



Reading is to the mind what exercise is to the body. —Richard Steele



## Managing Committee

**CS. Manpreet Singh**  
Chairman

**CS. Nikhil Verma**  
Vice Chairman

**CS. Dhruv Khandelwal**  
Secretary

**CS. Pankaj Grover**  
Treasurer

**CS. Preeti Grover**  
Immediate Past-Chairman

**CS. Nand Lal Thakur**  
Past-Chairman-2020

**CS Shivam Rastogi**  
Past-Chairman-2019

## CHAPTER TEAM

Rajesh Sharma - Executive Officer

Lalit Kumar Bhati - Executive Admin

Umesh Kumar

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## Chairman's Message

**The more that you read, the more things you will know, the more that you learn, the more places you'll go.”– Dr. Seuss**

**Dear Members & Students,**

### **Greetings from Noida Chapter of NIRC of ICSI**

I convey my immense pleasure in sharing with you the Third issue of the newsletter covering the period from April to May 2022.

We present to your good self the activities and efforts of your chapter as enumerated below:

### **Student Services/ Facilities:**

Noida Chapter in its continuous endeavors putting maximum efforts for meeting all Students' Needs. Noida Chapter has been regularly conducting Oral Tuition Classes for Executive Programme. Noida Chapter has done two Career Awareness Programmes (CAP) in schools located in Noida in the month of April and May 2022. Noida Chapter have also discussed with other Schools for arranging more CAP. They assured us to do CAP after June (summer) holidays. We have also arranged Online Doubt Clearing Classes on 24th & 25th May 2022 for students appearing in examinations held in June 2022.

### **Noida Chapter's Infrastructure Issues**

We are pleased to share with you that myself and Vice-Chairman, CS Nikhil Verma of Noida Chapter of NIRC had a meeting with ICSI President CS Devendra Vasant Deshpande and Secretary ICSI, CS Asish Mohan, on 27.05.2022 at the premises of the Noida Chapter at C37, Sector-62, Noida and discussed about practical solutions of Noida Premises to move forward for the benefit of the members, students and all the stakeholders of the ICSI. Dr. Sanjay Pandey (Joint Secretary-Examination) was also present during the meeting with the officials of the ICSI. It has been discussed that Noida Chapter will be allotted separate Main Gate for entry into the premises and the construction will be started soon.

### **Noida Chapter Initiatives**

Noida Chapter of NIRC of the ICSI has taken an Initiative titled “**Chalo Utho aur Fir se Chalo**” for the women/girls who are not in touch with the profession from last so many years because of their personal reasons but wanted to come back in the profession. Noida Chapter has done inauguration of the programme on 14th May 2022. We are pleased to inform you that Noida Chapter has got very good response from such members and started the programs for them.

Noida Chapter has also started “**Knowledge Week Series-2**” on **Start Ups** in the month of May 2022. Noida Chapter is planning to come with many more Knowledge Week Series on different topics.

### **CSBF enrolment**

A sincere request to all the members to join CSBF (CS Benevolent Fund) and to protect your family’s future against unforeseen events.

We have been innovating constantly in all our activities & are focusing on capacity building of the members. The Managing Committee of Noida Chapter is thankful to all the Stakeholders for having the faith on your Chapter and Managing Committee. We are also thankful to the team at Noida Chapter for their steadfast and sincere efforts.

We are always open for Suggestions. Please write to me at [chairman.noida@icsi.edu](mailto:chairman.noida@icsi.edu).

Regards  
CS Manpreet Singh  
Chairman-Noida Chapter of NIRC of ICSI  
[Chairman.noida@icsi.edu](mailto:Chairman.noida@icsi.edu)  
9555 828 368



## DETAILS OF EVENTS

SL. NO.	DATE	NAME OF THE PROGRAMME
01	21.04.2022	Career Awareness Programme(CAP) at "Noida Kanya Inter College, Noida"
02	23.04.2022	Full Day Seminar for the term 2022 on the topic Topic: " <b>SEZ Policy, Performance and Prospects &amp; Role of Company Secretaries AND Self Questioning Techniques</b> "
03	30.04.2022	Full Day Seminar for the term 2022 on the topic Topic: " <b>Interactive Discussion on Corporate Restructuring</b> " Chief Guest & Keynote Speaker: CS Rajeev Goel
04	02.05.2022	Career Awareness Programme(CAP) at "Navjeevan Inter College, Noida"
05	14.05.2022	Full Day Seminar- 1st Session of Knowledge Week-Series 2" on Start Ups Topic: " <b>Terminology used in Start Up Industry</b> " Chief Guest & Keynote Speaker: CS Gopal Sharma, CFO Nasscom Guest of Honour: CS Harmeet Kaur Keynote Speaker: Ms. Minal Madan
06	18.05.2022	Webinar conducted by ICSI in association with Noida Chapter & Sharda University to mark celebrations of *AzadiKa Amrit Mahotsav* on the *Theme –Ideas@75-Sustainability
07	21.05.2022	Full Day Seminar- 2nd Session of Knowledge Week-Series 2" on Start Ups Topic: " <b>Types of Agreements used in Start Up Industry</b> " Chief Guest: Mr. YaminiBhushan Pandey: MD, IIM Lucknow Enterprise Incubation Center Keynote Speaker: Ms. Jinni Sinha
08	24.05.2022 to 25.05.2022	Online Doubt Clearing Classes for students appearing in June 2022 Examination
09	28.05.2022	Full Day Seminar- 3rd Session of Knowledge Week-Series 2" on Start Ups Topic: " <b>Legal Due Diligence &amp; Types of Securities Issued Funding Round</b> " Chief Guest: Mr. YaminiBhushan Pandey: MD, IIM Lucknow Enterprise Incubation Center Keynote Speaker: Ms. Jinni Sinha

## Glimpses of Webinars



Noida Chapter conducted \*Career Awareness Programme (CAP) at "Noida Kanya Inter College, Noida" on 21st April 2022. We are thankful to Principal of College and Teachers for this. 62 Students attended the Programme.

## Glimpses of Webinars



Noida Chapter organised Seminar on the topic \*SEZ Policy, Performance and Prospects & Role of Company Secretaries AND Self Questioning Techniques\* on Saturday, \*23rd April, 2022\*.

We are thankful to Chief Guest & Keynote Speaker: CS Hitender Mehta, Council Member, The ICSI, Guest of Honour: Shri Sudeep Gupta, Director, ArthaInfratech Pvt. Ltd. (SEZ), Keynote Speaker: CS Jaspreet Singh for topic Self Questioning Techniques

Thanks to all members for joining. Special thanks to CS Sahil Gaur, Chairman Gurugram Chapter and CS Sonal, Past Chairperson, Ghaziabad Chapter for joining.

## Glimpses of Webinars



Noida Chapter had organized its Seminar on the topic \*Interactive Discussion on Corporate Restructuring \* on Saturday, 30th April, 2022. We are thankful to, Chief Guest & Keynote Speaker: CS Rajeev Goel.

## Glimpses of Webinars



Noida Chapter of NIRC has successfully organized a physical session with students of classes 12th of Navjeevan Inter College, Gheja Road, Sector 110, Bhangel, Noida on Monday, 02nd May, 2022. More than 50 students have participated and the students were made aware about the profession and course of Company Secretaries.

## KNOWLEDGE WEEK SERIES-2 ON START UPS SESSION-1: Topic “Terminology used in Start Up Industry”



Noida Chapter had successfully conducted First Session of \*‘‘Knowledge Week-Series 2’’ on Start Ups\* on Saturday, \*14th May, 2022\*.

We were thankful to, Chief Guest & Keynote Speaker: CS Gopal Sharma, CFO Nasscom, Guest of Honour: CS Harmeet Kaur, Keynote Speaker: Ms. Minal Madan.

## KNOWLEDGE WEEK SERIES-2 ON START UPS SESSION-1: Topic “Terminology used in Start Up Industry”



Women Initiative: Noida Chapter also done Opening Ceremony of Women Initiative “Chalo utho aur fir se Chalo”

## SESSION-2: Topic “Types of Agreements used in Start Up Industry”



Noida Chapter had successfully conducted \*Second Session\* of “Knowledge Week-Series 2” on Start Ups\* on Saturday, 21st May 2022 at 11.00. a.m.

We were thankful to, Chief Guest: Mr. YaminiBhushan Pandey: MD, IIM Lucknow Enterprise Incubation Center, Keynote Speaker: Ms. Jinni Sinha. Thanks to all members for joining.

## SESSION - 3

## Topic “Legal Due Diligence &amp; Types of Securities Issued Funding Round”



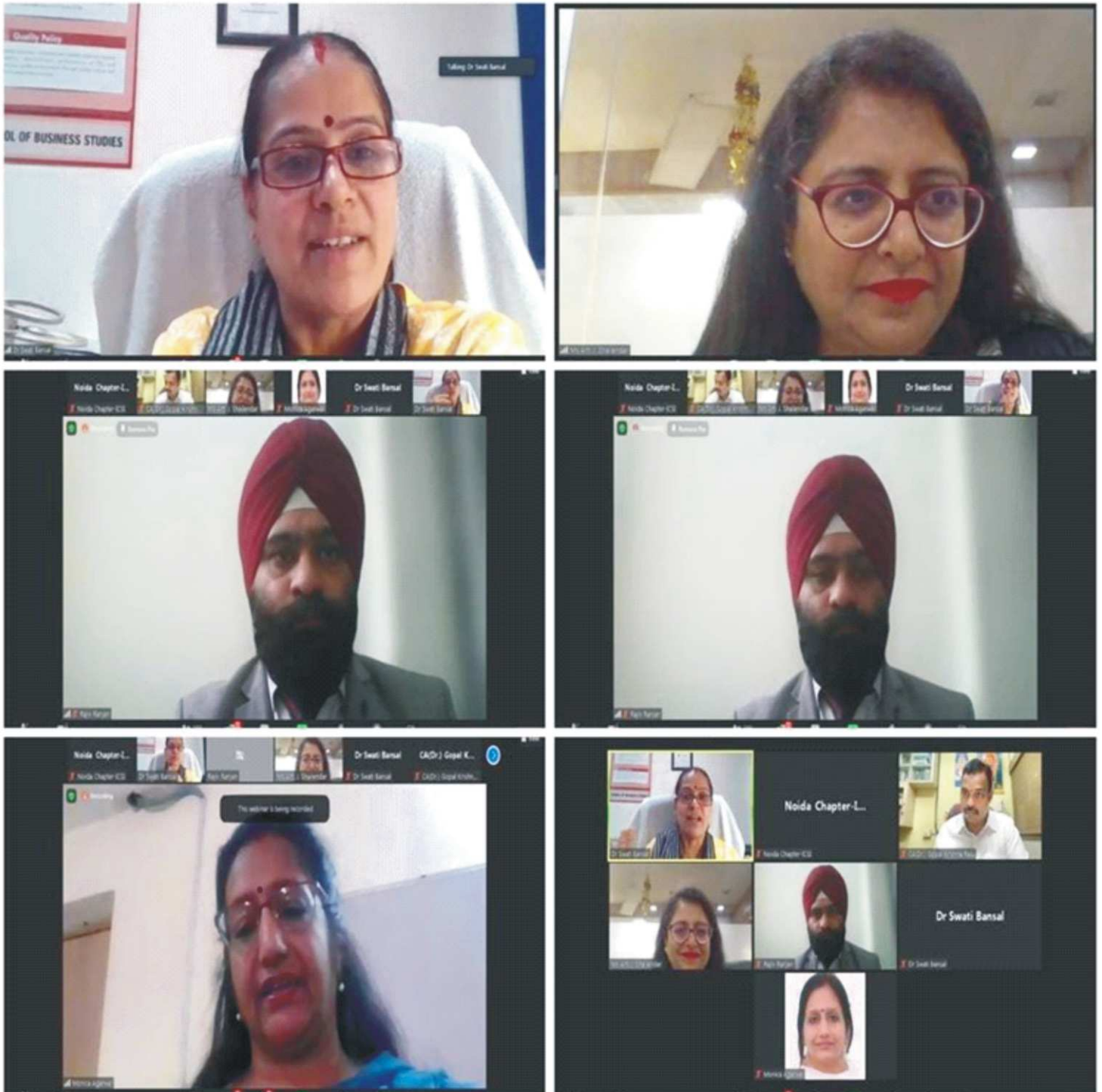
Noida Chapter had successfully conducted Third Session of “Knowledge Week-Series 2” on Start Ups on Saturday, 28th May 2022.

We were thankful to our; Chief Guest: Dr. Randeep Singh, Co-Founder, MeddoDoxper, Keynote Speaker: Ms. Hema Bansal, Founder-HJA & Associates LLP, Keynote Speaker: CS Jitender Singh, Practising Company Secretary.

We had received very good response from this Start-up series and got more than 100 enrolments in each session.

## SESSION - 3

## Topic “Legal Due Diligence &amp; Types of Securities Issued Funding Round”



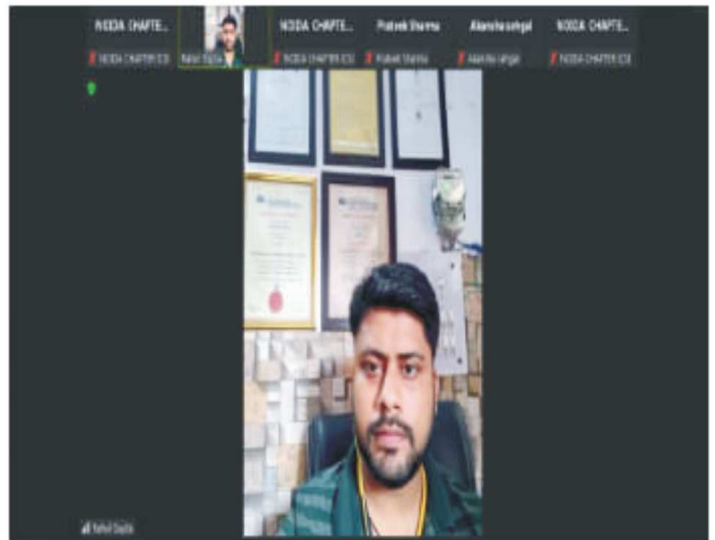
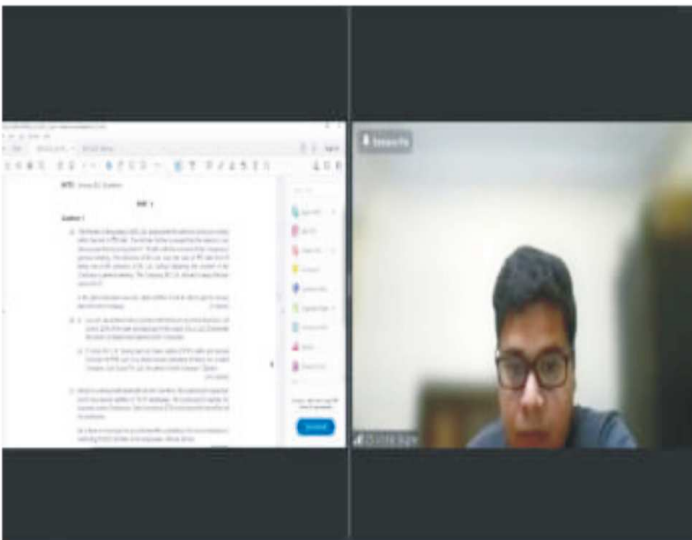
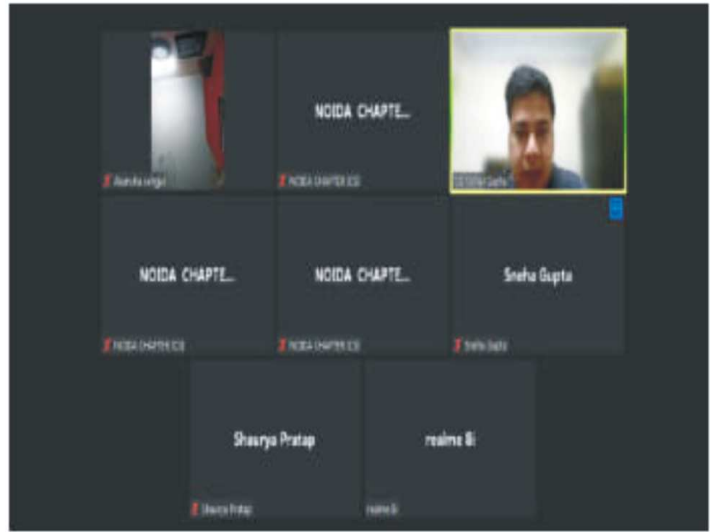
ICSI & Noida Chapter Conducted a \*Webinar on 18th May 2022 in association with Sharda University\* to mark celebrations of \*Azadi Ka Amrit Mahotsav\* on the \*Theme –Ideas@75-Sustainability\*.

We are thankful to; Chief Guest: Dr. Jayanti Ranjan, Dean Sharda Business School, Sharda University, Key Note Speaker: CS Manpreet Singh, Expert Speaker on Sustainability: CA (Dr) Gopal Krishna Raju, Session on Career as CS: Ms. Arti J Shailendar, Joint Director, Career Awareness Cell (ICSI)

Special thanks to CS Shweta Agarwal, CS Fareha Nawas & CS Rupali Kulshrestha (from women initiative group) for co-ordinating the Programme.

SESSION - 3

Topic “Legal Due Diligence & Types of Securities Issued Funding Round”



Noida Chapter had successfully conducted Online Doubt Clearing Classes for students appearing in June 2022 Examination on 24th & 25th, May, 2022. Thanks to our faculty members.



## Interview of the Month

**Mr. Sanjiv Arora**

Mr. Sanjiv Arora is an industry veteran with 30+ years of experience into Cyber Risk, Compliance, Software Development and IT operations. He holds CISA, CISM, CGEIT, CHPSE (HIPAA), CDPSE certifications. He is the past Board member (Director) with ISACA New Delhi Chapter. He is Lead Consultant for Cyber Risk Assessments, Information Security Audits, Compliance Audits, VAPT, Network security, BCP and DR Reviews. Project Oversight Consultant for Cloud, BI, GDPR, System Integration, Secure Online operations, Mobility, ERP, Core Banking Solution (CBS), Fintech, ISO 27001, CMM, SSAE18, COBIT. He has designed, developed and implemented ERP, Business Solutions for many companies. He is serving as CIO, CISO, CTO, DPO for select clients. He is the Promoter of the Mobile APP for Cyber Security Awareness and People Engagement. He is International Trainer at Singapore, Malaysia, Qatar, Vietnam and India, Speaker at ISACA Chapters, NIFM, iCISA (CAG of India), Cyber Risk and Security events, Faculty to ICAI for DISA Professional Qualification (Since 2003). His Training Domains are COBIT, IT Governance, ISO27001, GDPR, HIPAA, CISA, CISM, CRISC, CGEIT; Secure Design Architecture, Defence in Depth, PKI, Encryption; Critical Infrastructure Risk, ICT Project risk in Government; Cyber Security Awareness

1. How important is cyber security awareness for corporates and what is the impact of digitalisation and its effect on cyber security?

Today the entire world is a digital space. Technology is everywhere and everyone is connected with each other in various ways through the internet while not knowing what's transpiring in the background. For instance, when we use a browser, the entire data gets stored somewhere. The data can be as detailed as recording the content that was searched, the time spent on a particular web page, the location from where the browsing is being done and more. The use of this data can be ethical and unethical. Data stored with the telecom operators is ethical and legal but no one has any clue about use by unethical means or sources. With all the advancement in the cyber world, we also have artificial intelligence that is collecting all the data. For example, if we have Alexa at home that runs through voice command, it can collect and store all the conversations of the people around it while its switched on and it is possible that later we start get promotional and marketing calls based on this data. This happens because data got misused and shared with unauthorised people in the market. Another instance is tracking of our live location on google map. We often receive review or feedback request messages from shops based on our location tracked by google when we are crossing these shops or outlets.

This shows how complex the world has become today with cyber criminals present all around misusing data in an unauthorised, unethical and illegal way. Cyber-crime is the second largest industry in the world and hence we all have to be very careful about it. Most of the cyber criminals are white collared people who are educated and well placed but are performing unauthorised acts mostly for personal gain. It's not necessarily a financial theft always. Data theft too is at its peak. The reason why people indulge in unethical practices is that 9 out of 10 people are living beyond their needs. Expenditure of people is more than their income and a time comes when they are in dire need of money to pay off debt. They then try to steal and sell data with an unauthorised way to make quick money.

We normally believe that having some antivirus or similar solution can protect us as an individual or a company from cyber-crime or theft but we miss out on identifying those people elements who are present in the offices or connected with us on social mediums can steal and circulate confidential or personal data.

Let's understand this that .... There are two types of companies in the world. First category are companies that have faced hacker or data attacks and taking due care and in the second category there are companies who don't know that they are being attacked. Most companies fall in the second category.

This whole scenario needs cyber security and the only way to keep ourselves safe is to get external risk assessments, audits of technology and operations.

## 2. With the world looking at shifting to cryptocurrency, how safe or threatening can it be?

Cryptocurrency is a digital currency that has emerged like a new investment and money channel. It is like a stock trading market where we buy cryptocurrencies like other stocks. Buying a cryptocurrency always comes with a risk of loss but it doesn't add or lower the cyber threat or risks. Though theft of cryptocurrency has happened by hackers, but this does not add to the existing cyber threats. Cryptocurrency data is like any other data needing secure management.

Cryptocurrency works on a very strong technology which is not easily hackable but the weakness of people in the eco system allows for theft. For example, there are exchanges where cryptocurrencies get compromised due to some person working for the system, there can be theft of data. Hence, cyber risk is everywhere.

If we really want to protect ourselves, we may stop use of technology which is impossible in today's world.

- 3 What are key areas related to cyber security and compliance that a CS professional should be aware of?

Cyber and Information Security Compliance is mandated by regulator such as the Reserve Bank of India's (RBI's) framework for various industries like Fintech companies, Non-Banking Financing Company (NBFCs), pre-payment industries etc, Insurance Regulatory and Development Authority (IRDA's) guidelines for insurance companies, stock exchanges are governed by Securities and Exchange Board of India (SEBI). There are some international compliances like Payment Card Industry (PCI) that is an international standard for entities receiving or making payments online and storing banking data, General Data Protection Regulation (GDPR), a European law for privacy.

For companies where compliance is not mandated, lets know that Information Technology ITAct2000, the digital law of India states that every body-corporate should keep and monitor the control records of digital and Internet activity in companies. However, there are gaps in this understanding.

Most of the companies specially in SME sector don't have adequate cyber security controls at place as thereis regulator asking compliance. Therefore a change in mindset is required to take cyber security seriously.

Ideally every company should know, what is transpires insideoffices, who is using the internet and for what purpose, what emails are being sent and received and what personal activities are being done online at office.

Current security control systems established in an office by the IT team is based on the intellect of the team, which should be audited by suitable professionalsthat lowers the risk.

For example, a person shares inappropriate messages (online) with someone while sitting in office and a complaint (FIR) is registered. While investigating, the police will first track the IP address of the internet connection, which will lead to the company and then detain the head of the company at the location of internet use. Many offencesin ITAct2000 are nonailable. The head of the company is arrested even without being at fault as it was his duty to ensure every digital system or data gets monitoredand It is not misused. Though, later the main culprit can be discovered through further investigation.

There are many nonailable offence people are not aware of. Most people think that if they use a company device and pseudonymor anonymousids, they would not be detected,this is a big misconception. Every online activity has a trail and we always

leave footprints everywhere in the digital space.

Are CSs eligible to be the Chief Information Security Officer of an organisation. Do they need to undergo further professional certification for this?

4. The main job of a CS is governance and compliance. A CS is responsible to make sure that governance is at place. He is not the doer but plays the role of an auditor or reviewer, hence a CS can be a great Chief Information Security Officer or Chief Risk Officer. There are certain certificate courses by ISACA that can be taken up such as CISA, CISM, CRISC, CGEIT, CDPSE, CSX and a few more. These courses can add a lot of value to the qualification of the professional. There are some other courses are offered by other organizations in India as well but ISACA is more recognised in the global space and is also good to enhance professional's career. Out of the top five qualifications in the cyber security industry, the top three belongs to ISACA. ISACA courses are non-technical and aimed at as management-oriented qualifications that a CS can easily take up.

With the frequent changes in the digital world, how do professionals keep themselves updated?

5. We need to keep our interests alive to learn more all the time. We have to keep reading or be part of forums. Security Professionals have to maintain CPE hours like for other professional qualifications.

Let's remember online world is changing at a pace we can't even fathom including in IoT, Metaverse, Robotics, AI and more!



CS Khushboo Upadhyia



## An Ideal Trainee for a Company or Firm

**CS Sagar Saini**

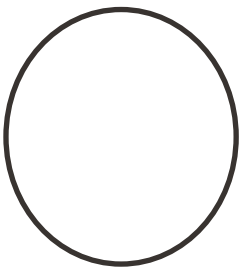
The choice of a company or a firm to undergo training is the biggest question for every Student who is pursuing the Company Secretary Course. Every professional dream to undergo training in a big organization or firm but not all of them get through it. There can be various reasons for not getting selected in these organizations but this should not hamper the confidence and energy of the candidate in any way. One should never feel they are less than their peers in any manner.

As a Trainee I had the opportunity to get the experience of working at a Practicing Company Secretary Firm and a Billion-dollar company as well. I can say that being a part of big organizations help but at the same time what matters the most is the hard work and knowledge of the individual, the amount of effort one puts in to learn and gain experience. Training is a channel that helps us start our own journey where we can succeed through our knowledge and expertise that we gain while training under experts. Learning is a lifetime process but the post qualification training is the foundation on which our professional practice is based and that defines what kind of a professional we are going to become.

So, my suggestion to every aspiring Company Secretary would be to believe in themselves, take the charge and make the world realize their value with passion and hard work. Give your best and leave the rest.

Here are my Credentials:

SAGAR SAINI  
CS PROFESSIONAL  
GURUGRAM



## TRANSMISSION OF SHARES AS PER COMPANIES ACT 2013

**CS Prity Bishwakarma**

Membership No. ACS 63580

The word 'transmission' means transfer of title by operation of law. It may be by succession. Transmission of shares is a process by operation of law where the shares that are registered in a Company in the name of deceased person or an insolvent person are registered in the name of his legal heirs by the Company on proof of death or insolvency as the case may be. Transmission of shares takes place when registered member dies or is adjudicated insolvent or lunatic by competent court.

**Section 56 of the Companies Act, 2013** the power of the company to register, on receipt of an intimation of transmission of any right to securities by operation of law from any person to whom such right has been transmitted.

### Documents required for Transmission of Shares:

In case of transmission of shares by operation of law, it is not necessary to execute and submit transfer deed. A simple application to the company by a legal representative along with the following necessary evidences is sufficient: —

- a. Certified copy of death certificate;
- b. Succession certificate; (Succession certificate is a document issued by a competent court (civil) certifying a rightful person to be the successor of a deceased person)
- c. Probate (sample given below);
- d. Specimen signature of the successor.

**Note 1:** If a member of a company dies and he/she leaves after him a will or letter of administration then the survivors shall get a copy of 'will' certified under the seal of a Court of competent jurisdiction.

- i. The certified copy of the will is called a 'probate'. Succession certificate is not required when probate or letter of administration is issued.
- ii. If a member of a company dies without leaving a will, then succession certificate issued by a Court of competent jurisdiction shall be submitted to the company. Once succession certificate is granted, it provides full indemnity to the company regarding transmission of shares by operation of law.
- iii. The survivors in case of joint holding can get the shares transmitted in their names by production of the death certificate of the deceased holder of shares

**Note 2:** Such a legal Representative is however, not the member of the Company but the legal owner of the Shares instead of registered as a member, he may make transfer the shares as the deceased or insolvent member could have made.

**Note 3:** Where title to the shares comes to vest in another person by operation of law, it is not necessary to submit transfer form.

**Note 4:** Since the Transmission is by the operation by law, so neither the stamp duty nor consideration is required on instrument of transmission.

**Note 5:** The legal Representative of a deceased member shall not be entitled to exercise voting rights or other rights in a general meeting unless he is registered as a member in respect of the Shares.

**Note 6: Transmission in case of Joint Shareholding:** Regulation 23 of Table F of the Companies Act, 2013 provides that on death of a member where member was joint shareholder, the survivors or survivor shall be the only persons recognized by the Company. The legal heirs of deceased member are not entitled to get registered as joint holder along with surviving holder.

#### **Modes of Transmission of Shares: -**

1. The Survivors in case of joint shareholding can get the share transmitted on production of the death certificate of deceased shareholder.
2. If the member of the Company dies and leaves after him a will or letter of administration then survivor shall get the copy of will certified under the seal of the Court. The certified copy of will is called a probate and it shall be forwarded to the Company.
3. If Member of the Company dies without leaving a Will, then succession certificate issued by the Court shall be issued to the Company.
4. Transmission in case of small shareholding:- Transfer may be considered and affected by the Company without obtaining succession certificate. The Board of Directors shall ensure that sufficient evidence has been produced by the legal heirs.

**Format for Transmission of Shares**  
(in case there is no WILL and/or no PROBATE)  
(On Non-judicial Stamp Paper of Rs. 10/-)

**DECLARATION CUM INDEMNITY**

To,  
Company  
Address,

Dear Sir (s),

I/We \_\_\_\_\_, son/daughter/wife of Shri  
\_\_\_\_\_, residing at  
\_\_\_\_\_, hereby solemnly declare:

1. That Shri/Smt. \_\_\_\_\_, son/daughter/wife of Shri  
\_\_\_\_\_, resident of \_\_\_\_\_, expired on  
\_\_\_\_\_ at \_\_\_\_\_ (copy of death certificate), without leaving any will.

1. That the following persons are the only legal heirs of the deceased:

Sl. No.	Name	Relationship with deceased

1. That we (all the above legal heirs of the deceased) have not applied for any PROBATE from any Court, either individually or otherwise.

2. That in addition to other assets, the deceased also held \_\_\_\_\_ Equity Shares of the Company in his/her name, comprised in the Share Certificate(s) No(s).\_\_\_\_\_.

3. That all other legal heirs have no objection, whatsoever, if the above shares are transferred/transmitted in my/our name and in token of such no objection, they have signed herein below in token of relinquishment of their rights, title and interest in the above shares.

Sl. No.	Name	Signature for NO OBJECTION (Please enclose signature proof such as PAN CARD, DRIVING LICENCE etc)

1. That I/We hereby INDEMNIFY the Company (including its officers, successors, assigns etc) to reimburse all cost, expenses and all other financial liabilities, whatsoever, for transferring/transmitting the above shares in my/our name(s) in the above manner, whether or not any other person claims in future, to be the actual beneficiary of the above shares.

Witnessness:

1.

2.

(Signatures)

Date: [Names and Addresses of the Declarant(s)]

P.S. Identity proof/signature proof of the Declarant(s) to be submitted.

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### Sample application for transmission of Shares

To,

Date:

The Board of Directors,

Company

Company Address

Sub: Transmission of..... Equity shares held by Late .....

Ref.: . No. \_\_\_\_\_

Dear Sir/Madam,

I have to inform that my father Late ..... expired on ..... He was holding ..... Equity Shares of Rs. 10 each fully paid up in the company under L.F. No. ....Please find below relevant details of the Equity Shares :

No. Share Certificate No. ....

No. of Equity Shares .....

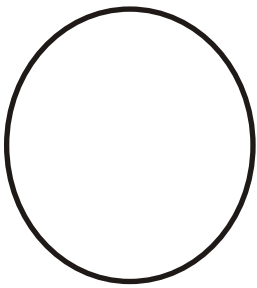
Ledger Folio No.....  
Transferor Distinctive Number.....  
From Distinctive Number.....

To..... I, hereby submit the following documents for transmission of ---  
..... Equity Shares in my name:

Copy of the death certificate obtained from .....  
Succession Certificate.  
Original share certificate.  
My Specimen signatures.

Kindly consider and arrange for transmission of the said shares in my favour and oblige.

Thanking you.  
Yours faithfully



## TAXATION ASPECT OF CSR

CS Nishant Singh

### Section 135 of the Companies Act, 2013

Every company

- having net worth of Rs. 500 crore or more, or
- turnover of Rs. 1000 crore or more, or
- a net profit of Rs. 5 crore or more

during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director.

The Board of Director shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years.

### As per Section 37(1) of the Income Tax Act, 1969

Any expenditure (not being expenditure of the nature described in sections 30 to 36 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable under the head "Profits and gains of business or profession.

- *As per the plain reading of Explanation to 2 to section 37(1) of the ITA, any expenditure incurred towards CSR activities as referred to in section 135 of the Companies Act, 2013 is **not allowed as 'business expenditure'** and is deemed to have not been incurred for purpose of business.*
- *Explanation 2 to section 37(1) of the ITA which denies deduction for CSR expenses by way of business expenditure is applicable only to the extent of computing '**Business Income**' under Chapter IV-D of the ITA. It could not be extended or imported to CSR contribution which was **otherwise eligible for deduction under any other provision or Chapter.***

However, the CSR expenditure which is of the nature described in section 30 to section 36 of the Act shall be allowed as deduction under those sections subject to fulfilment of conditions, if any, specified therein.

## Schedule VII-Activities

1. Contributions to Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals.
2. Rural development projects
3. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

## Section 35 of the Income Tax Act, 1969

- ✓ Section 35 - Scientific Research
  - ✓ Section 35 C - Agriculture Development Allowance
  - ✓ Section 35 CC - Rural Development Allowance
  - ✓ Section 35CCD - Expenditure on Skill Development Project
- These activities align with the activities mentioned in Section 35 of the Income Tax Act, 1969.  
**Will deduction be allowed?**
  - Section 37 (1) states "Any expenditure (not being expenditure of the nature described in sections 30 to 36" Hence, it may be interpreted that deduction will be available.

## Memorandum to Finance Bill, 2014

Under the existing provisions of the Act expenditure incurred wholly and exclusively for the purposes of the business is only allowed as a deduction for computing taxable business income.

CSR expenditure, being an application of income, is not incurred wholly and exclusively for the purposes of carrying on business. As the application of income is not allowed as deduction for the purposes of computing taxable income of a company, amount spent on CSR cannot be allowed as deduction for computing the taxable income of the company.

The objective of CSR is to share burden of the Government in providing social services by companies having net worth/turnover/profit above a threshold. If such expenses are allowed as tax deduction, this would result in subsidizing of around one-third of such expenses by the Government by way of tax expenditure.

- In order to provide certainty on this issue, it is proposed to clarify that for the purposes of section 37(1) any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to have been incurred for the purpose of business and hence shall not be allowed as deduction under section 37.

## **Section 80G of the Income Tax Act, 1969: Deduction in respect of donations to certain funds, charitable institutions, etc**

### **Section 80G (1) of the Income Tax Act, 1969**

In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, -

- (ii) in any other case, an amount equal to fifty per cent (50%) of the aggregate of the sums specified in **subsection (2)**...

### **Section 80G (2) of the Income Tax Act, 1969**

The sums referred to in sub-section (1) shall be the following, namely : -

- (a) any sums paid by the assessee in the previous year as donations to -
  - ✓ **Section 80G(2)(a)(iiihk)** the Swachh Bharat Kosh, set up by the Central Government, other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013 ; or
  - ✓ **Section 80G(2)(a)(iiihl)** the Clean Ganga Fund, set up by the Central Government, where such assessee is a resident and such sum is other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013.
  - ✓ 80G(2)(a)(iv) Any other fund or any institution to which section applies;

### **Section 80G (5) of the Income Tax Act, 1969**

This Section applies to donations to any institution or fund referred to in Sub clause (iv) of clause (a) of Sub-section (2), only if it is established in India for a charitable purpose and if it fulfils the following condition namely :..... ?

- As per section 80G of the ITA, deduction has to be made in accordance with and subject to the provisions of the said section i.e. section 80G of the ITA
- Further, an amount of 50% of the aggregate of the sums specified in section 80G(2)(a)(iv) read with section 80G(1)(ii) of the ITA is allowed as expenditure

even if the taxpayer includes the expenditure as CSR expenditure. This is because there is no prohibition or restriction placed by the Parliament on such a donation even if shown as CSR expenditure.

- As per section 80G(2)(a)(iv) read with section 80G(1)(ii) of the ITA 50% of the donation given to any other fund or any institution to which section 80G of the ITA applies and if it satisfies the requirement of section 80G(5) of the ITA is allowed as expenditure.
- The same was because there are certain restrictions expressed in section 80G of the ITA for deduction in respect of two donations i.e. CSR expenditure related to Swachh Bharat Kosh and Clean Ganga Fund.
- If a taxpayer made some donation to these projects and includes/classifies it as CSR expenditure while claiming deduction under section 80G of the ITA then, it would be allowed only on the amount that was other than the sums spent by the taxpayer in pursuance of CSR under section 135 of the Companies Act.
- In other words, if a taxpayer company spends only the mandatory CSR expenditure, which includes the amount of donation to Swachh Bharat Kosh and Clean Ganga Fund (referred to in section 80G(2)(a)(iiihk) and (iiihl) of the ITA, then deduction under section 80G of the ITA was not allowable.

## Conclusion

- The restriction in respect of expenditure made by the taxpayer to any other fund or institution as referred to in section 80G(2)(a)(iv) of the ITA had not been placed by the legislature. And if the Parliament desired, it could have made such kind of / any restriction like in the case of donation to Swachh Bharat Kosh and Clean Ganga Fund.
- When something is mentioned expressly in a statute, it leads to the presumption that the things not mentioned are excluded.
- Since the legislature provides for specific exceptions in section 80G(2)(a)(iiihk) and (iiihl) of the ITA, then it is the implied intent of the legislature to permit deduction under section 80G of the ITA in respect of CSR contributions made to funds / organisations referred to in all other sub-clauses of section 80G of the ITA.

## MCA FAQs

(<https://www.mca.gov.in/MinistryV2/faq+on+csr+cell.html>)

### 1. Whether CSR expenditure of a Company can be claimed as Business Expenditure?

The amount spent by a company towards CSR cannot be claimed as business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section

135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

## 2. What tax benefit can be availed under CSR?

No specific tax exemptions have been extended to CSR expenditure per se. Finance Act, 2014 also clarifies that expenditure on CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like contributions to Prime Minister's Relief Fund, scientific research, rural development projects, skill development projects, agricultural extension projects, etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.

### CASE LAWS

- ❖ *In Goldman Sachs Services Pvt. Ltd. Vs JCIT (ITAT Bangalore)* – the ITAT allowed the deduction.
- ❖ *In National Seeds Corporation Ltd. v. ACIT, CIT(A)* had held that the expenditure in the nature of CSR expense should be allowable as deduction under sections 35AC and 80G of the IT Act.



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Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

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COMPANY SECRETARIES BENEVOLENT FUND

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## What exactly is CSBF?

The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.

The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

The amount of ₹ 7,50,000 (in the case of death of a member under the age of 60 years) has been increased to ₹ 10,00,000

### Is it the right time to enrol in CSBF?

CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

### Is it a requirement?

Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution.

If you do not want to leave behind such a situation in your absence, enrol in CSBF today.

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**1** To ensure that your immediate family has some financial support in the event of your unfortunate demise

**2** To finance your children's education and other needs

**3** To ensure that you have extra resource during serious illness or accident

**4** Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

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