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INCOME-TAX ACT, 2025

2: Income of registered non-profit organisation

Section 342 - Accumulated income.

(1) A registered non-profit organisation may accumulate or set apart any part of its regular income during any tax year by furnishing a statement to the Assessing Officer in such form and manner, as may be prescribed, on or before the due date specified in section 263(1) for furnishing the return of income for such tax year stating therein the purpose and period, not exceeding five years, for which the income is being accumulated or set apart.

(2) The amount credited or paid by a registered non-profit organisation to any other registered non-profit organisation out of its income accumulated or set apart, shall not be treated as application of income.

(3) The period during which the income is not applied for the purpose for which it is so accumulated or set apart pursuant to an order or injunction of any court, shall be excluded from the said period of five years.

(4) The income accumulated or set apart under sub-section (1) shall be invested or deposited in any of the modes permitted under section 350, or applied for the purposes as stated in the prescribed form referred to in sub-section (1).

(5) The registered non-profit organisation may, for the change of purpose for which income has been accumulated or set apart, make an application to the Assessing Officer, in such form and manner, as may be prescribed.

(6) The Assessing Officer may, on an application under sub-section (5) and subject to sub-section (2), allow the registered non-profit organisation to apply its income for such other charitable or religious purposes in India which are in conformity with its objects.

(7) Where a registered non-profit organisation is dissolved, the Assessing Officer may, on an application made by such registered non-profit organisation in such form and manner, as may be prescribed, allow application of such income to be made to any other registered non-profit organisation for the year in which it is dissolved.

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