

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1779
ANSWERED ON TUESDAY, THE 10th MAY 2016**

IT ASSESMENT OF CSR SPENDING

QUESTION

1779. SHRI R.K. SINHA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that Government asks various companies to spend a certain per cent of their profits under CSR;
- (b) whether it is a fact that profit making companies are not spending under CSR head because the assessing officer of Income Tax (IT) renders the expenses incurred under CSR invalid; and
- (c) if so, whether the Ministry has asked the Ministry of Finance to declare the expenditure under CSR as valid and justified under Income Tax Act?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a): Section 135 (1) of the Companies Act, 2013 mandates every company with a turnover of Rs. 1000 crores or more; or a networth of Rs. 500 crores or more; or a net profit of Rs. 5 crore or more to spend at least two per cent of their average net profits earned during three immediately preceding financial years on CSR activities.

(b) & (c): No such issue has come to the notice of this Ministry. The Finance Act, 2014 clarifies that expenditure on CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like rural development projects, skill development projects, notified agricultural extension projects and contribution to Prime Minister National Relief Fund etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961, subject to fulfilment of specified conditions.
