

## INCOME-TAX ACT, 2025

### 5: Violations

#### **Section 353 - Other violations.**

(1) Where any registered non-profit organisation--

(a) fails to maintain books of account under section 347; or

(b) fails to get books of account audited under section 348; or

(c) fails to furnish its return of income under section 349; or

(d) carrying out advancement of any other object of general public utility, carries out any commercial activity in contravention of the provisions of section 346,

during any tax year, its regular income for such tax year as reduced by the expenditure referred to in sub-section (3) shall be taxable regular income which shall be chargeable to tax as per the provisions of section 334.

(2) Irrespective of the provisions of section 338, any the specified income and residual income of the registered non-profit organisation, which is not included in sub-section (1) shall also be chargeable to tax under the provisions of section 334.

(3) The expenditure referred to in sub-section (1) shall be the expenditure incurred in India (other than capital expenditure) for the objects of the registered non-profit organisation, subject to the fulfilment of the following conditions:—

(a) such expenditure shall be incurred in India;

(b) such expenditure shall be for the objects of the registered non-profit organisation;

(c) such expenditure is not made from the corpus standing to the credit of the registered non-profit organisation as on the end of the tax year immediately preceding the tax year for which income is being computed;

(d) such expenditure is not out of any loan or borrowing;

(e) the claim of depreciation is not in respect of an asset, acquisition of which has been claimed as application of income, in the same or any other tax year;

(f) such expenditure is not in the form of any contribution or donation to any person;

(g) such expenditure is not on account of a payment or aggregate of payments made to a person in contravention to the provisions of section 36(4), (5), (6) and (7);

(h) such payment is allowable under section 35(b)(i); and

(4) For the purposes of this section, no set off or deduction or allowance of any application or expenditure other than those referred to in sub-section (3) shall be allowed.