

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2324  
ANSWERED ON:23.07.2004  
INCOME TAX EXEMPTION TO SOCIAL INSTITUTIONS  
Mohale Shri Punnulal

**Will the Minister of FINANCE be pleased to state:**

:

- (a) whether the Government grants tax exemption to social institutions engaged in socio-economic development under 35CC/35/1, 2CC;
- (b) if so, the names of the institutions granted tax exemption under 35CC/35/1, 2CC during the last three years;
- (c) whether desired objectives were achieved by these institutions; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Under Section 35AC of the Income Tax Act, 100% deduction is available to a taxpayer carrying on business, of any sum paid to a public sector company, or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme. National Committee means the Committee constituted by the Central Government in accordance with the rules made under Income Tax Act. Eligible project or scheme means such project or scheme for promoting the social and economic welfare of or the uplift of the public, as the Central government may by notification in the official Gazette specify in this behalf on the recommendations of the National Committee. Section 35CC has been omitted by Direct Tax Laws (Amendment) Act, 1989 w.e.f. 1.4.1989. Section 35(l)

(ii) provides weighted deduction of any amount paid to a scientific research association which has as its object the undertaking of scientific research to a University, college or other institution or to be used for scientific research. Such association, university, college or institution has to be approved by central Government by notification in the official Gazette. 35(l) (iii) provides with deduction for any sum paid to a university, college or other institution to be used for research in social science or statistical research. Such university, college or institution has to be approved by Central Government by Notification in the official Gazette. Section 35(2) refers to deduction in respect of expenditure of a capital nature on scientific research related to the business carried on by a taxpayer.

(b) Names of the institutions which are approved by Central Government from time to time are duly notified in the Official Gazette.

(c) & (d) The desired objectives are being achieved. Every institution etc. which has been approved under Section 35AC is required to submit an Annual status Report indicating the progress of the project, resources mobilized and the utilization thereof. Sub-sections (4) and (5) of Section 35AC provide that if the National committee is satisfied that the project or scheme is not being carried in accordance with all or any of the conditions subject to which the institution or the project was approved, then the approval granted to the institution or the project may be withdrawn and the institution may be asked to pay tax on the entire amount of donations collected by it.