

CSR EXPENDITURE TO BE MADE TAX DEDUCTIBLE

Prelims: Economics

Mains: Effects of liberalization on the Economy, changes in Industrial Policy and their effects on Industrial Growth.

Why in News?

- ▶ Shri Injeti Srinivas, Secretary (Corporate Affairs), presented the Report of the High Level Committee on CSR to the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman.

Recommendations:

- ▶ The main recommendations include, making Corporate Social Responsibility (CSR) expenditure tax deductible, provision for carry forward of unspent balance for a period of 3 – 5 years.
- ▶ The other recommendations include developing a CSR exchange portal to connect contributors, beneficiaries and agencies, allowing CSR in social benefit bonds, promoting social impact companies, and third party assessment of major CSR projects.
- ▶ The Committee has emphasized on not treating CSR as a means of resource gap funding for government schemes.
- ▶ It has emphasized on CSR spending as a board driven process to provide innovative technology based solutions for social problems.
- ▶ The Committee has also recommended that companies having CSR prescribed amount below Rs. 50 lakh may be exempted from constituting a CSR Committee.
- ▶ The Committee has also recommended that violation of CSR compliance may be made a civil offence and shifted to the penalty regime.