

**FCRA, IT & SBI-NDMB**

**A DISCUSSION WITH THE EXPERTS**

26 February, Friday, 2021  
11:00 AM – 12:30 PM – IST.

zoom

CA K Shivakumar  
Ghandigram

Dr T.K. Nathan  
KKF / KKID

CA Rakesh Mittal  
Indore

### **Points to Ponder.**

We shall be looking into some cross-cutting dimensions between FCRA, Income Tax and Opening of the designated FCRA bank account with SBI-NDMB in the next 1 hour or so. We shall take you through various that the NGOs are facing. During the interaction, kindly remember that we shall be able to cover certain aspects that we deem that are fundamental and request you to send us the clarifications via the chat facility. Your response perhaps will enable us to go deeper into the subject.

MHA prescription and SBI-NDMB process

- Pre-application, Application and Post-application stages – all that MHA says is that all NGOs having a valid FCRA license (prior permission, renewal pending/due and already renewed) should have the designated FCRA account with the SBI-NDMB until March 31, 2021 failing which funds cannot be channelised through current channel
- Pre-application: Internalisation of the compliance procedures, documents required, awareness of the SBI local branches on this subject, documents according to the respective registration of the NGOs (Trust, Society and Sec 8 company), KYC and CKYC, CIF vs Account, need to keep original documents for verification, understanding beneficial owners as per the bye-laws or MoA etc
- Application – the local branches/in some cases the SBI-NDMB themselves will process the application – checking the veracity of the information furnished. The original documents for the institution – for address proof, legal identity, PAN card, FCRA certification, MLM certificate, Resolution and the Minutes book, proof that the said applicant is active, proof that the existing board members/trustees/executive members etc. Once this is done, the local branches forward the application complying with the internal prescriptions of the SBI across the country.

- Post-application – SBI-NDMB will intimate the account number and other details – the NGO should apply to MHA using FC6C – wherein the NGO will have to upload the copy of the document received from the SBI-NDMB and a similar document received from the bank where the FCRA account is transacted at present. MHA sends their approval certificate and then this has to be sent to SBI-NDMB for the activation of the designated FC account. Availing internet banking is optional but if the NGO wants the facility, they can opt for either direct on-line registration or they can go through the local branch that they are already in touch with. ( <https://yonobusiness.sbi/>, [https://corp.onlinesbi.com/ybbihelp/help\\_corporate.html](https://corp.onlinesbi.com/ybbihelp/help_corporate.html) )
- Some practical issues once the account is opened – SoP for operations, 4 eye principle, YONO procedures of SBI, donor prescriptions vs SBI-NDMB procedures, certificate of utilisation, governance issues etc.

#### MHA requirements

- Furnishing the ADHAAR details of the board members
- Once the certificate post FC 6C is received – if pending – file FC4 returns (modus operandi will be known only when we actually furnish the details online), reapply for FCRA renewal/regularisation of the FC license
- Admin costs
- Audit certificate along with FC4
- FC4 for 2020-2021!!
- Apart from the regular procedures, new requirement of forensic audit & reporting

#### Income Tax

- Requirement of reconciliation between FC4 and institutional statutory audits for the respective financial year end on the 31<sup>st</sup> March
- CSR amendments and the consequences – especially the need to intimate the ROCs
- Salient compliances prescribed by the Finance Bill 2020 and the one during 2021 – renewal once in 5 years – 12AA, 80G etc.
- Provisions under FOREX procedures – be aware
- Revisions/Amendment in the MoAs/Trust Deed/Bye-laws – requirements of IT approval as prescribed under Sec 12AA