



INDIA

The SPARK! grant will be given to charitable organisations such as the following:

Charitable organization is an organization which has an objective of charitable purpose. Trusts, foundations, unincorporated associations and in some jurisdictions specific types of companies, may be established for a charitable purpose or may acquire such purpose after establishment. Charitable organisations are non-profit organizations; however, not all non-profit organizations are charitable organizations. Some charitable organizations may be established by companies as part of tax planning strategies.

The primary function of a charitable organisation is to give benefit to the public by performing worthy causes that helps the public at large. Also all the operations performed by those organizations are legal and their policy goes in tune with the general public policy.

Charitable organisations usually have an active way to raise funds through a campaign or conducting programmes. Its functions can range from helping others in times of disaster, giving financial aid, medical services, public works and conducting human right activities. They generally function as a welfare organisation and work for the improvement of the society through their charitable function.

Definition of Charitable Purpose

Public charitable trusts, by definition, must be created for the benefit of the public. Societies likewise may be registered for charitable purposes. Section 25 companies are formed for the limited purposes of "promoting commerce, art, science, religion, charity or any other useful object."

In law, the concept of "charitable purpose" has a meaning which is not quite the same as in normal language.

According to Section 2(15) of the Income Tax Act, 1961, charitable purposes include "relief of the poor, education, medical relief, and the advancement of any other object of general public utility." Finance (No.2) Act, 2009 added the "preservation of environment (including watersheds, forests, and wildlife) and preservation of monuments or places or objects of artistic or historic interest" to the list of charitable purposes. Finance Act, 2008 limited the definition of "charitable purpose," by stating that if the "advancement

of any other object of general public utility" involves undertaking any trade, commerce, or business activities, or rendering any related service for a fee or any other condition (irrespective of use, application, or retention of income arising from such activities), it will not be considered a "charitable purpose." The Finance Act 2010, retrospectively effective from April 1, 2009, provided some relief by exempting the aggregate value of receipts from such activities up to one million rupees. Organizations established for and running programs for relief of poverty, education, and medical relief are not affected by the amendments of 2009 or 2010.

Section 2(15) defines the expression "charitable purpose" in an inclusive manner. The aforesaid definition is not exhaustive and, therefore, purposes similar to the purposes mentioned in the aforesaid definition will also constitute charitable purposes. Further, the words "any other object of general public utility" are of wide import. However, the object should not be of utility for only a few persons.

According to Section 9(1) of the Bombay Public Trusts Act, 1950, “charitable purpose includes: 1) relief of poverty or distress 2) education 3) medical relief 3A) provision for facilities for recreation or other leisure time occupation (including assistance for such provision), if the facilities are provided in the interest of social welfare and public benefit 4) the advancement of any other object of general public utility, but does not include a purpose which relates exclusively to religious teaching or worship.”

The definition of charitable purpose is broad enough to cover activities other than direct relief of distress due to poverty or calamities. It includes education, medical relief, and the advancement of any other object of general public utility such as promotion and preservation of the arts.

Characteristics of a Charitable Organisation

1. **Formal:** A charitable organisation should be institutionalized and registered, and should have well defined program objectives as well as rules and regulations of governance.
2. **Private:** It is important that a charitable organisation be institutionally separate from the Government.
3. **Self-governing:** A charitable organisation is usually managed by ‘Board of Trustees’ or ‘Governing Council’ and not controlled from the outside. Key participants in the management of a charitable organisation are supposed to act in fiduciary capacity.
4. **Not for profit:** A charitable organisation cannot distribute profits. It can earn and retain a profit, which is referred to as surplus.
5. **Voluntary:** Some meaningful voluntary participation in the activities and management of the organization is important for an organization to be classified as charitable organisation.
6. **Non-religious:** A charitable organisation should not be involved in promoting religious worship or religious education. However, pure service oriented organizations affiliated to religious organizations can be covered.
7. **Non-political:** A charitable organisation cannot be affiliated to any political party.
8. **Works for public benefit:** A charitable organisation should not serve private cause and public element for its activities is very important.

Important Points to Remember

There are Alternative names used for referring to Charities in India

- NPO - Not for Profit Organisation
- NGO - Non-governmental organization
- VO - Voluntary organization
- CSO - Civil society organization
- CBO - Community based organization
- Charitable organization
- TSO - Third sector organization

However, whatever the term used to describe a charitable organization, a few important points must be remembered with regard to the charity sector:

- There is no single piece of legislation, which comprehensively governs the sector and similarly no single regulator exists in India, in contrast to other countries where a Charity Commissioner regulates the individual organizations on nationwide basis.
- Charities can be formed in multiple ways and may be subject to various acts of legislation. It is the choice of the persons forming the charity to decide which form to take.
- Different legal provisions exist at the national and state level. Some states in India have enacted their own law to govern certain forms of charities.
- Non-profit organizations are not permitted to be involved in any 'political activity'. Bombay Public Trusts Act even puts 'political education' outside the scope of 'charitable purpose'. However Section 20 of the Societies Registration Act, 1860 allows registration of a society whose object may be 'diffusion of political education'.
- India, being a secular state, does not allow distinction of caste, colour and creed in formation of a charity. However, it is possible to create a valid trust for the benefit of a particular section of the community. Although, this kind of trust would not enjoy income tax exemption.
- Religious trusts established for the benefit of a particular religious community are also not exempt from income tax.

We Are unable to Approve Requests for Individuals or Projects that:

- Pose a potential conflict of interest for DDI.
- Are not aligned with DDI corporate values.
- May involve DDI in controversial issues.
- Pose safety or security risks for employees (e.g. clean-up work at disaster site, construction or remodeling work not under the supervision of a trained professional); or any type of volunteer activity not under the supervision of an eligible charity or school.
- Are related to fundraising, such as walking or running in a fundraising race.
- Consist of fundraisers for individuals rather than registered charities.
- Benefit charities with the sole purpose of providing support to a named individual or a named family.
- Influence legislation or involve electing candidates to public office.
- Involve volunteer activities of programs offered by clubs, membership associations or fraternities/sororities.
- Are non-profit state universities, hospital or health care systems.