



The Institute of Chartered Accountants of India
(Setup by an Act of Parliament)

TIRUPUR BRANCH (SIRC)



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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

TIRUPUR BRANCH (SIRC)

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The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
Tirupur Branch (SIRC),
ICAI Bhawan,
46, Pethichettipuram First Street,
Rayapuram, Tirupur - 641 601.
Phone: 0421 434 2732
E.Mail: tirupur@icai.org
Website: www.tirupur-icai.org

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Dear Esteemed Members,

Warm greetings to you all.

As we step into the month of June, I extend my heartfelt thanks to all our esteemed members for your continued support and active participation. Your enthusiastic response to our initiatives and events truly reflects the strength and unity of the Tirupur Branch.



Warm wishes to all members and their families celebrating Bakrid on 07-06-2025 may the occasion bring peace, joy, and prosperity.

An AI Certificate Course is scheduled for 13th, 14th & 15th June 2025. Members are requested to register at the earliest to secure their participation.

We are pleased to inform you that the State Level Student Conference will be held on 27th & 28th June 2025. We encourage you to nominate and support students in participating and making the most of this opportunity.

On the occasion of International Yoga Day on June 21st, let us come together to recognize and celebrate the importance of health, balance, and inner peace through yoga. We encourage everyone to participate in local or branch-level activities and embrace the spirit of wellness.

We are planning to conduct Sports for Members, Schedule for this will be updated soon, Kindly join with Enthusiasm.

Looking forward to your active involvement in all upcoming initiatives.

With Best Regards,

CA. Tharun N
Chairman
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
Tirupur Branch (SIRC)

APPLICATION OF INCOME

- CA.R.Ramachandran, Chennai



The series of amendments in the last few years beginning with taxation and other laws (Relaxation and Amendment of certain provisions) Act 2020 has added more complexity to the provisions of Income Tax relating to Trust/Institutions.

In this article, let us discuss the provisions relating to application of Income as provided U/S 10 (23C), U/S 11(1)(a), 11(1)(b)

Section 10(23C) 22nd Proviso: [w.e.f. 1st April 2023 vide Finance Act 2022] Computation of income in case of non-compliance

- Finance Act 2022 has provided with effect from 01.04.2023 (i.e. financial year 23-24 onwards) the computation of income of any fund/trust/institution as referred to in sub-clause (iv) or (v) or (vi) or (via) in case of non-compliance of:
 - 10th proviso which deals with maintenance of books of account where the income exceeds the maximum amount which is not chargeable to tax or
 - 12th proviso which deals with application of income out of corpus donations or
 - 18th proviso which deals with inclusion of income from any activity in the nature of trade, commerce or business as provided in the first proviso to section 2(15).
- In such circumstances, the income chargeable to tax shall be computed after deduction for the expenditure (other than capital expenditure) incurred in India, for the objects of the fund/trust/institution subject to the fulfilment of the allowing following conditions:
 - such expenditure is not from the corpus; or
 - such expenditure is not from any loan or borrowing or
 - claim of depreciation is not in respect of an asset that has been allowed as application earlier or
 - such expenditure is not in the form of any contribution or donation to any person
- Further, for the purpose of computation;
 - amounts inadmissible under sections 40(a)(ia), i.e. amount inadmissible due to non-deduction of TDS and 40A(3)/(3A), i.e. cash expenditure in excess of Rs.10,000/- shall also be considered;
 - no deduction in respect of any expenditure or allowance or set-off of any loss shall be allowed under any other provision of this Act;
 - no set off or deduction or allowance of any excess application pertaining to any year preceding to the previous year;
 - Expenditure paid during the year shall alone be considered for computation irrespective of the previous year in which the liability has been created;

- Any sum that has already been claimed as application shall not be allowed again as deduction.

Accumulated Funds when Taxable

- When the income so accumulated is applied for purposes other than for which accumulated within the said period.
- Ceases to remain invested as per section 11(5)
- Credited or paid to another trust or institution registered under section 12AA/12AB/10(23C). Since 1st April 2003.
- Until 31 March 2022, the amount not applied for the purpose for which accumulated was taxed in the year immediately following the expiry of the period
- However, **from 1st April 2023 vide Finance Act 2022 was amended.** Since 1 April 2003, the amount not applied for which accumulated is taxed in the year in which period of accumulation expired.

Any University/other Educational institution or Hospital /medical institution falls under 10(23C)(iv)/(v)/ (vi)/ (via) applies to income or accumulates it for application wholly and exclusively to the objects for which established and in case where more than 15% of its income shall in no case exceed five years.

The provision was introduced/vide Finance Act (No.2) of 1998 w.e.f., 1st April 1999.

The Period of accumulation was brought in/ substituted from 1st April 2003 vide Finance Act 2002

The Threshold of 15% was substituted from 25% vide Finance Act 2002 w.e.f., 1st April 2003

Where eighty five percent of income earned/derived by any trust/institution is not applied or not deemed to have been applied to a Charitable/Religious purposes during the previous year but accumulated or set apart for application shall not be included in the total income of the previous year in which income is received provided such person furnishes a statement in prescribed form (Form No.10) and manner to AO stating the purpose for which accumulated and the period for which accumulated shall in no case exceed five year.

85% was substituted for 75% vide Finance Act 2002, w.e.f., 1st April 2003.

Section 11(1)(a):

Income from property held for Charitable or Religious purposes. Subject to provision of section 60 to 63 the following income shall not be included in the total income of the previous year of the person in receipt of the income.

Income derived from property held under trust wholly for charitable or religious purposes, to the extent to which such income is applied to such purposes in India; and, where any

such income is accumulated or set apart for application to such purposes in India, to the extent to which the income so accumulated or set apart is not in excess of [fifteen per cent] of the income from such property;

This clause was substituted by taxation laws (Amendment) Act 1975 w.e.f. 1/4/1976. Earlier Clauses (a) and (b) were amended by Finance Act 1970 w.e.f. 1/4/1971.

Section 11(1)(b):

Income derived from property held under trust in part³ only for such purposes, the trust having been created before the commencement of this Act, to the extent to which such income³ is applied to such purposes in India; and, where any such income is finally set apart for application to such purposes in India, to the extent to which the income so set apart is not in excess of [fifteen] per cent of the income from such property **[For the meaning of the terms/expressions "accumulated or set apart", "in part" and "such income"] [Substituted for "twenty-five" by the Finance Act, 2002, w.e.f. 1-4-2003]**
Since, 1st April 2003, 15% was substituted for 25% vide Finance Act 2002 w.e.f., 1st April 2003.

Payment out of accumulated Funds to another trust registered U/S 10(23c)/11/12 shall not be treated as application from 1/4/2003 vide Finance Act 2002

Finance Act 2021 brought in amendment to Provisions of section 11(1)(a)/11(1)(b). Following clause (iii) shall be inserted after clause (ii) of Explanation 4 to sub-section (1) of section 204: 11 by the Finance Act, 2023, w.e.f. 1.4.2024:

Any amount credited or paid, other than the amount referred to in Explanation 2, to any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be, or other trust or institution registered under section 12AB, as the case may be, shall be treated as application for charitable or religious purposes only to the extent of eighty-five per cent of such amount credited or paid.

If income applied falls short of 85% (Earlier it was 75% until 31st March 2003), then the trust/institution has the option to carry forward to next year for application. Such option to be exercised before the expiry of the time allowed under section 139(1) for filing the return of income in such form & manner by filing **Form 9A- [See rule 17(1)]**

Application for exercise of option under clause (2) of the Explanation to sub-section (1) of section 11 of the Income - tax Act, 1961. **[inserted w.e.f. 1st April 2016 vide Finance Act 2015]**

The amount so accumulated as per explanation 1 to clause 11(1), shall not be contributed to another trust with a specific direction that they Shall form part of the corpus **w.e.f., 1st April 2018 vide Finance Act 2017.**

For the purpose of determining the amount of application under clause (a) or clause (b), the provisions of subclause (ia) of clause (a) of section 40 and sub-sections (3) and (3A) of

section 40A, shall, mutatis mutandis, apply as they apply in computing the income chargeable under the head "Profits and gains of business or profession"]. **Since 1st April 2019 vide Finance Act 2018**
CORPUS DONATION/FUND

Corpus donation do not require application - 2(24)(ia) until 31.03.2021

However, application out of Corpus has undergone changes vide Finance Act 2021.

(Finance Act 2021) brought in certain amendments towards application of Corpus donation.

- ❖ Any expenditure or application made out of the corpus fund **will not be allowed as application.**
- ❖ Such amount shall be allowed as application **in the year in which it is deposited back to corpus** to the extent of such deposit or investment.

Rationale behind not allowing set-off of deficit against current years income:

Application for charitable and religious purposes can be out of three sources:

- (i) Current year's income
- (ii) Accumulated & Unconditional own funds (Corpus of the organisation)
- (iii) Borrowed funds

Finance Act 2021 brought in certain restriction/condition w.e.f. 1/4/22

Application for Charitable or religious purpose towards objects of the trust out of Corpus donations received 11(1)d) shall not be treated as application of income.

w.e.f., 01/04/2022 Vide Finance Act 2021, that corpus donation received with a specific direction has to be invested or deposited in any mode specified U/s11(5)

w.e.f., 01/04/2022 vide Finance Act 2021, the application for charitable purposes from corpus shall not be treated as application. The amount so not treated as application is allowed as application in the year in which such amount is deposited back.

w.e.f., 1"April 2023, the period for replenishing the corpus fund is restricted to 5years. If replenished beyond 5 years, will not be allowed as application. This restriction regarding application out of corpus shall apply for corpus fund received after 1 April 2021 and any application made after 1 April 2021, out of corpus fund received prior to 1"April 2021.

This restriction/Condition will not apply for Corpus donation received prior to 31/3/2021 and Corpus Fund as on 31/3/2021.

Corpus donation paid to another trust was allowed as application until 31 March 2017.

w.e.f., 1 April 2018, vide Finance Act 2017, corpus donation paid by a trust to another trust shall not be treated as application.

Vide Finance Act 2022 the corpus donation received after 1st April 2021 continue to enjoy Exemption under section 11(1)(d) is subject to the condition that

1. It is applied for the purpose for which received.
2. Does not apply such corpus for making contribution or donation to other trusts.
3. Maintains such corpus separately
4. Invests the same as per mode specified under section 11(5).

Borrowed Funds:

W.e.f., 1st April 2022, vide Finance Act 2021, application out of borrowed fund will not be allowed as application. But the same will be allowed as application in the year in which loan/borrowing is repaid.

However, 1st April 2023, the repayment period is restricted to 5 years. If repayment is made beyond 5 years, then it will not be allowed as application.

CONCLUSION

Before 01.04.2021 – The Provision relating to Corpus/Borrowed Fund

- ❖ In any year if there is a deficit i.e. excess of expenditure over income, it would imply that the organisation has over spent out of either borrowed funds or its corpus.
- ❖ Such deficit, earlier, was allowed to be set-off against future income, but the Finance Act 2021 provided that effective from 1st April, 2021 such deficit cannot be set-off against future income.
- ❖ However, an organisation will be permitted to replenish the source of such deficit against income of future years i.e. (i) to repay the funds borrowed for such expenditure which created deficit, (ii) to create investments under section 11(5) to the extent of the deficit.

Amendment

- ❖ It is proposed that any application made out of corpus can be offset against future years income for a period of five years from the end of the year in which such corpus was applied for charitable purposes. It is further provided that this provision shall apply to all the application made from corpus after 1st April 2021, to the extent eligible.

Impact

- ❖ An organization cannot carry forward the deficit (application made out of corpus indefinitely), it has to create investments against such deficit within a period of five years.
- ❖ After the end of five years the right to create deposits against income shall stand forfeited.
- ❖ Further, if any deficit was there as on 31st March 2021, then the organization will not be allowed to claim it against any future year income w.e.f 01.04.2023
- ❖ If an organization has been sustaining its activity out of corpus fund up to 31st March 2021 and was not able to replenish its corpus on or before 31st March 2022 then such organization will erode its corpus to that extent. In that sense it is a unfair and arbitrary disallowance.
- ❖ Further, the five-year limit for reclaiming the corpus may have very adverse impact on many institutions which have a long gestation period or are compelled to continue there activities from corpus for multiple years.
- ❖ This amendment defies the intent of the provision which is to help a charity to protect its corpus from erosion.

DUE DATES CHART FOR THE MONTH OF JUNE 2025

GST Due Dates:

Date	Period	Form No. / Type	Due Date Details
10-06-2025	May, 25	GSTR-7	Summary of Tax Deducted at Source (TDS) and deposited under GST laws for the month of May, 2025
10-06-2025	May, 25	GSTR-8	Summary of Tax Collected at Source (TCS) and deposited by e-commerce operators under GST laws for the month of May, 2025
11-06-2025	May, 25	GSTR-1	Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of Apr - Jun, 25
13-06-2025	May, 25	GSTR-6	GSTR 6 is a monthly return for Input Service Distributors (ISD) to provide the details of their inward supplies & distributed Input Tax Credit (ITC).
13-06-2025	May, 25	IFF	Invoice Furnishing is an optional facility which enables the small registered person, furnishing the quarterly Form GSTR-1, to file their invoice details on monthly basis.

13-06-2025	May, 25	GSTR-5	Summary of outward taxable supplies and tax payable by a non-resident taxable person
20-06-2025	May, 25	GSTR-5A	Summary of outward taxable supplies and tax payable by a person supplying OIDAR services
20-06-2025	May, 25	GSTR-3B	Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of Apr - Jun, 25
25-06-2025	May, 25	PMT-06	PMT-06 is a challan used for making payment of tax, interest, late fee and penalty under the GST law by taxpayers who have opted for the quarterly filing of GSTR-3B under the QRMP scheme

Income Tax Due Dates:

Date	Period	Form No. / Type	Due Date Details
07-06-2025	May, 25	TDS/TCS Payment	Due date for deposit of Tax deducted/collected for the month of May, 2025. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
14-06-2025	Apr, 25	Issue of TDS Certificate- 194-IA, 194IB, 194M, 194S	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of April, 2025
15-06-2025	May, 25	Form 24G	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of May, 2025 has been paid without the production of a challan
15-06-2025	May, 25	Form no. 3BB	Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of May, 2025
15-06-2025	Jan - Mar, 25	Issue of TDS Certificate	Quarterly TDS certificates (in respect of tax deducted for payments other than salary) for the quarter ending March, 2025
15-06-2025	FY 25-26 Q1	Advance Tax	First instalment of advance tax for the assessment year 2026-27
15-06-2025	FY 24-25	Issue of TDS Certificate - Salaried	Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during Financial Year 2024-25

15-06-2025	FY 24-25	Form No. 64D	Furnishing of statement (in Form No. 64D) of income paid or credited by an investment fund to its unit holder for the previous year 2024-25
29-06-2025	FY 24-25	Form No. 3CEK	Due date for e-filing of a statement (in Form No. 3CEK) by an eligible investment fund under section 9A in respect of its activities in financial year 2024-25
30-06-2025	May, 25	TDS Pay- 194-IA, 194-IB, 194M, 194S	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of May, 2025
30-06-2025	FY 24-25	Return for Securities transaction tax	Return in respect of securities transaction tax for the financial year 2024-25
30-06-2025	Jan - Mar, 25	Non-deduction of tax at source by a banking company	Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending March 31, 2025

30-06-2025	FY 24-25	Form No. 64C	Statement to be furnished (in Form No. 64C) by Alternative Investment Fund (AIF) to units holders in respect of income distributed during the previous year 2024-25
30-06-2025	-	Section 35AC(4)/(5)	Report by an approved institution/public sector company under section 35AC(4)/(5) for the year ending March 31, 2025
30-06-2025	FY 24-25	Form No. 64B	Due date for furnishing of statement of income distributed by business trust to its unit holders during the financial year 2024-25. This statement is required to be furnished to the unit holders in form No. 64B
30-06-2025	FY 24-25	Equalisation Levy statement	Furnishing of Equalisation Levy statement for the Financial Year 2024-25

MCA Due Dates:

Date	Period	Form No. / Type	Due Date Details
30-06-2025	FY 24-25	DPT-3	Return of Deposits. Every company needs to file this return furnishing information about deposits and/or outstanding receipt of loan or money other than deposits

PF & ESIC Due Dates:

Date	Period	Form No. / Type	Due Date Details
15-06-2025	May, 25	PF & ESIC	PF deducted from the Employees salary in the month of May, 25, needs to be paid on or before 15th of June, 2025. The payment of ESIC is made by every employer to the ESIC department on a monthly basis. The due date for ESIC is 15th June, 2025

DGFT Due dates:

Date	Period	Form No. / Type	Due Date Details
30-06-2025	FY 25-26	Yearly IEC Update	All IEC holders are now legally required to update and validate their IEC Details, even if there are no changes, from April to June once every year through the online system, failing which their IEC shall be deactivated and no import or export activity will be possible.

PHOTO GALLERY



**Residential Refresher Course on
02-04 May 2025 at Yercaud**



Study Circle Meeting on 05.05.2025



CPE Seminar on 09.05.2025



CPE Seminar on 16.05.2025



CPE Seminar on 23.05.2025



World Laughters Day Celebration on 04.05.2025