



# FCRA Amendments

By

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CHARTERED ACCOUNTANTS

# STRUCTURE

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**BACKGROUND  
& BAISC  
CONCEPTS**

**STATISTICS**

**KEY  
AMENDMENTS**

**FAQ's**

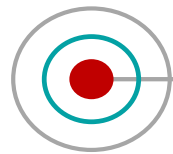
**DO'S and  
DON'T'S**

**Q & A**

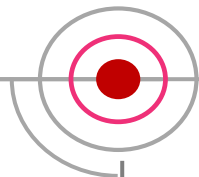
# BACKGROUND

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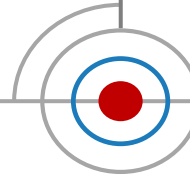
First Introduced  
in 1976 -  
Emergency



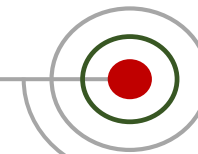
Amendments in  
1984



New Law in  
2010



Now we have the FCRA  
Amendment Act 2020



## PURPOSE

- Regulate acceptance and utilization of FC or FH
- Prohibit activities detrimental to national interest

## APPLICABILITY

- Whole of India
- Citizens of India outside India; and
- Associate Branches or subsidiaries, outside India, of companies or bodies corporate, registered or incorporated in India

## FOREIGN CONTRIBUTION : DONATION BY ANY FOREIGN SOURCE

- Any Article
- Any currency, whether Indian or Foreign.
- Any Securities

CEERS – Cultural, Economical, Educational, Religious, Social  
Ministry of Home Affairs (FCRA Wing).

Commercial Transactions – ✘

Non-Commercial Transactions – ✔

Individual, HUF, Association, Society, Company etc - Anyone can get a  
FCRA Registration.

PFMS – Public Financial Monitoring System  
62 commercial banks are integrated to PFMS

# BASIC CONCEPTS

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## Foreign Source :-

- Govt of a Foreign Country (Including agency of Govt).
- International Agency (Except UN and its specialized agencies)
- Foreign Company / Corporation
- **Company in which more than 50% share capital is held by foreign co, foreign govt, foreign individuals**
- **A Multi National Corporation.**
- Foreign Trust / Association / Club
- Citizen of Foreign Country

**Foreign Hospitality** - Cash or Kind - Costs of travel to any foreign country, free boarding, lodging, transport or medical treatment.

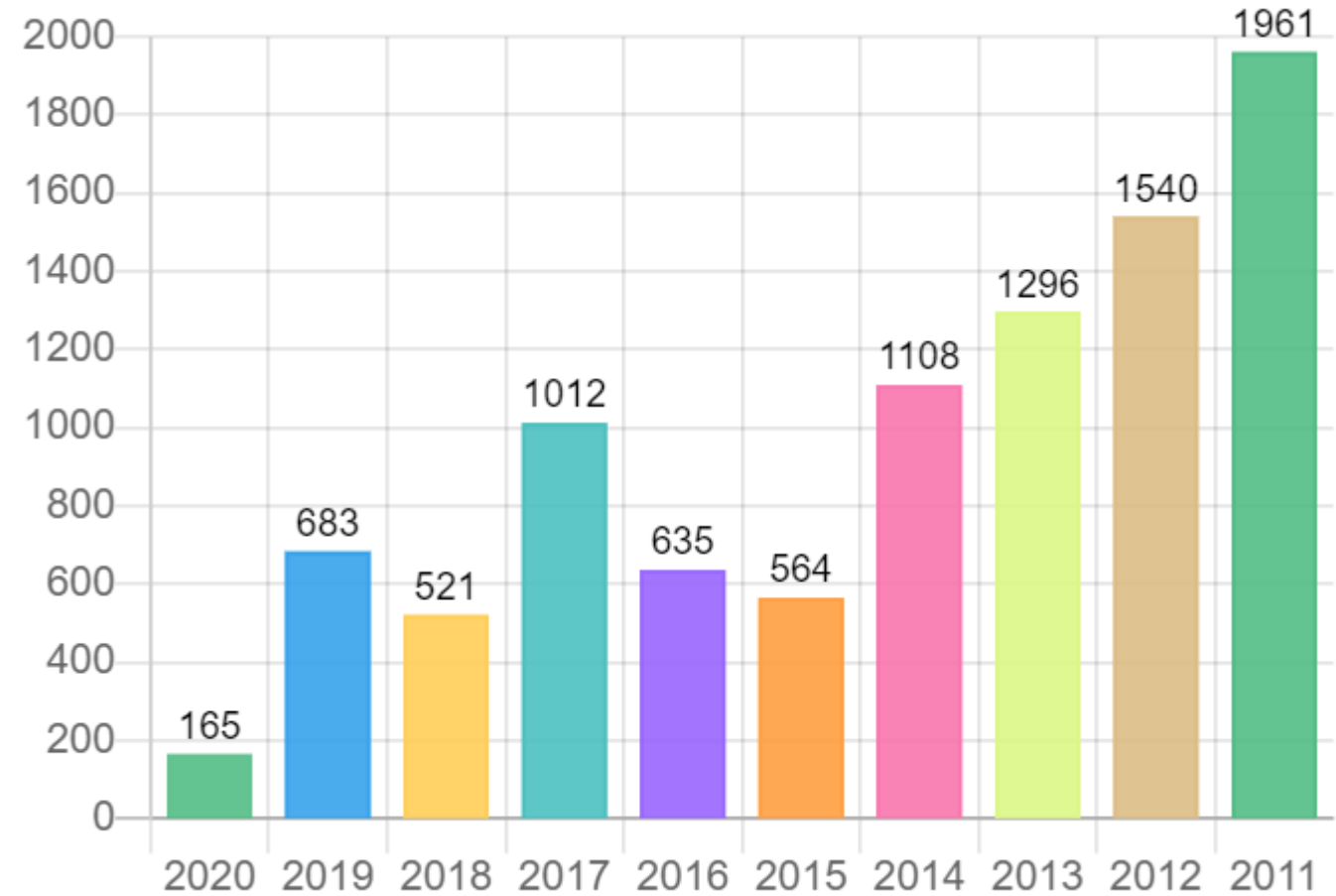
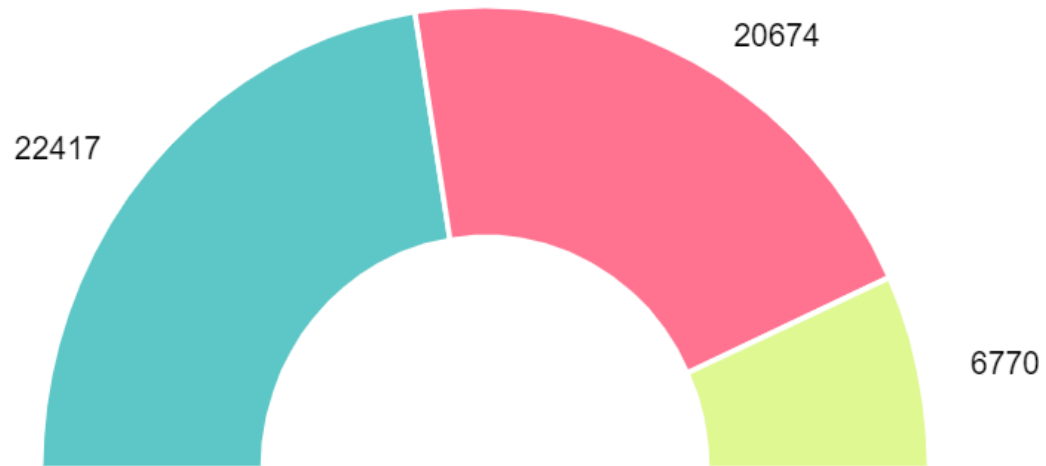
# BASIC CONCEPTS

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- **Prohibition to accept FC :-**
  - Election Candidate
  - correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper
  - Judge, Government Employee of any corporation or any other body controlled by the Govt.
  - Member of Legislature
  - Political Party / Office Bearers
  - Company engaged in audio news or visual news or any other mode of mass communication

## Total FCRA Associations : 49861

Active as on today    Cancelled as on today    Deemed Expired as on today





- FY 2017-18 Total FC received was over 16,881 crores
- Appox 85% of total FC is received by Christian Institutions
- We get FC from almost 88 countries
- Top 10 Countries contribute ~ 75% of the total FC
- FCRA 1976 – Sections 32 & FCRR 1976 – Rules 9
- FCRA 2010 – Sections 54 & FCRR 2011 – Rules 24

- **DARPAN ID**

- Not mentioned in Act or Rules !!..
- Self Declaration



- **Different Types of Accounts**

- Designated FCRA account – SBI New Delhi Main Branch, Sansad Marg.
- Another Bank Account
- Utilization Bank Account

- 12(4)(b) – Prerequisite for Registration
  - 3 years – 15 lakhs

“(f) A person seeking registration under clause (b) of sub-section (4) of section 12 of the Act shall meet the following conditions, namely:–

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(i) it shall be in existence for three years and have spent a minimum amount of rupees fifteen lakh on its core activities for the benefit of society during the last three financial years:

Provided that the Central Government, in exceptional cases or in cases where a person is controlled by the Central Government or a State Government may waive the conditions;

- Prohibition to accept foreign contribution by ‘Public Servants’
- Blanket ban on transfer of foreign contribution

- Administrative Expenses – Reduced to 20%
- Aadhaar of office bearers / directors - prior permission, registration or renewal.
- Annual Return Due Date extended from 31<sup>st</sup> Dec 2020 to 30<sup>th</sup> June 2021.
- Utilization of FC in case of violation.
- Suspension of registration – 180 days + additional 180 days.
- Renewal of Registration – As good as new registration
- Voluntary Surrender of Certificate

- New Forms

FC 1	FC 4 – Annual Return
FC 2	FC 6A
FC 3A - Registration	FC 6B
FC 3B – Prior Permission	FC 6C
FC 3C – Renewal	FC 6D

FAQ	Ans
Can foreign contribution be received in rupees?	Yes
Whether donation given by Non -Resident Indians (NRIs) is treated as 'foreign contribution'?	No
Whether donation given by an individual of Indian origin and having foreign nationality is treated as 'foreign contribution'?	Yes
Whether foreign remittances received from a relative are to be treated as foreign contribution as per FCRA, 2010?	No

FAQ	Ans
<p>Will the fee paid by the foreign delegates/participants attending/participating in a conference/seminar etc. be termed as foreign contribution and thus require permission from FCRA?</p>	<p>No</p>
<p>Whether a Company incorporated in India under the Companies Act, 2013 having its operations in 2 or more countries is to be treated as a MNC under FCRA, 2010?</p>	<p>No</p>
<p>Can a private limited company or a partnership firm get registration or prior permission under FCRA, 2010?</p>	<p>Yes</p>

FAQ	Ans
Whether foreigners can be appointed as Executive Committee members of an association seeking registration or prior permission?	No (Exception special permission)
Whether Government servants, Judges and employees of a Government owned/controlled company/body can be on the executive committees/boards of an association?	Yes
Are there any banned organizations from whom foreign contribution should not be accepted?	Yes
Can foreign contributions be invested in Mutual Funds or other speculative investments?	No



- To intimate any change in the utilization bank account / name / address / aims / objectives / key members in respect of association granted registration / prior permission under the FCRA, 2010.
- Receive FC only from a legitimate source and for activities as prescribed under the Act.
- Maintain a separate set of accounts and records, exclusively, for the foreign contribution received and utilized and for which the registration is sought.
- Apply to the Central Government six months before the date of expiry of certificate of registration, for its renewal.

- Intimate within thirty days from date of receipt of foreign contribution in excess of one lakh rupees or equivalent thereto in a financial year from any of his relatives.

- Do Not Mix Foreign Contribution with Domestic Receipts
- Do Not Deviate from the Purpose of the Grant
- Do Not encourage Cash Withdrawals / Payments
- Do Not avoid filing the quarterly and annual returns.
- Do Not forget to collect the FIRC's.

