



## Bombay Chartered Accountants' Society

*Harnessing Talent and Providing Quality Service*

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Date: 2<sup>nd</sup> July, 2021

To,  
Chairman,  
CBDT, Finance Ministry,  
Government of India.  
New Delhi,

Dear Sir,

### **Tax Relief to Covid Intermediaries Notification U/S. 56(2) (x) 5<sup>th</sup> Proviso, Clause XI.**

We sincerely thank you for Press Release dated 25<sup>th</sup> June, 2021 providing relief to Covid patients and other related people.

We are making a humble request for relief to intermediaries who have helped Covid victims as they are not covered by the Press Release. There are many individuals, whether celebrities or relatively unknown people, all over India who have tried to help migrant workers, Covid patients and their families. Many of them have raised donations from friends and relatives. Celebrities and other famous people have raised funds by crowd funding and other public appeals. Technically, the funds received by them are not taxable as they have received the funds in the capacity of trustees for the benefit of others. Trustees are liable to tax in the like manner and to the same extent as beneficiaries. Since beneficiaries have been exempted under the Press Release, Trustees would also get exempted.

The funds are clearly received with an “overriding diversion of title to the funds in favour of beneficiaries”. However, even though the law may be clear on this point, there can be different interpretations and avoidable litigation.

We therefore humbly request you to consider this appeal and kindly expand the relief under Press Release dated 25<sup>th</sup> June, 2021 to cover all the intermediaries also. In this unique global crisis, people who have sacrificed their own time and resources to help others do need this relief. At the same time, **safety precautions** also need to be taken. And we are giving our suggestions for the same.

#### **Safety Precautions:**

A notification may be issued under clause XI of 5<sup>th</sup> Provisio to S. 56(2)(x) clarifying that the whole of the amount received by intermediaries shall not be treated as incomes taxable in the hands of the intermediaries. However, the intermediaries are required to either spend the money directly for Covid relief; or donate the same to other charitable trusts registered under Income-tax Act. **Amounts that are retained** by the intermediaries for more than six months from (i) the date of receipt by the intermediaries; or (ii) the date of final notification issued by CBDT- whichever is later; should **not be entitled to relief under the Notification.**

Any intermediary who has received more than Rs. 10,00,000 for the purpose of Covid relief may be required to submit an **audited statement** (receipt and payment account) together with his IT return. As usual, the Assessing Officer shall have the authority to scrutinise the accounts submitted. However, considering the fact that many of these intermediaries are not businessmen but Samaritans; scrutiny of funds utilised may be made leniently. Considering the stressful scenario resulting out of the lockdowns it is possible that the quality of evidence of expenditure may not be very good. But the funds retained by intermediaries can be fully taxed and all appropriate consequences can apply.

If this relief is provided, all the intermediaries who have done noble work at the time of such a serious crisis will be given necessary relief. And yet, abuse will be avoided.

We trust that the CBDT will act swiftly in the matter and provide the much needed clarity and relief to the concerned people.

Thanking you,

Yours faithfully,



Suhas Paranjpe  
President,



Ameet N. Patel  
Chairman, Taxation  
Committee



Deepak Shah  
Co-chairman, Taxation  
Committee

CC

1. Smt. Nirmala Sitharaman, Union Finance Minister
2. Shri Anurag Thakur, Minister of State for Finance
3. Prime Minister's Office