

## INCOME-TAX ACT, 2025

### 5: Violations

#### **Section 351 - Specified violation.**

(1) The following shall constitute specified violation by a registered non-profit organisation:--

(a) where any income of the registered non-profit organisation has been applied, other than for its objects; or

(b) it carries out any commercial activity in contravention of the provisions of section 345 or 346; or

(c) where it has applied any part of its total income for private religious purposes, which does not ensure for the benefit of the public; or

(d) where a registered non-profit organisation, created or established after the commencement of this Act for charitable purpose, has applied any part of its income for the benefit of any particular religious community or caste other than the Scheduled Castes or the Scheduled Tribes or backward classes or women and children; or

(e) where any activity being carried out by the registered non-profit organisation is not genuine or is not being carried out in accordance with all or any of the conditions subject to which it was registered; or

(f) the registered non-profit organisation has not complied with the requirements of any other law as referred under section 332(7)(a) and the order, direction or decree, holding that such non-compliance has occurred, has either not been disputed, or has attained finality; or

(g) the application referred to in section 332(1) contains any false or incorrect information.

(2) Where,--

(a) the Principal Commissioner or Commissioner has noticed occurrence of one or more specified violations during any tax year;

(b) the Principal Commissioner or Commissioner has received a reference from the Assessing Officer under section 270(13) for any tax year; or

(c) a registered non-profit organisation has been selected as per the risk management strategy formulated by the Board for any tax year,

the Principal Commissioner or Commissioner shall—

(i) call for such documents or information from the registered non-profit organisation, or make such inquiry as he thinks necessary in order to satisfy himself about the occurrence of any specified violation;

(ii) pass an order in writing,--

(A) either cancelling the registration of such registered non-profit organisation, after affording a reasonable opportunity of being heard, for such tax year and all subsequent tax years, if he is satisfied that one or more specified violations have taken place; or

(B) not cancelling the registration of such registered non-profit organisation, if he is not satisfied about the occurrence of any specified violation; and

(iii) forward a copy of the order passed under clause (ii) to the Assessing Officer and such registered non-profit organisation.

(3) The order under sub-section (2)(ii), shall be passed before the expiry of six months, calculated from the end of the quarter in which the first notice is issued by the Principal Commissioner or Commissioner, calling for any document or information, or for making any inquiry, under clause (i) of the said sub-section.