

## Importance of Sec 35 AC of the Income Tax Act

If Non Governmental Organizations are eligible for claiming exemptions under the income tax act but for this the Non Governmental Organization has to get itself registered. Here the Organization is getting the benefits but the donors are not getting any benefits here comes the section 35AC in the limes light which provide all the benefits to the donors giving donations to the Organizations.

If there is an approval to any organization from the Central Government in respect of any particular project or scheme then the Organization has a large area of bringing in funds for the project from different business enterprises. They won't be facing any problem in bringing in funds as the business unit will be eligible for claiming the deduction under section 35AC for the amount paid to the Organizations as donations for any particular project or scheme.

In order to get any scheme approved by the central government the organization has to apply to the National Committee which was originally created to determine the projects or scheme that could come under the application of section 35AC. There is no restriction for any Organization to get its project approved; all the organizations can apply to the National Committee for any approval of the project or scheme.  
"A certificate has to issued to the donor for claiming deduction under section 35AC"

General obligation regarding the application for getting any project or scheme approved is that the company has to apply to the committee in two sets and in either of the languages that is Hindi or English and the application should consist of all the information regarding the organization like name of the organization, status of the organization its ward along with the PAN of the Organization. Along with the application the organization has to submit to the Committee its latest Audited Balance Sheet and the Balance Sheet of the last two years. The organization has to provide clarification as to how it was form, whether in respect of any trust or society along with the proof like the deed of the trust, rules and regulation or any certificate of registration. There are many other formalities that the organization has to comply along with the application for getting the project approved. All the information regarding the project should be incorporated in the application such as title of the project, commencement date, total amount to be contributed in the project along with the estimated time to be taken in completion of the project.

"There are many formalities to be complied with to get a project approved".

Section 35AC is available to persons who have income under the head "Income from Business or Profession" but the persons not having income under the head are going to get the deduction under section 80GGA which generally provides for the donation made to these organizations. Here total deduction is available in respect of the amount paid as donation subject to the availability of the Income for claiming deduction as it cannot be carried forward as in case of Section 35AC.

Source: e-Taxindia.org.