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Care India Solutions for Sustainable Development,  
Module No. 411, 4<sup>th</sup> Floor,  
NSIC Business Park,  
Okhla,  
New Delhi- 110020

Date: January 24, 2022

**Sub: Opinion on the requirement of tax deduction and obtaining certificate under Section 197 of Income Tax Act, 1961**

**Facts of the case**

Care India Solutions for Sustainable Development (CISSD) is an entity registered under Section 25 of Companies Act, 1956 (now Section 8 of Companies Act, 2013) and is a not-for-profit organization working in India mainly for alleviating poverty and social injustice by carrying on various projects. The fund requirement for carrying out the projects is met through grants and donations received by CISSD from various foreign and Indian Donors.

CISSD is having registration under Section 12A and Section 80G of Income Tax Act, 1961 and consequently, grants/donation received by it are not chargeable to income tax and the donors are being given the benefit of claiming deduction on the respective amount donated by them to CISSD.

CISSD, in view of its registration under Section 12A and 80G of Income Tax Act, 1961, is willing to have our opinion to know if there is requirement of tax deduction by donors on the grant to be given by them to CISSD and/or obtaining a Certificate under Section 197 of the Income Tax Act, 1961 by it?

**Opinion**

For the purpose of expressing our opinion on the aforementioned question raised by CISSD to us, we understand that:

1. CISSD is an entity registered under Section 8 of Companies Act, 2013 (erstwhile Section 25 of Companies Act, 1956) for conducting activities of charitable nature without profit motive.
2. CISSD has obtained registration under Section 12A and Section 80G of Income Tax Act, 1961.

3. Receipts in the nature of grants/ donations do not come within the purview of Chapter XVII-B of Income Tax Act, 1961 for the purpose of tax deduction at source.
4. Registration under Section 12A entitles exemption of income subject to fulfillment of prescribed conditions under the Income Tax Act, 1961.
5. That financials of CISSD can be accessed at careindia.org and indicate that CISSD spends most of its receipt for the purpose of carrying on its activities.
6. Certificate under Section 197 of Income Tax Act, 1961 entitles the recipient to enjoy the receipt either without deduction of tax at source or deduction at lower rate than prescribed rate of TDS

Accordingly, no TDS is liable to be deducted under the provisions of Income Tax Act, 1961 (in the absence of coverage under Chapter XVII-B) by donors on payment of grant/donation to CISSD, hence, no Certificate under Section 197 of Income Tax Act, 1961 is required to be obtained by CISSD.

**For STRG & Associates**  
**Chartered Accountants**  
**FRN: 014826N**

**(CA. Rakesh Gupta)**  
**Partner**  
**M. No. 094040**

Date: January 24, 2022  
Place: New Delhi

**UDIN: 22094040AAAAAT8517**