



REGULATORY UPDATES

Amendment in CSR Rule

The Ministry of Corporate Affairs Amends the Rules Governing Corporate Social Responsibility

The Ministry of Corporate Affairs (MCA) has further amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules), by issuing the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022, vide Notification dated September 20, 2022.

The amendments in the CSR Rules are effective from the date of publication of the Notification in the Official Gazette, i.e. September 21, 2022.

Key highlights of the changes brought in by the amendment in the CSR Rules are as follows:

1. Companies to ensure CSR compliances if there's unspent CSR Amount

Previously, the Companies having an amount of less than INR 50 Lacs as CSR Obligation were not required to constitute a CSR Committee. Now, any Company having unspent CSR Amount with respect to its ongoing CSR Projects, will be required to ensure the Constitution of CSR Committee and the related Compliances.

2. Widened ambit of the Implementing Agencies

Now, the entities which are exempt under section 10(23C), Sub clauses (iv) to (via) of the Income Tax Act, 1961 but not registered under Section 12A and 80G of the Income Tax Act, 1961, are also eligible to act as Implementing Agency for carrying on CSR Activities.

3. Increase in the capping for spending on Impact Assessment

The amended CSR rules have provided a relaxation to Companies mandatorily required to undertake impact assessment. The Companies are now allowed to spend up to 2% of CSR obligation or Rs.50 lacs whichever is higher, on Impact Assessment. Previously, there was a capping of Rs.50 lacs for spending on Impact Assessment. The expenditure on Impact Study would be a part of the CSR Obligation.

CONCLUSION

The Ministry of Corporate Affairs has further relaxed the rules by widening the ambit of the Implementing agencies and increasing the upper cap. for Impact Assessment for large Companies doing CSR activities and who are required to undertake Impact Assessment.

Requirement to have CSR Committee if there's an unspent CSR Amount shall ensure adequate monitoring by the Committee on appropriate spending of the funds under the supervision of the Committee.

For further details or clarifications, please refer the Notification at:

<https://www.mca.gov.in/bin/dms/getdocument?mds=1Wt3uUYzV0rGCr2Vxa8ztQ%253D%253D&type=open>

DISCLAIMER:

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CONTACT US

DPNC GLOBAL LLP

 C-9, Defence Colony, New Delhi – 110024

 +91.11.40526860

 dpnc@dpncglobal.com

 www.dpncglobal.com

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