

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

New Delhi, 06th March, 2024

Press Release

CBDT clarifies provisions relating to donations made by a trust / institution to another trust / institution for the purposes of application of income

Income of any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in specified sub-clauses of section 10 (23C) of the Income-tax Act, 1961 (the 'Act') or any trust or institution registered under section 12AA/12AB of the Act is exempt, subject to fulfilment of certain conditions specified under various sections of the Act.

Finance Act, 2023 provided that donations made by a trust / institution (other than towards corpus) shall be treated as application for charitable or religious purposes only to the extent of 85% of such donations.

Representations have been received by the Central Board of Direct Taxes (CBDT) raising concerns as to whether the balance 15% of donation to other trust / institution would be taxable or would be eligible for 15% accumulation, since the funds would not be available, having been already disbursed.

CBDT has examined the matter with reference to the issues raised above. Vide Circular No. 3/2024 in F.No.370142/5/2024-TPL dated 06.03.2024, issued today, the matter has been clarified by illustrative examples, for lucid understanding. The said Circular is available on www.incometaxindia.gov.in.

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