

TAXATION OF POLITICAL PARTIES

SECTION 13A: SPECIAL PROVISION RELATING TO INCOMES OF POLITICAL PARTIES

incomes of a political party received by it from any person shall not be included in its total income of the previous year, on fulfillment of prescribed conditions:

- **Income from house property; or**
- **Income from other sources; or**
- **Capital gains; or**
- **Income by way of voluntary contributions(donations)**

It may be noted that BUSINESS INCOME IS NOT EXEMPT

Conditions:

- (a) Political party keeps and maintains such books of account and other documents as would enable the Assessing Officer to properly deduce its income therefrom;
- (b) In respect of each such voluntary contribution in excess of ₹20,000, the political party keeps and maintains a record of such contribution and the name and address of the person who has made such contribution;
- (c) Accounts of such political party are audited by a chartered accountant; and
- (d) **No donation exceeding ₹2,000 is received by such political party otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank or through prescribed electronic modes (Rule 6ABBA) or through electoral bond.**

Notes:

1. No exemption shall be available for a financial year, if political party:
 - failed to submit a report under section 29C of the Representation of the People Act for a financial year;
 - **does not furnish a return of income for the previous year in accordance with provisions of section 139(4B) or before the due date under section 139(1).**
2. **If a person makes a donation to political party, then he shall get deduction under section 80GGB/ 80GGC from his total income of the donation so made. However, no deduction shall be allowed under section 80GGB/ 80GGC in respect of donations made in cash.**
3. **Political parties shall not be required to furnish the name and address of donors who contribute by way of electoral bond i.e. Political Party is not required to furnish the identity of donors of electoral bonds.**