

F. No.II/21022/58(136)/2014-FCRA(MU)

Government of India

Ministry of Home Affairs

Foreigners Division (FCRA Wing)

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NDCC-II Building, Jai Singh Road,
New Delhi, Dated 21st October 2014

Circular

Subject: Advisory to associations registered/ granted prior permission under FCRA, 2010 to incur expenditure above Rs.20,000/- by cheque/ drafts

During the course of inspection of records and accounts of the associations registered/ granted prior permission under Foreign Contribution (Regulation) Act, 2010 from time to time, it has been observed that some associations withdraw huge amount of foreign contribution (FC) from their FC designated bank accounts and Utilisation Accounts by Cash.

2. It is noted that as per the Income Tax Act, any expenditure incurred by certain categories of NGOs in respect of which payment is made for a sum exceeding Rs.20,000/- otherwise than by an account payee cheque drawn on a bank or by an account payee bank draft, shall not be allowed as a deduction under the Income Tax Act.

3. The issue of fixing an upper limit for incurring expenditure by association registered/ granted prior permission under FCRA, 2010 by cash from FC designated bank accounts and Utilisation Accounts has been under consideration of the Government for some time. The Government, after considering the issue, advises all FCRA associations that items of expenditure/ payments amounting to Rs.20,000/- or more should be done by cheque/ demand drafts.

4. It is also informed that the records and accounts of Associations indulging in cash payments of Rs.20,000/- or more from FC designated accounts or Utilisation Accounts are likely to require more intensive scrutiny by Government.

5. This issues with the approval of Competent Authority.


21/10/14
(G. K. Dwivedi)

Joint Secretary to the Government of India

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