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CBDT Notifies Form 112A for merger of registered NPOs under the Income-tax Act, 2025

The CBDT has inserted Rule 189A prescribing conditions under sections 352(4) and 354A of the Income-tax Act, 2025 for merger of a registered non-profit organization with another having the same or similar objects. The Board has also notified Form No. 112A for intimating the merger of registered non-profit organizations within one month from the end of the month in which the merger takes effect.

Conditions for the merger of registered NPOs [Section 352(4) [Table Sl. No. 8] and 354A]:

- (a) the registered NPO registered under section 332 shall not be merged with the registered NPO provisionally registered under section 332;
- (b) the registered NPO provisionally registered under section 332 shall not be merged with the registered NPO registered under section 332;
- (c) there is no tax, interest, penalty, fine or any other sum (hereinafter referred to as the outstanding demand) payable in consequence of any order passed under the Act in respect of the merging registered NPO where such outstanding demand is not in appeal before any appellate authority;
- (d) in a case where an appeal is pending, the outstanding demand for the merging registered NPO shall be paid by the merged registered NPO upon the said appeal attaining finality;
- (e) the objects of the merged registered NPO shall not be amended within a period of five years from the end of the financial year in which the merger takes place;

- (f) all the assets and liabilities of the merging registered NPO shall become the assets and liabilities of the merged registered NPO from the date of the merger;
- (g) the merger shall not result in any direct or indirect benefit to any related person as referred to in section 337(1) [Table: Sl. No. 2] of the merging or the merged registered NPO;
- (h) all the obligations of the merging registered NPO shall be the obligations of the merged registered NPO including the following:
  - application of the income of the merging registered NPO shall be given effect to by the merged registered NPO as per section 341;
  - application of the accumulated income of the merging registered NPO shall be given effect to by the merged registered NPO as per section 342;
  - the merged registered NPO shall be liable to pay tax under section 334 in respect of the specified income of the merging registered NPO;
  - the merged registered NPO shall ensure that the conditions mentioned in section 340 are not violated;
  - investment of the funds by the merged registered NPO shall be made as per modes specified in section 350; and
  - payment of the additional income-tax as per the provisions of section 352 shall be made by the merged registered NPO whenever such liability arises;
- (i) the merged registered NPO shall intimate the jurisdictional Principal Commissioner or Commissioner in Form No. 112A within one month from the end of the month in which such merger comes into effect;
- (j) where there is merger, the assessment or reassessment or any other proceedings, made or initiated on the merging registered NPO, shall be deemed to have been made or initiated on the merged registered NPO and all the provisions of the Act shall, so far as may be, apply accordingly;



- (k) in a case other than the case mentioned in clause (j), the assessment or reassessment or any other proceedings in respect of the tax year in which the merger took place up to the date of merger and in respect of the tax years preceding that year shall be made on the merged registered NPO in like manner and to the same extent as it would have been made on the merging registered NPO, and all the provisions of the Act shall, so far as may be, apply accordingly; and
- (l) the merging registered NPO and the merged registered NPO shall get the books of accounts audited by an accountant defined in section 515(3)(b) as on the date of merger.



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