Compliances and updations

□Types of NGO

Biggest confusion in the public was always same which entity will choose from Trust, Society & Sec 8.

Its completely depends upon your no of members and also objects of your organization...But we are conclude for everyone...

Trust will be registered in Trust Registration 1882 with the only single compliance i.e. ITR filling.

Society will be registered in Society Registration 1860 with the Compliances of Annual Filling, ITR fillings

Section 8 company will be registered in the companies act 2013 with the following compliances:

Compliance:

- Form MBP-1 (Disclosure of Interest)
- Form DIR-8 (Notice of non-disqualification of Directors)
- Board Meeting
- Form DIR-3 KYC (KYC of Directors)
- Form DPT-3 (Return of Deposit or particulars of transaction not considered as deposit or both)
- Annual General Meeting ('AGM)
- Form ADT-1 (Appointment of Statutory Auditors)
- Form AOC-4 (Audited Financials and Board Report)
- Form MGT-7 (Annual Return)

Conclusion:

- If your manpower is limited & you and your Team want to start with minimum costing and also compliances. Then always choose Trust but legally.

DIFFERENCE BETWEEN TRUST, SOCIETY & SECTION 8 COMPANY

S. No	Basis	Trust	Society	Section 8
1	Statute or Legislation	Trusts governed by the Indian Trust Act, 1882	Societies are governed by the Societies Registration Act 1860, which is an all-India Act. Many states, however, have variants on the Act.	Section 8 Companies are governed by the Indian Companies Act, 2013.
2	Reg. Docs	For Registration of Trust main instrument is Trust deed.	For Registration of society main instrument is Memorandum of Association and rules & regulations.	For registration of section 8 Company main instrument is Memorandum and Articles of Association.
3	Members Required	At least two trustees are required to register a public charitable trust. In general, Indian citizens serve as trustees, although there is no prohibition against non-natural legal persons or foreigners serving in this capacity.	<p>Minimum:</p> <ul style="list-style-type: none"> - Seven members are required for formation of state level society. - Eight members required from separate states for formation of national level society. 	Minimum 2 for a private company and 7 for a public ltd company.
4	Revocable or Irrevocable	Indian public charitable trusts are generally irrevocable.	Societies may be dissolved. Dissolution must be approved by at least three-fifths of the society's members.	A section 8 Company may be dissolved.

DIFFERENCE BETWEEN TRUST, SOCIETY & SECTION 8 COMPANY

S. No	Basis	Trust	Society	Section 8
5	Annual Compliance	There is no requirement of annual return filing.	Societies must file annually, with the Registrar of Societies, a list of the names, addresses and occupations of their managing committee members.	There is requirement of annual compliance by filing of annual accounts and return of company with the RoC.
6	Time Period involved in registration/formation	10-15 days	30-45 days	60-75 days
7	Cost factor	Low	Medium	High
8	Transparency	Low	Low	High as everything is available online.
9	Registration with Income Tax u/s. 12A & 80G as NGO	At par with society & Section 8 Company.	At par with trust & Section 8 Company.	At par with trust & Society.
10	Change of Registered office	Difficult	Difficult	Easy

□ Necessary Registrations for NGO's

- Niti Aayog**
- 80G & 12AB**
- FCRA**
- 35AC, Section 35(1)(ii), Section 35(1)(iii)**

□ ITR form, tax rate & audit applicability?

**ITR-7 Form applicable on
NGO's(Trust, Society & Section 8)
to furnish return under sections
139(4A) or 139(4B) or 139(4C) or
139(4D) only**

Tax will be charges @30% MMR

**Audit(form 10B) is compulsion after
organization getting the 12AB
registration otherwise depends upon
by laws.**

□ INCOME TAX Intimations / Demands / Notice's

Specific sections(143(1),154,156)

Specific time Period for reply(30 Days)

Reasons(Selection of Section 11 & 12,Schedule ER, Voluntary Contribution , Unutilized Balance)

FCRA Registrations

Foreign contribution has been defined in Section 2(1)(h) of FCRA, 2010. However, foreign contribution excludes earnings from foreign client(s) by an association in lieu of goods sold or services rendered by it as this is a transaction of commercial nature.

☐ FCRA Compliances

FC-4

(Annual Return)

FC-5

(Quarterly Return)



THANK YOU