

YASH KHANDELWAL

TRUST MASTER QUESTION

Question

Seva Niketan, a charitable trust registered under section 12AB runs an educational institution, which is engaged solely in education and a hospital for treatment of persons suffering from mental disorder solely for philanthropic purposes.

The trust furnished the following information:

- (i) The total receipts of the trust for the PY 2025-26 for educational institution is Rs. 3.10 crores and for the hospital it is Rs. 3.40 crores.
- (ii) Voluntary contributions [included in (i) above] received for the PY 2025-26 from the public amounted to Rs. 105 lakhs. It includes corpus donations of Rs. 55 lakhs (for purchase of building for the trust) and anonymous donations of Rs. 20 lakhs.
- (iii) During the PY 2025-26, computers purchased for Rs. 80 lakhs out of
 - Corpus fund mentioned in (ii) above Rs. 30 lakhs.
 - Loan – Rs. 25 lakhs
 - Voluntary contributions - Rs. 25 lakh
- (iv) Corpus donations received during the current year are invested in
 - Post Office Savings Accounts Rs. 10 lakhs
 - Canara Bank as Fixed deposits Rs. 5 lakhs
 - Non-banking Financial Corporation (NBFC) Rs. 10 lakhs
- (v) Deposited Rs. 15 lakhs towards post office savings account which were utilised for purchase of building during the PY 2020-21 and PY 2022-23 out of corpus fund Rs. 10 lakhs and Rs. 5 lakhs, respectively.
- (vi) Amount paid to another trust registered u/s 12AB by way of donation of Rs. 10 lakhs. Out of the said amount Rs. 2 lakhs are given as corpus donations.
- (vii) Rs. 6 lakhs, being the amount set apart in the PY 2024-25 by the trust for charitable purposes u/s 11(2) utilized in the PY 2025-26 for making donation to another charitable trust, whose object is also education.
- (viii) Rs.28 lakhs could not be applied in PY 2025-26 as it was outstanding. Trust has furnished declaration in this regard on 5th Oct 2026
- (ix) Revenue and capital expenditure of trust is Rs.3.5 Crores out of which trust paid Rs. 3.2 Crores in PY 2025-26 and the balance was outstanding.
- (x) Income of Rs. 12 Lakh was applied for the benefit of trustee's brother
- (xi) Rs. 70 Lakhs was accumulated by the trust for acquisition of building u/s 11(2) for which trust gave declaration to AO on 16th Oct 2026.

Compute total income of the Seva Niketan trust.

Solution:

Computation of total income of Mani Foundations for the AY 2026-27

Particulars	Amount (in ₹)
Receipts (Other than donation of Rs. 1.05 Crores) [3.1 + 3.4 – 1.05-) - 0.12] Crores	5,33,00,000
Total Donations	

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– Corpus Donation [Only Rs. 15 Lakh exempt; Rs. 40 Lakh taxable u/s 115BBI @30%]	Nil
– Anonymous Donation [Not taxable u/s 115BBC] Higher of (i) 5% of Rs. 1.05 Crore = Rs. 5,25,000 (ii) Rs. 1,00,000	5,25,000
– Other Donations [1.05 Cr (-) 55 Lakhs Corpus (-) 20 Lakhs Anonymous donation]	30,00,000
	5,68,25,000
Less: 15% of income eligible for being set apart without any condition	(85,23,750)
	4,83,01,250
Less: Amount applied for charitable purposes	
Purchase of Computers	
– Out of Corpus [not treated as applied]	Nil
– Out of Loan [not treated as applied]	Nil
– Out of Voluntary Contribution	(25,00,000)
Amount deposited back towards corpus	
For PY 2020-21 [Note 1]	Nil
For PY 2022-23	(5,00,000)
Amount donated to other Trusts	
– As Corpus [not treated as applied]	Nil
– Other Donation [8,00,000 (x) 85%]	(6,80,000)
– Amount not applied as it was outstanding [Note 2]	(28,00,000)
– Revenue expense of the trust [allowed only on Paid Basis]	(3,20,00,000)
– Income applied for the benefit of the Brother of the Trustee[Note 3]	Nil
– Amount accumulated for Acquisition of Building [Note 2]	(70,00,000)
Add: Income Taxable at 30%	
– Corpus Donation used for purchase of Computers (u/s 115BBI)	30,00,000
– Corpus Donation invested in any mode other than 11(5) (u/s 115BBI)	10,00,000
– Amount accumulated for building donated to other trust(u/s 115BBI)	6,00,000
– Anonymous Donation taxable u/s 115BBC	14,75,000
– Income applied for the benefit of the Brother of the Trustee[Note 3]	12,00,000
Total Income	1,00,96,250

Notes

1. Before 1.4.2021, Amount spent out of Corpus was treated as applied. Hence, Re-deposit of 10 lakhs of PY 2020-21 in corpus can't be treated as applied.
2. As per Finance Act 2024, Declaration for Accumulation in Form No.10 and for Deemed application in Form No. 9A should be furnished to A.O. at least 2 months prior to the due date of ROI. But as per CBDT Circular, AO shall not deny the application if it is received before Due Date of ROI i.e. 31st Oct 2026
3. Income applied for the benefit of brother of trustee is not treated as applied. It will be Taxable at 30% u/s 115BBI.