Rs 3,000 crore lost as tax rebates to NGOs, trusts: CAG

The government has given away more than Rs 3,000 crore by way of tax exemptions to some non-deserving big charitable organizations and trusts.

The revelations were made in a Comptroller and Auditor General (CAG) report which was submitted to the government for tabling in the monsoon session of Parliament but it was deferred by the government.

Sources said the auditor has covered almost all big trusts and charitable organizations and has audited at least 80,000 of the six lakh registered trusts. The audit found undeserving exemption provided to the tune of more than Rs 3,000 crore.

The CAG audit covered an income tax (I-T) scrutiny report pertaining to accounts of several NGOs and charitable trusts that had received foreign contributions in the past decade. A foreign contributors list was obtained from the home ministry by the I-T department and tallied with the returns of income filed by these trusts and detailed scrutiny of suspect cases were carried out. All suspect cases pertain to assessment year up to 2009-10.

The federal auditor has taken up all these cases and audited the accounts of many of these organizations in its report named "Exemptions to Charitable Trusts and Institutions" on direct taxes.

To deal with some charitable and religious organizations that had been diverting their accumulated income to acquiring new assets, such as in the case of Baba Ramdev where his trust had bought properties abroad and expanded his empire in India, the government had devised a fresh levy of 15% on the accumulated income of NGOs and trusts.

Since 2011, it has been made compulsory for all non-governmental organizations (NGOs) and charitable trusts to file details of foreign contributions received in their income tax returns along with their Foreign Contributions Regulation Act (FCRA) number. A revised I-T return form was notified for this purpose.

The new return form for NGOs has additional columns for mentioning their FCRA number and another column for providing details of overseas contributions received.

Earlier, there was only one return form that was applicable for all NGOs and trusts, including non-charitable organizations that were not qualified for exemptions.

The necessity to devise a new form arose after it was found during scrutiny of some NGOs that they had received a lot of foreign contributions but failed to mention them in their return of income filed with the I-T department.

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