

The Finance Bill 2023 has proposed that second, third and fourth provisos to sub-section (2) of section 12A shall be omitted. Due to this, an organization cannot claim exemptions for earlier years before registration u/s 12AB is granted.

It may result in tax demands and litigations at the time of 12AB registration for existing organization having income for earlier years before grant of registration u/s 12AB.

As per earlier provisions, once an organization is registered u/s 12AB (earlier 12AA) then the Act provided that all open assessment pending before assessing officer will be made by giving the benefit of exemptions under section 11 to the organization.

**DO YOU KNOW?**



**The Finance Bill 2023 proposed to omit the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> provisos of sub-section (2) of section 12 A of Income Tax Act, 1961.**

