

SOCIETY REGISTRATION

INTRODUCTION:

A society is an association of several individuals combined using a mutual accord to deliberate, govern and act cooperatively for some communal purpose. Societies are usually registered for the advancement of charitable activities like sports, music, culture, religion, art, education, etc.

According to the Societies Registration Act, 1860, a Society is a form of an NGO. It is an organization formulated by a group of people generally for the promotion of a common cause without any monetary gain. Such causes may include:

- Endorsing science, literature, fine arts
- Disbursing effective knowledge
- Providing charitable help
- Formulating military orphan funds
- Establishing and maintaining libraries or reading rooms
- Establishing or maintaining public museums or galleries
- Undertaking social welfare and development
- Other charitable causes

The society is a body of elected individuals who are accountable to the members of the society. Further, it may also have powers to delegate the day-to-day functions of the society to its full-time staff.

PURPOSE OF SOCIETY REGISTRATION

A society registration can be done for the development of fine arts, science, or literature or else for diffusion of purposeful knowledge or charitable purposes of political education. According to section 20 of Society Act, 1860, a society registration can be done for following purposes:

- Promotion of fine arts
- Diffusion of political education
- Grant of charitable assistance
- Promotion of science and literature
- Creation of military orphan funds
- Maintenance or foundation of galleries or public museum
- Maintenance or foundation of reading rooms or libraries
- Promotion or diffusion or instruction of useful knowledge
- Collections of natural history
- Collections of mechanical and philosophical inventions, designs, or instruments

ADVANTAGES OF SOCIETY

- After getting registered, a Society is deemed as a separate legal entity.
- A society holds the right to lease, rent, buy or sell property; borrow money or enter into legal contracts in its own name.
- Society members are not personally liable for any debt or obligations. Unless the debt is obtained for activities undertaken to make a profit. Or the activities undertaken are illegal in nature.
- A Society is entitled to income tax exemption

DISADVANTAGES OF SOCIETY

- Income Tax Department extends tax exemptions to societies for charitable part of activities undertaken by societies.
- This form of organization is certainly inappropriate for operations that need to be carried out for profit motive. This is because a society can function only for a charitable purpose.
- No system of equity investment or ownership exists for societies.
- Further, investors are reluctant to invest in societies as these organizations lack professionalism.
- Since societies are considered unincorporated bodies as per law, they are not allowed to accept deposits from public. Also, they are not allowed to collect savings from clients.

REGISTRATION PROCESS OF SOCIETY

You need to apply for the registration of a society in the area of the registered office of your society. Following is the procedure for Society registration under Society Registration Act:

- **CHOOSE AN APPROPRIATE NAME FOR THE SOCIETY**

This is the first step in registering a Society. You must be careful while selecting a name as the Societies Registration Act 1860 prohibits using similar or identical names. That is the name of your society should not be similar to the names of other societies already into existence.

Additionally, the name so suggested should not come under the restricted list of names. This is as per the provisions of the Emblems and Names Act, 1950.

- **FORMULATE MEMORANDUM OF ASSOCIATION (MOA)**

MOA represents the charter of the Society. It defines the relationship of its founding members with the other members of the society. MOA specifies the objectives for which such a Society is formed.

Such a document should be signed by each of its founding members. Further, the signing of the document must be in the presence of the following witnesses:

- Oath commissioner
- Notary Public
- Gazette Officer
- Advocate
- Chartered Accountant
- First Class Magistrate

Also, the MOA must have the official stamps and the complete address of each of the witnesses as well as the founding members. It must also include a table containing the (i) names, addresses and occupations of all the members of the society and (ii) the members of the general body along with their signatures.

DOCUMENTS REQUIRED FOR SOCIETY REGISTRATION IN INDIA:

1. PAN Card of all the members of the proposed society has to be submitted along with the application.

2. The Residence Proof of all the members of the society also has to be submitted. The following can be used as a valid residence proof:

- Bank Statement
- Aadhaar Card
- Utility Bill
- Driving License
- Passport

3. Memorandum of Association has to be prepared which will contain the following clauses and information:

- The work and the objectives of the society for which it is being established
- The details of the members forming the society
- It will contain the address of the registered office of the society

4. Rules & Regulations of the Society also have to be prepared which will contain the following information:

- Rules and regulations by which the working of the society will be governed and the maintenance of day to day activities
- It will contain the rules for taking the membership of the society
- The details about the meetings of the society and the frequency with which they are going to be held is to be mentioned
- Information about the Auditors
- Forms of Arbitration in case of any dispute between the members of the society
- Ways for the dissolution of the society will also be mentioned

Once the rules have been formed, they can be changed but the new set of rules will be signed by the President, Chairman, Vice President and the Secretary of the Society.

5. A covering letter mentioning the objective or the purpose for which the society is being formed will be annexed to the beginning of the application. It will be signed by all the founding members of the society.

6. A copy of the proof of address where the registered office of the society will be located along with a NOC from the landlord if any has to be attached.

7. A list of all the members of the governing body has to be given along with their signatures.

8. A declaration has to be given by the president of the proposed society that he is willing and competent to hold the said post.

All the above documents have to be submitted to the Registrar of Societies along with the requisite fees in 2 copies. On receiving the application, the registrar will sign the first copy as acknowledgment and return it while keeping the second copy for approval. On proper vetting of the documents, the registrar will issue an Incorporation Certificate by allotting a registration number to it.

The signed Rules & Regulations, as well as Memorandum, has to be filed with concerned society or registrar of state with a mentioned fee. If the registrar is fulfilled with society registration application, then they will certify that the society is registered and issue an incorporation certificate.

APPLICATION OF PAN AND TAN OF TRUST

After registration of the society, the next step is to apply for allotment of PAN Number and TAN and thereafter opening of a bank A/c.

COMMON REGISTRATIONS/ LICENSES APPLICABLE FOR SOCIETY:

1. SHOP AND ESTABLISHMENT LICENSE:

Every shop and the commercial establishment is required to obtain establishment registration with the Labour Department within 30 days of starting their business. It is mandatory for all states in India.

2. GOODS AND SERVICE TAX REGISTRATION:

GST Registration is mandatory for every business engaged in providing services or supply of goods, where the turnover exceeds Rs. 20 Lac or does even a single transaction in an interstate trade.

3. PROFESSIONAL TAX REGISTRATION (only in Maharashtra):

Majority of the state governments have passed specific legislation to impose a tax on profession, employment or calling of any nature, however, it cannot be more than Rs. 2500 per annum.

4. IMPORT EXPORT CODE:

Import Export Code (IEC) is a ten-digit pan based registration with the DGFT. IEC is a mandatory prerequisite to starting a business of Import or Export in India. Only one IEC code is issued against a PAN.

REQUIREMENT OF COMPLIANCES BY SOCIETY:

The general annual compliances for the trusts are as under:

1. Auditing of Accounts

When the total income of a Society exceeds the exemption limit been given under the Income Tax Act, 1961 for non-taxable income, then the society must be audited compulsorily by a Chartered Accountant.

2. Filing the Annual Returns

After the accounts of the Society are audited by a CA, the audit report must be made. The report of audit of accounts must be in Form No. 10B. The report must be filed along with the Annual Return of Income under Form ITR-7.