

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION No. 4264
TO BE ANSWERED ON FRIDAY, THE 11TH AUGUST, 2017
20, SHRAVANA, 1939 (SAKA)**

DONATION TO POLITICAL PARTIES

4264. SHRI AJAY MISRA TENI:

Will the Minister of **FINANCE** be pleased to state:

- (a) whether the amendments made by the Government in Finance Bill is likely to check the cash transactions, black money and bring transparency in election related donation;
- (b) if so, the details thereof and the manner in which the political parties are likely to accept donation;
- (c) whether the political parties accepting donation and the donor will be entitled to the benefits under section 80 of Income Tax; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)**

(a)&(b) As per section 29B of the Representation of the People Act, 1951 (the RP Act), every political party may accept any amount of contribution voluntarily offered to it by any person or company other than a Government company, subject to certain other conditions specified therein. Further, Finance Act, 2017, *inter alia*, amended section 13A of the Income-tax Act, 1961 (the Act) to provide that no donation exceeding two thousand rupees shall be received by political parties otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bond and that the Political party furnishes a return of income on or before the due date.

Further, section 29C of the Representation of the People Act, 1951 requires political parties to submit contribution reports relating to receipt of Rs. 20,000 or above to the Election Commission in the prescribed manner and by the specified date, failing which tax exemption as available under section 139 of the Act would be forfeited.

(c) & (d) Madam, there is no deduction available to political party under section 80 of the Act for donation given to them.

However, section 80GGB of the Act provides that an Indian company is eligible for deduction of the amount contributed by it, in the previous year to any political party or an electoral trust.

Further, section 80GGC of the Act provides that an assessee, being any person, except local authority and every artificial juridical person wholly or partly funded by the Government shall be eligible for deduction of any amount of contribution made by him, in the previous year, to a political party or an electoral trust.
