



CPA CONNECT



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Dear Partner,

Warm Greetings!

I am pleased to present **Issue-2** of **CPA CONNECT** herewith. As you remember, we are going through a series on "Maintenance of Books of Account" as prescribed in the Income Tax Act. This topic is divided into six sections as below

1. Applicability
2. Books of Account to be kept and maintained
3. Other documents to be kept and maintained
4. Form of maintenance of books of account and other documents
5. Place of maintenance of books of accounts and other documents
6. Period of maintenance of books of accounts and other documents

In the previous Issue we covered the first two sections. If you have missed it, click [here](#) to download.

Herewith we are covering another section:

3. OTHER DOCUMENTS TO BE KEPT AND MAINTAINED

Other Documents to be kept and maintained are following:

i. Record of all the projects and institutions run by the organization containing;

- Name of projects / institutions,
- address of projects / institutions and
- objectives of projects / institutions;

ii. Record of income in respect of;

- voluntary contribution containing details of the donor; namely:
 - Name,
 - address,
 - permanent account number (if available) and
 - Aadhaar number (if available);
- income from property held under trust or institution along with list of such properties;
- any other income of the organization;

iii. Record of application of the income, namely;

- **application of income, in India**, containing:
 - amount of application,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;

Analysis: Name and address of the payee is now becoming mandatory in every cases and non-maintenance of the same may leads to disallowance of expenditures for which such details were not maintained. Also, the address of the payee should be complete so that the payee can be verified by a third person.

- **amount credited or paid to any other NGOs (sub-granting)**, containing details of transferee NGOs; namely:
 - name,
 - address,
 - permanent account number and
 - the object for which such credit or payment is made;
- **application of income outside India** containing details of:
 - amount of application,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;
- **deemed application of income** as per the Act containing details of the reason for availing such deemed application;
- **income accumulated or set apart**, containing details of the purpose for which such income has been accumulated;
- **forms and mode of all the money invested or deposited**;

iv. Record of the application out of the income accumulated during past years, namely;

- **application out of the income accumulated or set apart** containing details;
 - year of accumulation,
 - amount of application during the previous year out of such accumulation,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;
- **application out of the deemed application of income**, containing details of:
 - year of deemed application,
 - amount of application during the previous year out of such deemed application,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;
- **any other application out of income** accumulated containing details of:
 - year of accumulation,
 - amount of application during the previous year out of such accumulation,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;
- **forms and mode of all the money invested or deposited**;

v. Record of voluntary corpus contribution made with a specific direction that they shall form part of the corpus, in respect of-

- the **contribution received** during the previous year containing details of:
 - name of the donor,
 - address,
 - permanent account number (if available) and
 - Aadhaar number (if available);
- **application out of such voluntary contribution** containing details of:
 - amount of application,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;
- **amount credited or paid towards corpus** to organizations (sub-grant), out of such voluntary contribution received during the previous year containing:
 - details of their name,
 - address,
 - permanent account number and
 - the object for which such credit or payment is made;
- the **forms and modes** in which such **voluntary contribution** is **invested or deposited**;
- **application out of such corpus contribution**, received during any past years, containing details of:
 - the amount of application,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;
- **amount invested or deposited back into such corpus contribution**

(which was applied during any preceding previous year and not claimed as application) including details of the forms and modes in which such voluntary contribution is invested or deposited;

vi. Record of contribution received for the purpose of renovation or repair of religious places (such as temple, mosque, gurdwara, church), in respect of;

- the contribution received containing details of:
 - name of the donor,
 - address,
 - permanent account number (if available) and
 - Aadhaar number (if available);
- application out of such voluntary contribution containing details of:
 - amount of application,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;
- amount credited or paid to any fund or institution or trust, out of such voluntary contribution received, containing details of:
 - their name,
 - address,
 - permanent account number and
 - the object for which such credit or payment is made;
- the forms and modes in which such voluntary contribution, is invested or deposited;

vii. Record of loans and borrowings;

- containing information regarding:
 - amount and date of loan or borrowing,
 - amount and date of repayment,
 - name of the person from whom loan taken,
 - address of lender,
 - permanent account number of lender and
 - Aadhaar number (if available) of the lender;
- application out of such loan or borrowing containing details of:
 - amount of application,
 - name and address of the person to whom any credit or payment is made and
 - the object for which such application is made;

- **repayment of such loan or borrowing**

(which was applied during any preceding previous year and not claimed as application) during the previous year;

viii. record of properties held by the organization, with respect to the following, namely;

- **immovable properties** containing details of,
 - nature,
 - address of the properties,
 - cost of acquisition of the asset,
 - registration documents of the asset;
 - transfer of such properties, the net consideration utilised in acquiring the new capital asset;
- **movable properties** including details of:
 - the nature and
 - cost of acquisition of the asset;

ix. record of specified persons, containing details of:**

- their name,
- address,
- permanent account number and
- Aadhaar number (if available);

***Analysis: Following are considered as specified persons as per section 13(3) of IT Act, 1961:*

- *Author/Founder of Trust*
 - *Person who made donation of more than 50,000 rupees*
 - *Trustee or Manager of trust*
 - *Relative of Founder, Donor, Member, Trustee and Manager*
 - *Any concern in which any of the above person has substantial interest*
- **transactions undertaken with the Specified Persons**, containing details of:
 - date and amount of such transaction,
 - nature of the transaction and
 - supporting documents to prove that such transaction is not for the benefit of such specified person

x. any other documents containing any other relevant information.

Watch out for our next edition in 15 Days' time where we would discuss about, "Form of maintenance of books of account and other documents", "Place of maintenance of books of accounts and other documents" and "Period of maintenance of books of accounts and other documents"

In the meantime, if you have any question on the above, feel free to get back to me/us and we will respond to it.

"Let the wise hear and increase in learning, and the one who understands obtain guidance"

With Best Regards,

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