Finance Act, 2025: Trusts Get 10-Year Registration Validity – No Re-Application Needed!

Description

🚨**10-Year Validity for Trust Registrations – Big Relief!**

The Finance Act, 2025 has brought a major relief for trusts and institutions registered via Sec12A(1)(ac)(i) to (v)
📌 Earlier, registrations under these clauses were valid for only 5 years.
✅ Now, if the total income of the trust (before applying Section 11 & 12) did not exceed ?5 crore in each of the two financial years preceding the year of application, the registration shall now be valid for 10 years instead of 5.
Eg. If trust applied for renewal application in FY 2020–21, then the Income for FY 2018-19 & 19-20 shall not exceed 5 Cr (before claiming exemption under Sections 11 & 12).
📑**What This Means for Existing Trusts:**

✔ Trusts that applied for renewal and were granted a 5-year certificate valid till AY 2026–27 are covered under Section 12A(1)(ac)(i).
✔These trusts are now automatically eligible for 10-year validity, if they meet the ?5 crore condition.

📄 **No need to re-apply**

📜 The Income Tax Department shall issue fresh certificates with 10-year validity, even if a 5-year certificate was already issued earlier.

✅ A rare welcome step towards ease of compliance and long-term clarity for charitable and religious institutions.

(*ac*) notwithstanding anything contained in clauses (*a*) to (*ab*), the person in receipt of the income has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution,—

(*i*) where the trust or institution is registered under section 12A [as it stood immediately before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996)] or under section 12AA [as it stood immediately before its amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (38 of 2020)], within three months from the first day of April, 2021;

(*ii*) where the trust or institution is registered under section 12AB [87][or approved under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10] and the period of the said registration [87][or approval, as the case may be,] is due to expire, at least six months prior to expiry of the said period;

(*iii*) where the trust or institution has been provisionally registered under section 12AB [87][or provisionally approved under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10], at least six months prior to expiry of period of the provisional registration [87][or provisional approval, as the case may be,] or within six months of commencement of its activities, whichever is earlier;

(*iv*) where registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11, at least six months prior to the commencement of the assessment year from which the said registration is sought to be made operative;

(*v*) where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, within a period of thirty days from the date of the said adoption or modification;

[96][**Provided** *that where an application is made under sub-clauses (i) to (v) of the said clause, and the t income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does exceed rupees five crores during each of the two previous years, preceding the previous year in which s application is made, the provisions of this sub-section shall have effect as if for the words "five years", words "ten years" had been substituted.*]

Category

1. Income Tax
2. Others

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Author
abhashh