

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO. 185

TO BE ANSWERED ON FRIDAY THE 2nd FEBRUARY 2018/ MAGHA 13, 1939(SAKA)

“Definition of Term-Charitable under IT Act”

185. SHRI JAYADEV GALLA:

Will the Minister of FINANCE be pleased to state:

- a) whether Income Tax Act does not have performance specific definition of the term ‘charitable’ as pointed out by CAG report;
- b) if so, the details thereof;
- c) Whether the Government has made any move to define the term ‘charitable’ to stop loot by private charitable hospitals and trusts under section 80G and other sections of IT Act; and
- d) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI SHIV PRATAP SHUKLA)

(a) & (b): Although there is no performance specific definition of the term ‘charitable’ in the Income-tax Act, 1961, ‘charitable purpose’ is defined in the section 2(15) of the Act to include – (i) Relief of the poor, (ii) Education, (iii) Yoga, (iv) Medical relief, (v) Preservation of environment (including watersheds, forests and wildlife) and preservation of monuments or objects of artistic or historic interest, and (vi) Advancement of any other object of general public utility.

(c) & (d): No proposal to redefine the term ‘Charitable purpose’ is under consideration at present. Hospitals can avail tax exemption under the category of “medical relief” subject to the fulfilment of the relevant provisions of the Act. There is a statutory requirement provided in the Act regarding application of income by the charitable institution/trust for the specified charitable purposes. The primary condition for grant of exemption to a trust or institution under section 11 of the Act is that the income derived from property held under trust should be applied for charitable purposes in India. Exemptions/Registrations are granted by the competent authorities as per the relevant provisions of the Act. Wherever instances of violation of provisions under the Act by any charitable hospitals come to notice, it is dealt with appropriately in accordance with the provisions of the Act.
