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Builders' Association of India

(All India Association of Engineering Construction Contractors and Builders)

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Ref.: 04/A/2025-26 dated 1st April, 2025

To,

**OFFICE BEARERS OF BAI, HEAD QUARTER
CHAIRMEN / HON. SECRETARIES / HON. TREASURERS OF ALL BAI CENTRES,
MEMBERS OF MANAGING COMMITTEE & GENERAL COUNCIL OF BAI**

Dear Sir,

Sub.: Centres to observe strict norms – Income Tax, GST and Donation.

The Charitable activities of BAI have grown many fold which has lead to increase in collection of membership fees by way of subscription. Apart from membership & subscription, collection from members has been steadily increasing on other activities like installation function, meetings, Builders' Day celebration, printing of diary, training programmes, conventions, exhibitions, seminars, conferences, etc. Further many new centers have been added and the membership (Annual and Patron) has been continuously increasing each year. This all has lead to increase in activities and in turn increase in the volume of transactions at the center level.

While conducting such activities by BAI Centres to accomplish its objects which are fully connected, incidental and ancillary to its main objects and were conducted solely for the empowerment, betterment and for creating awareness amongst the industry participants in order to bring about the development of civil construction trade in India.

But, in view of the amendments made by the Government in last three finance budgets pertaining to 'Charitable Trust' and also while going through audited statement of accounts of Centres from last several years, it has been observed that many centres were not following the strict norms for compliance under GST & Income Tax laws. Hence, it becomes imperative to maintain proper accounting records and retain them over a period of time so that the same can be produced at the time of scrutiny by the Income Tax Department and the GST Department as BAI Headquarter is filing consolidated Income Tax Return at Mumbai and its accounts are under scrutiny from last 13 years and BAI is fighting against Income Tax Departments. More thrust should be given on compliance of Income Tax and GST and other laws (like Donation and TDS).

To avoid any subsequent taxation problems of BAI Headquarter viz-a-viz BAI Centres, regarding impact of GST & Income Tax provisions on BAI A/c's vis-a-vis Centres activities. We have few points to highlight so that the centres are aware of the same :-

A. GST

BAI's GST Registration Number: 27AAATB0212F1ZI will be used exclusively for membership collection of all Centres by Headquarter. While sending Membership Subscription, the Centres should send full amount of Annual Membership Subscription to BAI Headquarter. After remitting GST to the Department, BAI Headquarter will transfer the Centres' Share of Annual membership subscription i.e. 60% to the concerned Centres (Rs.3,194 X 60%= Rs.1,916/-).

All compliances with regard to membership, like issue of invoice, record maintenance, payments and returns, reconciliation will be handled from Mumbai Headquarter. However, For this purpose, the Centre will have to observe strict norms of providing all relevant data including GST number of member company and monthly bank statement to Headquarter.

GST return for Membership will be submitted at BAI Headquarter, Mumbai.

For any activity/income, other than Membership Subscription, like Installation function, meetings, Builders' Day celebration, printing of diary, training programmes, conventions, exhibitions, seminars, conferences, meetings etc. etc., conducted by the Centre, the Centre will have to take a separate GST Number under the same PAN Number of BAI Headquarter and file the required GST Returns without fail and send the information to BAI Headquarter as BAI Headquarter is filing consolidated Income Tax Return at Mumbai.

GST compliance of Centers of BAI A/c's - Verification of GST returns with regards to the compliance of the GST Act can largely help BAI to find out errors, rectify them, devise a mechanism to avoid it in future and to be more careful and extra-vigilant in accounting of transactions and filing of returns.

Particularly, the Centres which have obtained GST number are requested to file the required GST Return, on all taxable activity, other than collection of membership without fail, and send the information to BAI Headquarter on monthly basis as BAI Headquarter have to file consolidated Income Tax Return at Mumbai.

B. Donation and it's Taxation implications and precautions to be taken while dealing with donation.

While going through audited statement of accounts of Centres, it has been observed that many centres have paid and received donations to and from various organisations.

In this regard, please be informed that as per amendment in the Income Tax Return form and in the audit report-Form 10 B from the FY 2024-25, the donation details are required to be given therein –

In case of donations Paid :-

1. Donation to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub - clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 of the Act or any trust or institution referred to in sections 11 or 12 of the Act towards Corpus.
2. Donation to Any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub - clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 of the Act or any trust or institution referred to in sections 11 or 12 of the Act not having same objects.
3. Donation to any person other than any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub - clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 of the Act or any trust or institution referred to in sections 11 or 12 of the Act.

In case of donations accepted against which 80G receipt is to be issued, following points are important:-

1. BAI will be required to file with the prescribed Income-tax Authority particulars of all donors in the prescribed Form No. 10BD on or before 31st May following the Financial Year in which Donation is received. Thus for donations received in FY 2024-2025 BAI should have filed the return for donations on or before May 31, 2025. If the return is not filed then there is a continuing late fee of Rs.200 per day. This fee shall not exceed the amount in respect of which the failure has occurred.
2. BAI has to issue a certificate in the prescribed Form No. 10BE to the donor about the donations received by the trust/institution.
3. Further there can be levied a penalty of a penalty of Rs. 10,000 (minimum), which may extend to Rs. 1 Lakh (Maximum), may also be levied for the failure to file details of donors or issue a certificate to donors.
4. There should be proper control with the trust in respect of donations received. If donations are received for a specific purpose as mentioned in the donation receipt then the funds received will have to be utilized for that purpose only, the purpose should be part of the objects of the trust.

There should be proper control with the trust in respect of donations received and paid. and centres should inform BAI Headquarter in respect of donations received and donations given along with details (name of the party address, donation receipts, whether by cash or cheque.)

Cash donations should be strictly avoided.

C. Each Centre to obtain Tax Deducted at Source (TAN) Number under the PAN Number of BAI HQ.

It is observed that, Centres are not deducting tax on payments made by them, which statutorily they required to do as per the provisions of the Income Tax law.

The Income Tax Department now made it mandatory for all payments exceeding a certain limit made to professionals, contractors or to employees as per the provisions of TDS, and further a TDS Return of such deduction is required to be submitted.

Thus, it is necessary and obligatory on the part of the centre to apply and obtain Tax Deducted at Source (TAN) Number from respective Income Tax Offices. You are further advised to deduct TDS and remit the same to the Government Treasury and submit the TDS returns on quarterly basis.

D. Format of Accounts to be followed by Centres

1. Each center should prepare a **detailed set of accounts** (attached herewith) at the end of the financial year comprising of the -
 - a. Balance sheet showing previous year's figures,
 - b. Income & Expenditure Account showing previous year's figures,
 - c. Receipt & Payment account,
 - d. Schedules of fixed assets with addition / deletion details
 - e. Schedule of investments with details of type of investments.

- f. Schedule of Corpus & other Funds – showing opening balance, addition, transfers and closing balance.
- g. List of debtors and creditors
- h. List of donations accepted, list of donations given, along with PAN Aadhar mobile number email addresses
- i. List of out-standing expenses
- j. Details of loans & borrowings
- k. Detailed account-wise break of current assets and current liabilities
- l. Copies of TDS returns, challans along with working and other details
- m. Copies of GST returns, challans along with working and other details
- n. The set of accounts should be in a predetermined standard format so that it will help in consolidation of accounts at the year end.
- o. Purchase and sale of assets should be informed to HQ on a regular basis.
- p. Surplus funds with the center should be invested preferably in bank fixed deposits.
- q. Proper records should be maintained in respect of loans taken. PAN, Adhar, information should be obtained from the person providing the loan. Loans should not be accepted from Non Members.

The above statements should be audited by a Chartered accountant followed by an audit report and the set of accounts the records should be maintained properly in a software, preferably in Tally.

We earnestly request you to kindly take note of the above and circulate this information amongst your centres / members, so that tax compliance can be done smoothly and in time.

You may contact Shri Raju John, Executive Secretary on 9323576860 / Shri Swapnil Salekar, Head- Accounts and Taxation on 9076337294 for any assistance, if require.

Thanking you,

Yours faithfully,



Raju John
Executive Secretary
Builders' Association of India

BAI Centres at :

Adilabad, Agra, Agra Cantt., Ahmedabad, Ahmednagar, Aligarh, Allahabad, Alleppy, Aluva, Amravati, Amaravathi, Andaman & Nicobar, Angamali, Aurangabad, Avadi, Baghpat, Bangalore, Baramati, Bareilly, Baroda, Bharuch, Bhopal, Bhubaneswar, Bilaspur, Butibori, Calicut, Chandigarh, Changanacherry, Chengai, Chennai, Chettinadu, Chikmagalur, Chitradurga, Coimbatore, Delhi, Delhi East Shahadra, Delhi North, Delhi South, Delhi West, Dhanbad, Dharapuram, Dhule, Dehradun, Dindigul, Durgapur, Durg-Bhillai, Erode, Ettumanoor, Faridabad, Gautam Buddha Nagar, Gandhinagar, Ghaziabad, Goa, Greater Hyderabad, Greater Jaipur, Greater Noida, Guntur, Gurgaon, Guwahati, Haldia, Hapur, Hasan, Hyderabad, Ichalkaranji, Idukki, Indore, Jabalpur, Jagdalpur, Jaipur, Jalgaon, Jaisalmer, Jamshedpur, Jodhpur, Kalpakkam, Kallakurichi, Kamareddy, Kanchipuram, Kanker, Kannur, Kanpur, Kanpur-South, Kanyakumari, Karaikal, Karimnagar, Karnal, Karnavati, Khammam, Kochi, Kodaikanal, Kodungallur, Kolhapur, Kolkata, Kollam, Kottayam, Kumbakonam, Kundli, Latur, Loni, Lucknow, Madhuranthakam, Madurai, Mahaboobnagar, Malegaon, Mangalore, Mandya, Mayiladuthurai, Medachal, Medak, Meerut, Meerut Cantt., Modinagar, Moradabad, Moradabad Nor. Rly., Mumbai, Muvattupuzha, Muzaffarnagar, Mysore, Nagapattinam, Nagpur, Nalgonda, Namakkal, Nanded, Nandurbar, Nasik, Nellore, Neyveli, Nilgiri, Nizamabad, Ongole, Palani, Panipat, Parbhani, Patna, Perambalur, Phaltan, Pink City Jaipur, Pondicherry, Ponneri, Poonamallee, Por-Ramangamdi, Pudukkottai, Pune, Raichur, Raigad, Raipur, Rajahmundry, Rajkot, Ramanathapuram, Ranchi, Ranga Reddy, Ravulapalem, Salem, Sangamner, Sangli, Satara, Shahda, Shimoga, Silchar, Sitapur, Solapur, Surat, Tambaram, Tanuku, Tenkasi, Tezpur, Thanjavur, Theni, Thiruporur, Thiruthuraiipoondi, Thiruvalla, Thiruvannamalai, Thiruvannur, Thripunithura, Thrissur, Tiruchirappalli, Tirunelveli, Tirupur, Tiruvallur, Thiruvananthapuram, Tuticorin, Udumalpet, Ulhasnagar, Vellore, Vijayawada, Vikarabad, Villupuram, Visakhapatnam, Vizag Steel City, Wai, Warangal, Western U.P. Electrical, Yadadri.