

FAQ's on CSR

- Which Companies are require to Constitute CSR Committee?
 - A. Companies having:-
 - Net Worth- INR 500cr or more, or
 - Turnover- INR 1000cr or more, or
 - Net profit - INR 5cr or more

- Net Profit includes profit of overseas subsidiary or branch office?
 - A. No, it is excluded

- Net Profit includes the dividend received from other Indian Company?
 - A. No, provided that other Indian Company is covered under CSR criteria of Sec. 135 of CA 2013

Indian subsidiary of foreign holding need to follow CSR criteria of Sec. 135 of CA 2013?

A. Yes

India subsidiary contributes in the country where foreign holding is situated, is this considered as contribution in CSR activities as per sec. 135?

A. No, Activities undertaken in India shall amounts to CSR Expenditure

Can Companies get any tax relief after contributing in CSR activities?

A. No, Company do not get any tax relief

If activities benefit only the employees of the Company or their families, is it considered as CSR activities?

A. No, it is not considered as CSR activities

If company contributes directly or indirectly in the political party, is it considered as CSR activity?

A. No, It is not considered as CSR activity

Can Company collaborate with other companies to fulfill CSR criteria?

A. Yes, Provided CSR Committees of respective companies are in a position to report separately on CSR programs.

- ❑ Can Company undertake CSR activities through registered trust or a registered society or through Company established under Sec 8 (Companies formed with charitable objects) of CA 2013?
 - A. Yes, provided such trust or society or company should have an established track record of 3 years in undertaking similar programs or projects

- ❑ All Companies requires Independent director in CSR Committee?
 - A. **No, only Listed Public Companies** requires Independent Director in CSR Committee

- ❑ What is the formation of CSR Committee in **Foreign Company**?
 - A. Atleast two(2) persons shall form CSR Committee,
 - Out of which, one(1) person of the Committee should be India Resident authorised to accept any services and notices or documents on behalf of the Foreign Company.

Can surplus arising out of CSR activities form part of business profit of a Company?

A. No, surplus arising out of CSR activities shall not form part of business profit of a Company

Can company stop complying with Sec 135 of CA 2013 i.e. formation of CSR committee and CSR policy, if it ceases to cover under the criteria of Net Worth, Turnover and Net profit from the previous financial year?

A. No, if the company ceases to be covered under the criteria for three consecutive F.Y. then it can cease to comply with section 135 of CA 2013 wrt CSR.