

TO SPUR INNOVATION

Govt widens scope of CSR spend to include R&D

TIMES NEWS NETWORK

Chennai:

In a boost to science and technology research and to the country's startups, the finance minister on Friday expanded the list of activities allowed under the mandatory 2% Corporate Social Responsibility (CSR) spends.

Firms wishing to support research and innovation can now use their 2% CSR corpus to back any central or state government-funded incubators or those by any agency or central and state PSUs.

Further, any contribution to public-funded universities, to IITs and other research bodies under DRDO, department of science and technology, ministry of electronics and IT, etc. for research in science, technology, engineering and medicine, can also be counted as CSR spend.

Companies can also now outsource their R&D activities to the specified institutions and count the spends under CSR. As per current provisions of Companies Act, contributions to government-approved technology incubators within academic institutions only qualify as CSR, among other activities.

The widened CSR spends will go a long way in promoting the government's flagship projects like Startup India, Skill India etc., said Raghunathan Parthasarathy, associate partner, tax & regulatory services, BDO India.

Firms meeting specified levels of net worth or revenue or profits under the law are mandated to spend 2% of average net profits of last three years as CSR.

CSR spend rose 11% to Rs 10,110 crore in 2017-18, says analysis by nseinfobase.com. Allocations for tech incubators were at negligible levels in the period (0.37%) compared to education (37%), healthcare (25%) and others.