

## **EC asks CBDT to cancel tax benefits of defaulting political parties**

The Election Commission (EC) has written to the Central Board of Direct Taxes (CBDT) seeking cancellation of income tax exemption given to certain political parties as they failed to submit their mandatory expenditure contribution reports on time to the poll body.

The CBDT, sources said, has received a report from the poll body citing delay in the filing of expenditure reports by few political parties as it sought action by the department under the I-T laws. Some smaller parties have not even furnished the data till now, the EC said.

Under Section 29C (declaration of donation received by the political parties) of the Representation of the People Act all registered political parties are mandated to submit a contribution report of all the donations and funds received by it in an year from individuals or any other entity.

Under the latest communication made to the CBDT, the EC has reported instances of parties which have not submitted details of their contributions over Rs.20,000 for the year 2012-13. The deadline for this task was September last year.

People close to the development said the EC has said that while some reports from big parties came in as late as March this year, similar documents by some small parties have still not been submitted to the poll body.

“The EC has sought action by CBDT to cancel the tax benefits of these parties and charge them full income tax on the amount they have received. Action is underway,” sources privy to the development told *PTI*.

Sources said while parties like the Congress, Aam Admi Party (AAP) and Trinamool Congress have complied with the EC directives and sent in their reports on time, the Bharatiya Janata Party (BJP) has sent its report late while over half-a-dozen smaller parties have not sent their reports yet.

The I-T will now initiate proceedings under the provisions of Income Tax Act 1961 (43 of 1961) in this case and after issue of summons, it will seek to tax the entire donations amount received by these parties.

*(Live Mint)*