

**COMPARISON BETWEEN TRUST,
SOCIETY AND SECTION 8 COMPANY**

About Us

- Rajput Jain & Associates is a Chartered Accountants firm, with its headquarter situated at New Delhi (the capital of India). The firm has been set up by a group of young, enthusiastic, highly skilled and motivated professionals who have taken experience from top consulting firms and are extensively experienced in their chosen fields has providing a wide array of Accounting, Auditing, Taxation, Assurance and Business advisory services to various clients and their stakeholders. focus at providing tailor made solutions to challenging problems of our clients, and perform with high quality and timely service.
- Rajput jain & Associates, a professional firm, offers its clients a full range of services, To serve better and to bring bucket of services under one roof, the firm has merged with its various Chartered Accountancy firms pioneer in diversified fields
- Our main office is located at Delhi. Incidentally, Delhi is the Capital of India. Our other offices are in Mankapur & Moradabad (U.P.). We have associates all over India in big cities. All our offices are well equipped with latest technological support with updated reference materials. We have a large team of professionals other than our Core Team members to meet the requirements of our prospective clients including the existing ones. However, considering our commitment towards high quality services to our clients, our team keeps on growing with more and more associates having strong professional background with good exposure in the related areas of responsibility. Further to meet the growing demands of the fiercely competitive market we are constantly looking forward for team of associates comprising of highly skilled professionals to cater the needs ever increasing clientele.

COMPARISON BETWEEN TRUST, SOCIETY AND SECTION 8 COMPANY

Governing Law, Taxation and Compliances

S. No.	Particulars	Trust	Society	Section 8 Company
1.	Meaning	A trust is an agreement between parties, whereby trustee holds assets of settlor for the benefit of beneficiary.	Society is a collection of persons, who come together for the public, welfare of common being and charitable purpose.	Company formed for social, charitable, art, commerce, science, or any other such objective.
2.	Statute/Governing Law	The Indian Trusts Act, 1882 for Private Trusts and general law for Public Trusts except states like Gujarat, Maharashtra where they have separate public trust acts.	The Indian Societies Act, 1860.	Companies Act 2013.
3.	Registration	As Public Trust	As NGO/ NPO	As NGO/ NPO, enjoying the privileges of a limited company but without using the words "Limited" or "Private Limited" in its name.
4.	No. of minimum members required at the time of registration	Minimum 2	Minimum 7 members.	Minimum 2 directors and shareholders
5.	Registering authority	Deputy Registrar of the relevant area.	Registrar or Deputy Registrar of Societies of the State.	Registrar of Companies (ROC) or Regional Director.
6.	Board of Management	Trustees or board of trustees.	The Governing council or Managing Committee.	The board of directors.

Comparison between Trust, Society and Section 8 Company

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7.	Trust Deed.	Trust Deed.	Memorandum and Rules & Regulations.	MOA and AOA.
8.	Amendments	Vide supplementary/ addendum to Trust deed.	Amendments shall be made in the MoA and the Rules and Regulations.	Procedure Prescribed under Companies act 2013.
9.	Cost factor	Low	Medium	High
10.	Time Period involved in registration	15-20 days	20-25 days	25-45 days
11.	Preference in case of Grant of subsidy by the Government	Not much preferred.	Not much preferred.	Mostly preferred
12.	Legal title of property	Vests in the hands of trustees.	Held in the name of the society.	Held in the name of the company.
13.	Preference in case of Foreign Contribution Regulation Act (FCRA) registration	Not much preferred.	Not much preferred.	Mostly preferred
14.	Annual compliance requirement	<p>There are some annual compliance requirement:</p> <ul style="list-style-type: none"> • Regular Trustee meetings • Minutes of meetings • Proper accounting of trust property and trust Income • Tax return to be filed regularly • Audit is mandatory above specified limits 	<p>Societies must file annually, with the Registrar of Societies,</p> <ul style="list-style-type: none"> • A list of the names, addresses and occupations of their managing committee members. 	<p>There is requirement of Annual compliance of</p> <ul style="list-style-type: none"> • filing of accounts and • filing of annual return • Board report • Management Changes • KYC reports • DIN of Directors • with the Registrar of Companies (ROC).

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15.	Geographical area of operation	Whole of India.	State wise, but can operate in whole of India after taking All India Registration and becoming National Level Society.	Whole of India.
16.	Stamp Duty	Trust deed to be executed on non-judicial stamp paper, vary from state to state.	No stamp duty required for memorandum of association and rules and regulations.	No stamp duty required for memorandum and articles of association
17.	Online filing facility	Online filing facility is available for: <ul style="list-style-type: none"> • tax returns and /or • audit Report • Annual accumulation declaration Compliances are not complicated & very little time consuming.	Online filing facility is not available. Everything has to be submitted in the office of Registrar of Societies in hard copy. Compliances are more complicated & time consuming.	Online facility is available. The Compliances, like annual filing, appointment & removal of directors, shifting of registered office, increase in capital, change in object clause & others can be done online at MCA portal. It is very easy, time saving and transparent process.
18.	Revocable/ Irrevocable	Indian public charitable trusts are generally irrevocable. These can be dissolved as per process in the trust deed.	Societies may be dissolved. Dissolution must be approved by at least three-fifths of the society's members	A section 8 Company may be dissolved (winding up process)
19.	In case of Inactiveness	Normally there is no issue if there are no material assets and liabilities. If a trust becomes inactive due to the negligence of its trustees, the Charity Commissioner may take steps to revive the trust. Furthermore, if it becomes too difficult to carry out the objects of a trust, the doctrine of cy pres, meaning "as near as possible," may be applied to change the objects of the trust.	Upon dissolution, and after settlement of all debts and liabilities, the funds and property of the society may not be distributed among the members of the society. Rather, the remaining funds and property must be given or transferred to some other society, preferably one with similar objects as the dissolved entity.	Upon dissolution and after settlement of all debts and liabilities, the funds and property of the company may not be distributed among the members of the company. Rather, the remaining funds and property must be given or transferred to some other section 8 Company, preferably one having similar objects as the dissolved entity.

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20.	Advantages	<p>A Charitable trust is flexible in its management and no democratic selection of Governing Board of Trustee needed.</p> <p>No mandatory filing except in relation to income tax.</p> <p>Activities can be confidential as no mandatory publication of details of trustees, assets, liabilities, and other detail.</p> <p>No minimum amount for corpus.</p> <p>Credibility based on quality of work carried out</p>	<p>Various Financial and other assistance shall be available for education, birth of baby, Unemployment, sickness and medical expenses etc.</p>	<p>Tax Exemption</p> <ul style="list-style-type: none"> • No minimum capital requirement • No stamp duty payable • Credibility as its clause of MOA and AOA are so strict that it cannot be amended without the permission of govt. Due to this feature it enjoys more public confidence. • No Stamp Duty required
21.	Disadvantages	<ul style="list-style-type: none"> • Power of trustees are restricted by trust deed • Trust properties cannot be enjoyed by settlors, large donors, and trustees. • The charitable trust being a public property the trustees are answerable to public for any misuse. 	<ul style="list-style-type: none"> • Democratic elections are mandatory • The Rules and regulations laid by law are mandatory • Registrar of society can inspect the records and books. • Society members may have a tendency to seek answers to questions and seeking transparency 	<ul style="list-style-type: none"> • Profit can be applied for the promotion of main objects only. It cannot be used for the promotion of any other ancillary object. • Dividend are not allowed to be members. • No Remuneration shall be paid to a member whether it is a servant or employee.
23.	Tax implications	<ul style="list-style-type: none"> • Exempt from tax, however certain compliances are required to be followed to enjoy the privileges. • Income not applied for charitable purposes may be taxed if not planned properly 	<p>Exempt from tax, however certain compliances are required to be followed.</p>	<p>Section 8 company is completely exempt from tax, however certain compliances are required to be followed to enjoy the privileges.</p>

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