

COVID-19 RELATED  
CLARIFICATIONS ON  
CORPORATE SOCIAL  
RESPONSIBILITY  
(CSR)



Pursuant to the MCA clarification dated 28th March 2020 it was clarified that any contribution made to the PM CARES Fund shall qualify as Corporate Social Responsibility (CSR )expenditure under Section 135 of the Companies Act, 2013

The Ministry had received several references/ representations from various stakeholders seeking clarifications on eligibility of CSR expenditure related to COVID-19 activities. The MCA for better understanding has clarified few points

- ✓ The contribution made to PM CARES Fund shall qualify as CSR expenditure.
- ✓ The contribution to Chief Minister Relief Fund or State Relief Fund shall not qualify as admissible CSR expenditure.
- ✓ The contribution made to State Disaster Management Authority to combat COVID-19 shall qualify as CSR expenditure.
- ✓ Spending CSR funds for COVID-19 related activity shall qualify as CSR expenditure. Expenditure relating to promotion of health care including preventive health care and sanitation, and disaster management shall qualify as CSR expenditure.
- ✓ Payment of salary/wages during the lockdown period shall not qualify as CSR expenditure.
- ✓ Payment of wages to temporary or casual or daily wage workers during the lockdown period shall not count towards CSR expenditure.
- ✓ If any ex-gratia payment is made to temporary / casual workers/ daily wage workers over and above the disbursement of wages, specifically for the purpose of fighting COVID 19, the same shall be admissible towards CSR expenditure as a onetime exception provided there is an explicit declaration to that effect by the Board of the company, which is duly certified by the statutory auditor.

Due to the COVID-19 situation the wages of the daily wage's workers have increased.

The Companies can structure the increased payment as ex-gratia and take benefit of the CSR provisions.

If the amount of CSR spends crosses over 2% than the same can be set off against the next year's CSR (*the amendment to this effect is pending approval and we expect the same to happen in the present financial year*)

Disclaimer: This note has been prepared for general guidance on matters of interest only and does not constitute a professional advice.

**Surbhi Sharma**

**Audit Division**

[Surbhi@bmpandco.com](mailto:Surbhi@bmpandco.com)



**BMP & Co. LLP**

#4272, 2<sup>nd</sup> Floor, Saptagiri, Vivekananda park Road., Near Seetha circle, Girinagar, Bangalore- 560085

LLP IN: AAI-4194 ① - 08026714061 ✉ - [biswajit@bmpandco.com](mailto:biswajit@bmpandco.com)