

Sec 80GGB: Deduction in respect of contribution by companies to political parties:

1. As per Section 80GGB of the Income Tax Act, 100% deduction is available in respect of contributions given by Indian Companies to political parties.
2. Entire amount of contribution to any political party or electoral trust is eligible for deduction under this section.
3. The concerned political party has to be registered as a 'Political Party' U/S 29A of the Representation of the People Act, 1951.
4. Contribution by way of cash is not allowed as a deduction.
5. As per Sec 182 of the Companies Act, 2013, companies which are in existence for not less than three financial years may directly or indirectly contribute certain amount to any political party or electoral trust.
6. Maximum contribution in any financial year shall not exceed 7.5% of the average net profits during the three immediately preceding financial years.
7. A Government company can't directly or indirectly contribute any amount to any political party or electoral trust.
8. A resolution shall be passed in a meeting of Board of Directors authorizing the making of such contribution.
9. An expenditure, directly or indirectly, by a company on an advertisement in any publication, where such publication is by or on behalf of a political party, shall be deemed as contribution of such amount to such political party.