

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6999
ANSWERED ON:07.05.2010
TAXING MPLAD FUNDS
Yadav Shri Om Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether there is a provision to levy tax on the funds given from the MPLAD fund to an organisation for the construction of building;
- (b) if so, the details thereof;
- (c) whether there is also a provision to tax the grants given by the National Trust under the Department of Social Welfare to an organisation for the care, education and medical treatment etc. of the disabled children; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) & (b): There is no specific provision in the Income Tax Act, 1961 to tax the funds given from MPLAD fund to any organisation for construction of a building. The taxability of such a receipt in the hands of the recipient organisation is dependent upon the nature of the organisation. If the recipient is a trust or charitable institution registered under Section 12AA of the Act, the receipts are not taxable if they are applied for the objects of the organisation. However if the recipient is not registered under Section 12AA a receipt from the MPLAD may be taxable under the provisions of the Income Tax Act.

(c) & (d): There is no specific provision to tax the grants given by the said trust to an organisation for the care, education and medical treatment etc. of disabled children. The taxability of such a grant in the hands of any organisation is dependent on the nature of the organisation. If the recipient is a trust or charitable institution registered under Section 12AA of the Income Tax Act, 1961, the grants are not taxable, if they are applied for the objects of the organisation. However if the recipient is not registered under Section 12AA, a grant from National Trust may be taxable under the provisions of the Income Tax Act.