

FAQs on CSR likely by August

To provide more clarity on social welfare spending norms, the Corporate Affairs Ministry is likely to come out with a detailed 'Frequently Asked Questions' (FAQs) on Corporate Social Responsibility (CSR) activities by August.

In a first of its kind, certain class of profitable companies are required to shell out at least two per cent of their three-year annual average net profit towards CSR activities.

The new rules, under the companies law, has come into effect from April 1.

The FAQs would help the companies have more clarity on implementation of CSR norms and it would put up on the Ministry website, an official said. It would be prepared after compiling queries from various quarters, including companies and industry chambers.

Applicability

Under the Companies Act, 2013, CSR rules would be applicable to corporates with at least ₹5 crore net profit, or ₹1,000 crore turnover or ₹500 crore net worth. Such companies would need to spend 2 per cent of their three-year average annual net profit on CSR activities in each financial year, beginning 2014-15 fiscal. In case they are unable to spend the required amount, reasons for the same have to be given to the Ministry.

Even though the CSR rules have come into effect, many stakeholders are still seeking clarification on various aspects.

Meanwhile, the new Government would take the final call on possible tax benefits for social welfare spending by companies. The Corporate Affairs Ministry had written to the Finance Ministry pitching for tax benefits on CSR. Industry is anticipating these benefits for social welfare spending.

CSR Umbrella

Livelihood enhancement and rural development projects, working towards protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts, would be considered CSR activities.

Works aimed at reducing inequalities faced by socially and economically backward groups, measures for the benefit of armed forces veterans, war widows and their dependents, setting up homes and hostels for women and orphans, setting up of old age homes, day care centres and such other facilities for senior citizens, among others, have also been included under the CSR ambit.

(Business Line)