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Newsflash – Key Aspects on Renewal of Registrations in case of Charitable Institutions and Certain Procedural Aspects

Newsflash

Key Aspects on Renewal of Registrations in case of Charitable Institutions and Certain Procedural Aspects

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1.0 Background

- 1.1 The regulatory framework regarding Charitable entities were completely overhauled in 2020 (vide Finance Act 2020) requiring them to obtain fresh registration under section 12AB of the Income-tax Act, 1961 (hereinafter referred to as 'the IT Act') thereby replacing earlier perpetual approvals with time-bound registrations. Accordingly, Charitable entities now have registration which is valid for a period of 5 years and it is necessary to seek renewal every 5 years.

However, it is pertinent to note that the Finance Act, 2025 has amended section 12AB(1) of the IT Act, extending the validity of registrations granted to trusts / institutions from 5 years to 10 years in case where:

- the trust or institution has made an application under sub-clause (i) to (v) of Section 12(1)(ac) and
- total income (before exemptions under Sections 11 and 12) does not exceed Rs. 5 crores during each of the two financial years, preceding the financial year in which such application is made.

2.0 Registration Requirements

- 2.1 **In view of the above, the existing regular registration (under section 12AB and 80G of the IT Act) of the Charitable entities which had obtained registration from Financial year 2021-22 is valid till FY 2025-26 (i.e. AY 2026-27). In such cases, the Charitable entities must apply for renewal of regular registration in Form 10AB (separate forms to be filled for 12AB and 80G registration) at least 6 months prior to the period approved in the existing registration (i.e. on or before 30 September 2025).**

Note: Please note the consequences of failing to renew the registration are severe as the charitable entity would lose its tax exempt status and there would be exposure to the provisions of section 115TD, which provides for taxing accreted income in the specified manner based on the fair value of the assets.

- 2.2 It may be notable that the Charitable entities have a regular registration under Section 12AB or section 80G for a period of 5 years. When the existing registration is due to expire, the Charitable entities are required to apply for renewal of registration at least six months prior to the completion of the 5 years as per provisions of the IT Act.

The Charitable entities may include not only public trusts but also section 8 companies and societies registered under the Societies Registration Act. Further, it is to be noted that the

provisions regarding specified violations which could result in cancellation of registration or rejection of renewal application have been made more stringent.

- 2.3 The relevant extracts of **Section 12A(1)(ac)(ii)** and **clause (ii) of first proviso to Section 80G(5)** of the IT Act are reproduced below -

Section 12A(1)(ac):	Clause (ii) of first proviso to Section 80G(5):
<p><i>“notwithstanding anything contained in clauses (a) to (ab), the person in receipt of the income has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution,—</i></p> <p>.....</p> <p><i>(ii) where the trust or institution is registered under section 12AB [or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10] and the period of the said registration [or approval, as the case may be,] is due to expire, <u>at least six months prior to expiry of the said period;</u>”</i></p>	<p><i>“Provided</i> that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—</p> <p>.....</p> <p><i>(ii) where the institution or fund is approved and the period of such approval is due to expire, <u>at least six months prior to expiry of the said period;</u>”</i></p>

- 2.4 In case of renewal of regular registration, every Charitable entity is required to submit the application in online mode in **Form No. 10AB** in accordance with **Rule 17A** (for registration under section 12AB) & **Rule 11AA** (for registration under section 80G) of the Income-tax Rules ('IT Rules') on the e-filing reporting portal etc.
- 2.5 The Principal Commissioner ('PCIT') or Commissioner ('CIT'), on receipt of the above application made in Form 10AB shall call for such documents or information from the trust or institution or make such inquiries as he thinks necessary in order to satisfy himself about the genuineness of activities of the trust or institution and the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its objects.
- 2.6 The PCIT or CIT may pass an order in **Form 10AD** registering the trust or institution for a period of five years after satisfying himself about the objects of the trust or institution and the genuineness of its activities and compliance of the requirements of any other law.

3.0 Documents/Details required for Form 10AB:

- 3.1 With regards to filing of Form 10AB, certain documents and details as mentioned below are required to be uploaded.

Sr. No.	Particulars
1	Self-certified copy of the instrument creating the trust or establishing the institution

Sr. No.	Particulars
2	Self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts.
3	Self-certified copy of registration under Foreign Contribution (Regulation) Act, 2010, if the applicant is registered under such Act.
4	Self-certified copy of existing order granting registration under section 12A or section 12AA or section 12AB or section 80G, as the case may be, if any.
5	Self-certified copies of the annual accounts of the trust or institution relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up.
6	Self-certified copy of order of rejection of application for grant of registration under section 12A or section 12AA or section 12AB or section 80G, as the case may be, if any.
7	Where a business undertaking is held by the trust or institution and the trust or institution has been in existence during any year or years prior to the financial year in which the application for registration is made, Self-certified copies of the annual accounts of such business undertaking relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up.
8	Self-certified copy of the documents evidencing adoption or modification of the objects.
9	Self-certified copy of existing Notification granting approval under section 35.
10	Self-certified copy of PAN

4.0 Significant points to be considered while filling Form 10AB:

- ✓ The objects which will be selected in the Form should be in line with the Trust Deed / MOA/AOA of the Charitable entity. Similarly, there should be sufficient documentary evidences in order to justify the object clauses selected by the Charitable entity in case any further details / information is sought by the CIT.
- ✓ W.r.t point no. 6 of the Form - *“whether the trust deed contains clause that the trust is irrevocable.”* – In case option "No" is selected here where the applicant's trust deed doesn't contain the clause that it is irrevocable, the application would not process ahead. Selecting the option “Yes” is mandatory here and this may be brought to the attention of the applicant. However, it may be notable that this point may be looked in detail by the AO. As such, the applicant may need to give a resolution that the Trust / Foundation is irrevocable at that time. This is for your information.
- ✓ The details of assets and liabilities should be reported as on the date of application. Practically, if provisional Financial Statements are not ready as on date of application, the details as on 31 March 2025 may be reported here.
- ✓ All the attachments should be self-certified. Additionally, the note on activities of the Trust should be latest and on the letterhead of the Charitable entity.
 - Size of each attachment should not exceed 5MB

- All the attachment together should not exceed 50MB
- All the attachment should be in pdf/Zip format only
- All the files in the zip file should contain only files in pdf format

5.0 Summary

Sections covered	Section 12AB and Section 80G
Application form	Form 10AB (2 separate forms for 12AB and 80G each)
Last Date for Form 10AB (Applicable in case where the existing registration is valid for AY 2026-27)	30 September 2025
Procedure	<ul style="list-style-type: none"> • Apply for registration with requisite documents and information in the Form. • CIT to inquire on the objects and proposed activities, including genuineness of activities to be undertaken as well as compliances with various regulations. • The PCIT/CIT can demand further documents to satisfy the genuineness of the activities of the institution or trust and the compliance of the requirements under any other law for the time being in force by the institution or trust that are material to achieve its objects. • The PCIT/CIT will make the order of registration or cancellation of registration or rejection in Form No.10AD.
Timelines	Timeline for passage of the Order is within 6 months from end of the month in which application filed
Validity for New Registration	5 years**

Note:10 years u/s 12AB for trusts / institutions in case where total income does not exceed Rs. 5 crores during each of the two financial years, preceding the financial year in which such application is made. It is important to note that even though registration under section 12AB may now extend to ten years in certain cases, the requirement to renew approval under section 80G (enabling donors to claim tax deductions) every five years continues to remain in force.**

APPENDIX

Details of all Accounts held by the trust or institution at the time of application

Sr. No.	Name of the financial institution*	IFS Code *	Account Number*
1			
2			
3			
4			
5			

Details of all land or buildings or both held by the applicant

Date of Acquisition*	Address of the land or buildings*	Stamp value at the time of acquisition*	Purchase consideration paid/payable*	Size of land or buildings in square meter*	Mode of acquisition*

Details of Assets and Liabilities, Income and Religious activities

Sr. No.	Particulars	Amount
1	Corpus*	
2	Funds/reserves and surplus other than corpus*	
3	Long term liabilities*	
4	Other liabilities*	
5	Total Liabilities	-
6	Land and Building*	
7	Other fixed assets*	
8	Investments/deposits made into one or more of the forms or modes specified in sub-section (5) of section 11*	
9	Investments/deposits other than mentioned in row number 1 above*	
10	Other Assets*	
11	Total Assets	-

Income Details

Financial Year(s)*	Grants received from Central or State Government*	Grants received from Companies under CSR*	Other Specific Grants*	Other Income*	Total
2022-23					-
2023-24					-
2024-25					-

Religious activities

Whether the fund or the institution has incurred any expenditure of religious nature?

Financial Year(s)*	Total Income*	Expenditure of Religious Nature*	Percentage to Total Income(%)*
2022-23			0%
2023-24			0%
2024-25			0%

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This Newsflash provides a brief overview of the key provisions relating to the renewal of registrations for charitable institutions, along with certain associated procedural aspects. It may be noted that nothing contained in this Newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain thereof and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this Newsflash.

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