CSR expenditure to be made tax deductible

Context

Shri Injeti Srinivas, Secretary (Corporate Affairs), presented the Report of the High Level Committee on CSR to the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman.

Recommendation

The main recommendations include, making Corporate Social Responsibility (CSR) expenditure tax deductible, provision for carry forward of unspent balance for a period of 3 – 5 years.

The other recommendations include developing a CSR exchange portal to connect contributors, beneficiaries and agencies, allowing CSR in social benefit bonds, promoting social impact companies, and third party assessment of major CSR projects.

The Committee has emphasized on not treating CSR as a means of resource gap funding for government schemes.

It has emphasized on CSR spending as a board driven process to provide innovative technology based solutions for social problems.

The Committee has also recommended that companies having CSR prescribed amount below Rs. 50 lakh may be exempted from constituting a CSR Committee.

The Committee has also recommended that violation of CSR compliance may be made a civil offence and shifted to the penalty regime.