

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO. 1764

TO BE ANSWERED ON MONDAY THE 2ND MARCH 2020/PHALGUNA 12, 1941 (SAKA)

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“Left Over Money in Bank Account”

1764. SHRI MANISH TEWARI:

“Will the Minister of FINANCE be pleased to state:-

- (a) the details of position of the Election Commission with regard to monies left over in a dedicated bank account of a candidate, set up by a political party registered under Section 29-A of Representation of People’s Act, 1951/Independent Candidate, opened specifically for the purpose of contesting Parliament/Assembly elections in pursuance of Election Commission’s guidelines;
- (b) whether it is exempted under Income Tax Act for purposes of Tax under general exemption from Income Tax available to Political Parties under Section 13-A of the said Act;
- (c) whether the Election Commission would clarify if it is not so under what provision of Income Tax Act it is chargeable to tax and if so, the details thereof; and
- (d) whether the said monies left over in the bank account of a candidate of a political party/Independent Candidate do not fall within the definition of income in terms of section 2(24) of the Income Tax Act and if so, the details thereof?

ANSWER

MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

- (a) As per inputs received from the Election Commission of India (ECI), ECI has not issued any instruction regarding taxation of the left over money in the bank account to be opened by contesting candidates exclusively for election expenditure purpose in pursuance of the Commission’s letter no. 76/Instructions/2013/EEPS/Vol.IV, dated 15th October, 2013 (copy enclosed). However, it is informed that under Section 78 of the Representation of the People Act, 1951, the contesting candidate has to lodge account of his election expenses with the district election officer within 30 days from the date of election. Commission does not have jurisdiction on liability of tax.
- (b) Any income of Political Party is exempt u/s 13A of the Income-tax Act, and there is no provision for exemption for income of the candidates.
- (c) ECI has clarified that taxation is not its mandate and therefore, it does not have jurisdiction on liability of tax.
- (d) There is no provision under Income-tax Act, 1961 for exemption on receipts through donations other than donations to Political Parties and Electoral Trusts.
