

# TAXATION OF ELECTORAL TRUST

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1. **“Electoral Trust”** means a Trust approved by CBDT in accordance with the scheme made by the Central Government.
2. Any voluntary contribution i.e. donation received by an Electoral Trust shall be deemed to be its income.
3. **Section 13B** provides that the donations received during the previous year by an Electoral Trust shall be exempt from tax if:
  - (i) **such electoral trust distributes to any political party registered under section 29A of the Representation of the People Act, 1951, during the previous year, 95% of:**
    - **total donations received by it during the previous year; along with**
    - **surplus, if any, brought forward from any earlier previous year,****and**
  - (ii) the Electoral Trust functions in accordance with the rules made by the Central Government.
4. **Any other income of Electoral Trust is not exempt.** If Electoral Trust invests the donations received by it in say Bank FDR, then the interest from such investment is not exempt under section 13B and shall be taxable.
5. **Section 80GGB and 80GGC provides that if any person makes a donation to an Electoral Trust, then such donations shall be allowed as deduction in computing the total income of such person. However, no deduction shall be allowed under section 80GGB/ 80GGC in respect of donations made in cash.**