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June 15, 2009

Shri Pranab Mukherjee
Hon'ble Finance Minister
Government of India
New Delhi

Re: Redefinition of 'Charitable Purpose'


Respected Shri Pranab Mukherjee

I am writing to bring to your attention widespread harassment and confusion being caused to thousands of voluntary organizations throughout the country due to certain amendments made in the definition of 'Charitable Purpose' (Section 2(15) of the Income Tax Act 1961) by the Finance Act, 2008, which has become operational wef April 2009.

1. This amendment results in withdrawal of tax exemption for voluntary organizations engaged in a wide variety of social welfare and development activities with funds from central and state governments, common public and corporations, like child rights, women's empowerment, environmental protection, strengthening panchayats and municipalities, savings and micro credit, legal aid, human rights, social forestry, agricultural production, water conservation, training and capacity building, research and publication.
2. This amendment was made without any consultation with the voluntary organizations, despite the fact that National Policy on Voluntary Sector announced by your Government in July 2007 envisages a mutually transparent and accountable relationship between the government and the voluntary sector in the context of achieving the national development priorities of the 11th Plan.
3. The amendment is undermining the capacity of voluntary organizations in resource mobilization from public and private sources in the country, and its interpretation has been left to individual Income Tax officers in various jurisdictions.

We appeal to you to put a **moratorium** on the implementation of this amendment till such time that proper consultations with voluntary sector have been held and measures to safeguard the interests of genuine organizations are put in place.

Sincerely


Rajesh Tandon
Chairperson, VANI