

# Tax Hotline

November 08, 2001

## BUDGET MAY OPT FOR FEWER DEPRECIATION RATES AND TIGHTEN TAX EXEMPTION NORMS FOR CHARITABLE INSTITUTES

The Budget 2002 is likely to rationalise depreciation rates as well as reduce and streamline tax exemptions given to trusts, charities and non-profit organizations (“NPOs”). The revenue department has set up two internal groups to study the provisions on depreciation and on tax exemptions for NPOs, respectively. The reports of the Groups are expected to be used as inputs for the next Budget.

The Group on depreciation will examine the justification for the accelerated and multiplicity of depreciation rates. Currently, the depreciation rates vary from 5 per cent to 100 per cent for different items and different sectors. It is perceived that depreciation has become a fiscal incentive tool since accelerated depreciation leads to deferral of tax.

The Group on Trusts will be looking at reducing the tax exemptions given to NPOs and tightening the rules for obtaining such exemptions. The Group will consider the report of the Partha Shome Committee, earlier set up for examining the taxation issues in relation to NPOs. This report had recommended restriction of tax exemptions only to donative NPOs, *i.e.* those in which 90 per cent of the receipts are through donations. It also suggested bar on distribution of the net earnings to controlling individuals.

Source : *The Economic Times*, November 6, 2001

## DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### New Age of Franchising

June 20, 2025

### Life Sciences 2025

June 11, 2025

### The Tour d'Horizon of Data Law Implications of Digital Twins

May 29, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

### INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

## Audio

### CCI's Deal Value Test

February 22, 2025

### Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

Click here to view Hotline archives.

## Video

### Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**SIAC 2025 Rules: Key changes &  
Implications**

February 18, 2025

