

Now, get 50% tax rebate on road safety donation

The government has allowed income tax exemption on 50% of the amount that people/ entities contribute for road safety activities. The road transport and highways ministry notified this recently, though the finance ministry had approved this in May last year. This is likely to motivate people to donate generously for such activities.

The circular says the finance ministry allowed exemption to "donors of funds/ institutions carrying out road safety programmes through engineering measures; enforcement, education and emergency care." It further says that once a fund or institution is set up for carrying out such road safety programme, it may seek registration under Section-12AA (charitable or religious trust) and approval under 80G of the IT Act, which provides for tax exemption of 50% on the amount invested for this purpose.

For example, if you contribute Rs 1,000 to a registered charitable body working on road safety you will get tax exemption of Rs 500. Vijay Jain, a chartered account, said that the fresh government move would promote road safety programme run by such organizations and also to avail income tax benefits.

Finance ministry provided this relief after it received a communication from the Prime Minister's Office (PMO) in April which had also forwarded a request from Punjab chief minister Prakash Singh Badal. The CM had sought exemption for industry, corporate houses, NGOs and media investing in the road safety programmes. He had also mentioned how annual economic loss to the country due to road fatalities and injuries is close to Rs 1 lakh crore.

"We had approached the CM to pursue our case and he had sought full exemption on the lines of concessions extended to companies for spending on promotion of family planning, HIV-AIDS prevention. But a good beginning has been made. We will be pursuing for 100% exemption. This will motivate more and more people to come forward to contribute for road safety. Companies should put parts of their fund kept aside for corporate social responsibility for saving lives," K K Kapila chairman of International Road Federation (IRF) said.

The latest road accident report prepared by government put the total fatalities over 1.42 lakhs in 2011 and number of injured persons is almost 400% more. However, there is little research on making roads safe in India both by the government and by non-profit making institutions.

"Corporates have played a big role in supporting road safety activities in countries where fatalities have come down. Tax exemption would help this activity when we have set a mammoth goal to reduce deaths significantly in the next one decade," said Rohit Baluja, who represents India in the UN Road Safety Collaboration and Commission of Global Road Safety.

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