

# DO YOU KNOW

Legal & Financial Facts for  
Voluntary Organisations

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## ANONYMOUS DONATION UNDER INCOME TAX, PMLA & FCRA

Anonymous Donation can be received to any extent by a religious organisation from Indian sources. However, Anonymous Donation can be received only to the extent of Rs. 1 lakh or 5% of total income, whichever is higher, by a charitable organisation from Indian or foreign sources. In other words, the Income Tax Act (ITA) by virtue of Section 115BBC restricts the anonymous donation of charitable organisation but does not provide for any such restrictions on religious organisations.

It may further be noted that, religious organisation (even though allowed by the Income Tax Act) cannot receive anonymous donation from foreign sources under Foreign Contribution Regulation Act (FCRA), 2010 and also Prevention of Money Laundering Act (PMLA), 2002.

By virtue of an amendment to the Prevention of Money Laundering Act (PMLA), 2002, notified in the Official Gazette on 12th November 2009, all NGOs and religious organizations have been included within the purview of the PMLA. Now onwards, NGOs including religious organizations will have to maintain details of the donors under the KYC norms. As per the amended rules, all transactions involving receipts by non-profit organizations of value more than Indian rupees ten lakh, or its equivalent in foreign currency, shall be subjected to the provisions of PMLA. In other words, complete details of the donor has to be provided in case of donations or receipts in excess of INR 10 lakh.

It may be noted that by virtue of the amendment it may not be possible to take large anonymous donations since, under the PMLA, it is necessary to provide the details of the donor, particularly in case of foreign receipts. Therefore, religious organizations which are not covered under Section 115BBC of ITA will also be covered under the Prevention of Money Laundering Act, 2012.

Under FCRA also details of the donor and the country of origin are required to be given, though no monetary limit like PMLA has been provided.



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