

## Updates on FCRA Compliance – Key Highlights for the Ministry of Home Affairs’ notification on the 31st December 2024

The Ministry of Home Affairs notification dated 31 December 2024 introduces significant updates to FCRA compliance, enhancing nonprofits' financial accountability. Here's a quick overview of key changes, including carry-forward rules, revised CA certificate requirements, and TDS refund provisions.

### Carry Forward of Unspent Admin Expenses



The amended rules allow entities to carry out unspent portions of the allowable 20% administrative expenses to the next financial year. For example, if you receive ₹1 crore in Foreign Contribution receipts in FY 2024-25, The Non-Profit can spend up to ₹20 lakhs on admin expenses. If only ₹15 lakhs are utilized, the remaining ₹5 lakhs can be carried forward to FY 2025-26, provided the reasons are specified in Form FC-4 (Annual Return).

### Details of Chartered Accountant in FC4



Form FC-4 now mandates detailed information about the Chartered Accountant issuing the certificate, including their name, address, Member Registration Number, email address, and certificate issue date. Any violations highlighted in the audit must also be disclosed.

### Amendment to CA Certificate Format



The revised format requires Chartered Accountants to confirm whether there have been any violations of FCRA provisions. If violations exist, these must be explicitly detailed in the certificate.

### TDS Refund Transfers to FCRA Bank Account



The Gazette Notification allows TDS refunds received in non-FCRA bank accounts to be transferred to FCRA bank accounts. The proportionate income tax refund amount pertaining to FCRA accounts can be transferred back to FCRA bank account and such transfer would not violate the provisions of FCRA. Form FC-4 has been updated to reflect such transfers separately.

Stay compliant and stay informed! These changes underscore the importance of meticulous financial management and reporting for FCRA funds.