

CAPACITY BUILDING FOR NPO TAX EXEMPTIONS

INSTITUTIONAL MANAGMENT & CERTIFICATION PROGRAM Component – II

**Approval of Non-Profit Organizations by CBR for
Tax Benefits**

NGO Resource Centre
(A Project of Aga Khan Foundation)
KARACHI

*There are more things in heaven and earth, Horatio,
Than are dreamt of in your philosophy!*

For questioning is the piety of thought.

Hamlet
William Shakespeare

TABLE OF CONTENTS

#s	Topics	Page
1. I.	SECTION ONE CHAPTER 1 Part – I Non-Profit Organizations – General Concept	1
1. II.	Part – II NPO – Cardinal Principles	1
1. II.i.	Articulation of Objectives	1
1. II.ii.	Professed Non-Profitability	2
1. II.iii.	Disposal of Assets on Dissolution	2
1. III.	Part – III Why to Seek Tax-Exempt Status?	2
1. III.i.	Benefits for Donor	3
1. III.ii.	Benefits for NPO	3
1. III.iii.	Orientation with System	3
1. III.iv.	Compulsive Documentation	3
1. III.v.	General Credibility	3
1. IV.	Part – IV Types of NPOs	3
1. IV.i.	Informal NPOs	3
1. IV.ii	Formal NPOs	4
1. IV.iii.	NPOs Approved by Commissioner of Income Tax	4
1. IV.iv.	NPOs Approved by Central Board of Revenue	4
2. I.	CHAPTER 2 Part – I Authorities & Procedure of Tax Exemption Approvals	5
2. II.	Part – II Approval of Commissioner of Income Tax	5
2. II.i.	What documents to be supplied with the application for approval?	5

2. II.ii.	How would the application be processed and approval granted?	6
2. III.	Part – III Refusal by Commissioner	6
2. III.i.	What are the circumstances in which approval would not be granted?	6
2. IV.	Part – IV Renewal of Approval	7
2. IV.i.	What documents to be supplied with the application for renewal?	7
2. IV.ii.	How would the application be processed and renewal granted?	7
2. V.	Part – V Refusal of Renewal	7
2. V.i.	What are the circumstances under which approval would not be granted?	7
2. VI.	Part – VI Post Renewal Obligations	8
2. VI.i.	What to do once an approval or renewal of approval has been granted?	8
2. VII.	Part – VII Withdrawal of Approval by Commissioner	8
2. VII.i.	What are the circumstances in which approval /renewal of approval can be withdrawn?	8
2. VIII.	Part – VIII Appealing Commissioner’s Decision	9
2. VIII.i.	What to do if approval / renewal of approval is not granted or withdrawn?	9
2. IX.	Part – IX Relaxation of Rules	9
2. IX.i.	Can the Commissioner relax conditions for approval or renewal?	9
3. I.	CHAPTER 3 Part – I Approval of Central Board of Revenue	9
3. I.i.	Approval	9
3. II.	Part – II Required Documentation for Approval	10
3. II.i.	What documents to be supplied with the application for approval?	10
3. II.ii.	How would the application be processed and approval granted?	10

3. III.	Part – III Refusal to Grant Approval	10
3. III.i.	What are the circumstances in which approval will not be granted?	10
3. IV.	Part – IV Renewal of Approval	11
3. IV.i.	What documents to be supplied with the application for renewal?	10
3. IV.ii.	How will the application be processed and renewal granted?	11
3. V.	Part – V Refusal of Renewal	11
3. V.i.	What are the circumstances in which the renewal is not granted?	11
3. VI.	Part – VI Withdrawal of Approval or Renewal	11
3. VII.i.	What are the circumstances in which approval or renewal of approval given can be withdrawn?	11
3. VII.	Part – VII Relaxation of Rules	11
3. VII.i.	Can Central Board of Revenue relax requirements / conditions for approval or renewal of approval?	11
4. I.	CHAPTER 4 Part – I Types of Tax Benefits	12
4. I.i.	Exemptions on Incomes	12
4. I.ii.	Exemption from Levy of Turnover Tax	13
4. I.iii.	Exemption from Withholding Tax as Recipient	13
4. I.iv.	Tax Credit (Rebate) to Donors	13
5. I.	CHAPTER 5 Part – I General Exemptions	14
5. I.i.	Blanket Exemption to Nonprofit Educational Institutions	14
6. I.	CHAPTER 6 Part – I NPOs & Withholding Taxes	14
6. I.i.	Obligation of Collecting or Deducting Tax at Source	14
6. I.ii.	Obligation of Depositing the Tax Collected or Deducted	15
6. I.iii.	Obligation of Issuing Certificate of Tax Collected or Deducted	15
6. I.iv.	Obligation of Filing Statements of Tax Deducted	15

7. I.	CHAPTER 7	
	Part – I Return of Total Income and Refunds	
7. I.i.	Return of Total Income and Refunds	15
8. I.	CHAPTER 8	16
	Part – I Taxable Incomes	
9. I.	CHAPTER 9	17
	ANNEXURES	
	Annexure I	17
	Annexure II	19
	Annexures III	21
	Annexures IV	22
	Annexures V	24
10. I.	SECTION TWO CHAPTER 10 [CERTIFICATION]	26
	Part – I Evaluation	
10. I.i.	What is scoring regime for NPO evaluation?	26
10. I.ii.	How to Apply for Certification?	27
10. II.	Part – II Parameters	29
10. II.i.	Internal Governance	29
10. II.ii.	Financial Management	35
10. II.iii.	Program Delivery	39
10. III.	Part – III Application for Certification	45

SECTION ONE

CHAPTER 1

Part – I

Non-Profit Organizations – General Concept

The concept “Non-Profit Organization” has not yet been comprehensively defined, and is generally used to cover a wide range of activities, objectives, and organizational structures. In general parlance a non-profit organization (NPO) may mean a superstructure: -

- Established and operated for humanitarian purposes like;-
 - The advancement of education;
 - The charity that seeks to promote / manage: Relief of the poor; Education; Medical relief; Orphanage; Hostel for homeless; Relief for people with disabilities; Promotion of fine arts, literature, music etc.; Provision of relief in natural disasters; Rehabilitation of victims; and legal assistance for the hapless;
 - The advancement of religion;
 - The welfare of the community;
 - The development of agriculture, aviation, fishing, horticulture and industries etc.;
 - The social development;
 - The promotion of amateur sports; and
 - The advancement of any other object of general public utility;
- Whose activities carried on are not for the sake of earning profit or gain for the private benefit of its individual owner(s), member(s) trustee(s) etc., or their relative(s) directly or in directly; and
- Whose assets may or may not confer directly or in-directly a private benefit to its individual owner(s), member(s), trustee(s), etc., or their relative(s).

[A NPO can still make a profit. However, the profits so made must be applied for carrying out the objects of the organization only and must not be distributed amongst to the owners (members, trustees, or other private persons etc.) directly or indirectly under any circumstances.]

Part – II

NPO – Cardinal Principles

All formal NPOs must have the following three cardinal charitable principles enshrined within their constituent documents in order to be able to apply for and get the tax exempt status approval: -

1. II.i. Articulation of Objectives

It is imperative for a formal NPO to have its objectives clearly spelled out in the main constituent document as to what it aspires to undertake from within a broad set of charitable purposes. A NPO can always undertake a welfare-oriented work other than its main objective, but it must fall within the definition of “charitable purpose”.

1. II.ii. Professed Non-Profitability

A formal NPO is required to profess non-profitability in its constituent documents in an absolutely avowed manner stating that its assets and incomes shall be utilized solely for the furtherance of its objectives and no portion thereof shall be distributed, paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise or by any other means to the members or trustees or the relative or relatives of a member or members or to any other person except as bona-fide remuneration for services rendered or expenses incurred on behalf of the organization. This does not mean that the NPO will not make a profit. However, What the law warrants is that the profits, if any made, ought to be applied for carrying out the objects of the organization only and should not be distributed to the owners, members, trustees, directors, or other private persons directly or indirectly under any circumstances.

1. II.iii. Disposal of Assets on Dissolution

Similarly, all formal NPOs must enshrine a clause as to the method of disposal of assets on its dissolution stating that, for instance, in the event of dissolution of the organization, its assets after the satisfaction of all its debts and liabilities, if any, shall be transferred to any organization with similar objectives and status in terms of approval under the tax laws.

Part – III

Why Seek Tax-Exempt Status?

Civilized societies promote charity. In order to promote charity societies offer a variety of incentives to such organizations – exemption from taxes on the one hand to such organization and rebate or allowance from income to the donors / philanthropists, on the other. Many theories have been offered to support beneficial tax status for non-profit organizations. One theory is that non-profit organizations are entitled to beneficial tax status because they perform functions that are supportive of central values that a government wishes to encourage, or at least avoid discouraging. For example, it is often said that nonprofit organizations foster welfare of the poor, education, advancement of knowledge, social development, democracy, voluntarism, and pluralism and that these are values that should be promoted through a supportive tax policy. A second line of argument justifies special tax advantages for non-profit organizations on grounds that such organizations relieve government of burdens it would otherwise have to bear. According to this line of argument, nonprofit organizations provide “collective goods” that meet societal needs in such fields as health, education, care for the disadvantaged, or even recreation and culture that are not likely to be met, it must either do so directly through governmental action or rely on private voluntary action and charitable contributions to do so instead. Tax subsidies to such private organizations can thus be seen as a way to encourage activity that helps relieve government of responsibilities and costs it would otherwise have to bear directly. The argument for tax subsidies for such activity is strengthened, moreover, by evidence that the increase in private contributions that is stimulated by such special tax advantages is greater than the loss of revenue to government, so that the subsidies are “cost-effective” in stimulating the desired behavior. Some of the direct and indirect benefits that the nonprofit organizations derive from Type A and Type B tax exemptions are as under: -

1. III.i. Benefits for Donor

Once an NPO gets Type A tax exemption status, the amount of donation received by it becomes tax free in the hands of the donor. Such an incentive helps the giving decision and almost neutralizes the impact of parting with the money by the donor either to the government or to the NPO. In the latter case he would surely feel more satisfied in the moralistic sense. A donor’s giving decision is an economically rational decision, therefore, he would tend to give more donations to tax-exempt organizations than to those that lack such a status, because otherwise he would be in a state of economic double-jeopardy i.e. first he would give away a chunk of money without deriving any utility for himself and then he would also pay tax on it.

1. III.ii. Benefits for NPO

Tax exemption opens a window of opportunity wherefrom a NPO can derive a number of direct and indirect benefits. The following are the direct benefits: -

- Under Type A tax exemption status the total 'income' of the NPO arising from donations becomes exempt in its hands.
- Under Type B tax exemptions status income of the NPO from almost all sources becomes exempt. Thus, a tax exempt organization under Type B would be able to allocate 100 % of its resources towards achievement of its objectives. Otherwise, 43% of its incomes would go into payment of taxes and levies, which of course, does not appear to be a very positive scenario – neither for the NPO itself nor for the society at large.

1. III.iii. Orientation with System

Once an NPO applies for tax exempt status, it is automatically exposed to the tax system of the country. Different legal provisions contained in the tax codes create different types of liabilities on various types of NPOs. Once the NPO goes through the rigors of procedures of exemption and fulfills different parameters laid down by the government for the purpose, it inevitably gets general orientation of the legal / tax system in which it operates. Such orientation should help NPO to cut its compliance costs which might have to be incurred due to lack of information, and minimize the chances of any penal proceedings resulting in monetary implications.

1. III.iv. Compulsive Documentation

Modern day success is all about documentation. Documentation is key of good internal governance, financial management, and effective service delivery. A NPO desiring to attain tax exempt status would be required to do all basic documentation. It is, therefore, a great positive externality that is produced by the process of obtaining tax exempt status from the tax department.

1.III.v. General Credibility

By virtue of extensive interaction with the government while obtaining tax-exempt status approval a NPO gets considerable increase in its credibility in overall terms. It helps allays the misgivings that are generally prevalent in the public sector about the non-profit organizations. Once a NPO decides to operate under the prevailing laws, it helps create a relationship of mutual trust between the public and development sector organizations. Donors also feel comfortable in making decisions in favor of the tax exempt organizations.

Part – IV

Types of NPOs

History of philanthropy and charity is as old as human history itself. Thus, performance of philanthropy pre-dates the creation of organizational facades. The Societies Registration Act, 1860, was the first codified law that dealt with the formalization of charitable organizations. Presently, NPOs in Pakistan can be registered under multiple laws and in a variety of ways. For tax purposes, NPOs can be broadly classified into the following four categories: -

1. IV.i. Informal NPOs

Informal NPOs are those that are not registered under any of the laws pertaining to registration of nonprofit organizations, and which operate on a very low scale mostly at local levels and mainly depending upon the voluntary contributions in cash or kind from the local philanthropists. Although informal NPOs do not

qualify for tax exemptions from either the Commissioner or CBR, yet there are certain general exemptions that might be available to these depending upon certain applicable conditions. ¹

1. IV.ii. Formal NPOs

Formal NPOs are those organizations which are registered under any of the following statutes: -

- i. The Societies Registration Act, 1860
- ii. The Trusts Act, 1882
- iii. The Cooperative Societies Registration Act, 1925
- iv. The Voluntary Social Welfare Agencies Registration and Control Ordinance, 1961
- v. The Companies Ordinance, 1984
- vi. Any other law

Thus, a formal NPO could be a Trust, a Social Welfare Agency, a Cooperative Society, a Welfare Society, or a Company or any other organization registered under any other law for the time being in force. A distinction between Informal (which is not Registered under any law) and Formal NPOs (which is Registered under any law) is important because it is only the latter type of NPOs that qualify for exemptions under the tax laws.

1. IV.iii. NPOs Approved by Commissioner of Income Tax

NPOs approved by the Commissioner of Income Tax are those organizations that are Formal i.e. registered under any of the aforementioned laws (1.IV.ii) and have been accorded tax exempt status approval under Clause (36) of Section 2 of the Income Tax Ordinance, 2001, read with Rules 211 to 220 of the Income Tax Rules, 2002. Such organizations qualify for tax benefits / exemptions for self and their donors, and are often referred to as “Donee-Status” nonprofit organizations.

1. IV.iv. NPOs Approved by Central Board of Revenue

NPOs approved by Central Board of Revenue are those organizations that are Formal i.e. registered under any of the above-cited laws and have been accorded tax exempt status approval under sub-clause (3) of Clause (58) of Part I of 2nd Schedule to the Income Tax Ordinance, 2001, read with Rule 220A of the Income Tax Rules, 2002. Organizations approved by the Central Board of Revenue qualify for comprehensive tax benefits / exemptions for most types of incomes.

CHAPTER 2

Part – I

Authorities & Procedure of Tax Exemption Approvals

2. I.i. Authorities

The tax laws of the country recognize only two authorities which may grant tax exemption approval to an NPO. The authorities are: -

Firstly, Commissioner of Income Tax u/s.2(36) read with Rules 211 to 220 of Income Tax Rules 2002. This is referred to as Type A tax exemption approval in this manual.

¹ Income of Educational Institutions including vocational training institutions established solely for educational purposes and not for the purposes of earning profit is exempt. Nonprofit Educational Institutions established by Formal NPOs also qualify for such exemption.

Secondly, CBR under sub-clause (3) of Clause (58) of 2nd Schedule to the Income Tax Ordinance, 2001 read with Rule 220A of Income Tax Rules, 2002. This is referred to as Type B tax exemption approval in this manual.

The tax treatment of nonprofit organizations is a very complex subject. Taxation may be relatively simple but exemption would depend upon a number of factors like the law under which a given NPO has been registered, contents of its memorandum, by-laws, fields of interest, and the level of transparency in financial management exhibiting through annual audits and service delivery.

Part – II

Approval of Commissioner of Income Tax

The Commissioner of Income Tax accords tax exempt approval under Clause (36) of Section 2 of the Income Tax Ordinance, 2001, read with Rules 211 to 220 of the Income Tax Rules, 2002 to such organizations which are formed and registered under any law as NPO. These NPOs qualify for tax benefits / exemptions for self and their donors. The main parameter of approval is that the applicant NPO should be working **in Pakistan** for Religious, Educational, Charitable, Welfare, or Development purposes or for the promotion of an amateur sport. A qualifying NPO can apply for an approval by submitting an application to the Commissioner having jurisdiction over its case in the prescribed form along with the schedule thereto (**Annex I**).

2. II.i. What documents to be supplied with the application for approval?

[Rule 211(2) of the Income Tax Rules 2002]

The following documents must be filed along with the application for Type A tax exempt status approval to the Commissioner: -

- a) Attested copy of the constitution, memorandum and articles of association, rules, regulations or bye-laws, as the case may be, of the organization specifying the aims and objectives for which it is established [Rule 211 (2) (a) of the Income Tax Rules, 2002].
- b) Certified copy of the registered trust deed, in case of Trust; [Rule 211(2)(b) of the Income Tax Rules, 2002].
- c) Certified copy of certificate of registration as the case may be, as applicable. [Rule 211(2) (c) of the Income Tax Rules, 2002].
- d) Attested copies of the financial statements for the year immediately preceding the year in which the application is made namely the Balance Sheet and the revenue account of organization duly audited by a qualified Accountant.² [Rule 211(2) (d) of the Income Tax Rules, 2002].
- e) Names and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, of the organization as the case may be, indicating clearly their family relationships, if any, with each other. [Rule 211(2) (e) of the Income Tax Rules, 2002].
- f) A detailed report by an independent agency evaluating and certifying the performance of the qualifying NPO in achieving its aims and objects during the three preceding financial years, using the prescribed, standard parameters for performance evaluation. [Rule 211(2) (f) of the Income Tax Rules, 2002].

[The Pakistan Centre for Philanthropy has been approved as an independent evaluation and certification agency. Till the approval of another such agency a NPO has an option to get its performance evaluated and certified by the Central Board of Revenue.]

² For purposes of clause (d), “qualified Accountant” [Rule.211 (2) (f) means: -

- i) A retired audit, accounts, treasury or taxation officer of Government not below BPS-17 or a bank manager where the annual receipt don't exceed Rs.0.5(m);
- ii) A Cost & Management Accountant where annual receipts exceed Rs.0.5(m) but don't exceed Rs.3.0 million; &
- iii) A Chartered Accountant in all other cases.

2. II.ii. How would the application be processed and approval granted?

[Rule 212 of the Income Tax Rules 2002]

The Commissioner may make such inquiries or call for such further information as deemed necessary and after completion of the formalities may grant the approval. An approval granted shall be: -

- a) Notified in the official gazette; [Rule 212(2)(a) of the Income Tax Rules 2002].
- b) Subject to such conditions as specified in the approval;
- c) Valid until the 30th day of June of the tax year next following the tax year in which the approval is given, e.g., approval granted on any date between 1st July, 2003 to 30th June, 2004 will be valid up to 30th June, 2005.

Part – III

Refusal by Commissioner

2. III.i. What are the circumstances in which approval would not be granted?

The Commissioner may refuse tax exemption approval to an applicant NPO under the following circumstances: -

- i. If the constitution, memorandum or articles of association, trust deed, rules, regulations or bye-laws, as the case may be, specifying the aim and objectives do not provide: -
 - a) For the audit of its annual accounts every year by a qualified accountant [Rule 213 (1)(a) of the Income Tax Rules, 2002].
 - b) For the quorum of a meeting of the members in which the control of the affairs of the NPO vests, which in case of : -
 - an NPO other than a trust, should not be less than four or one-third of the total number of the members of such body, whichever is greater; [Rule 213 (1) (b) of the Income Tax Rules, 2002].
 - in case of a trust, not less than three or one-third of the total number of the members of such body, whichever is greater; [Rule 213(1) (c) of the Income Tax Rules, 2002].
 - c) In the event of its dissolution for the transfer of its assets after meeting all liabilities, if any, to another similarly approved NPO, within three months of dissolution under intimation to the Commissioner; [Rule 213(1)(d) of the Income Tax Rules, 2002].
 - d) For the utilisation of its money, property or income or any part thereof solely for promoting its objects; [Rule 213(1) (e) of the Income Tax Rules, 2002].
 - e) For prohibiting any portion of its money, property or income being paid or transferred directly by way of dividend bonus or profit to any of its members or the relative or relatives of a member or members; [Rule 213(1)(f) of the Income Tax Rules, 2002].
 - f) For the maintenance of accounts being kept with Directorate of National Savings, National Bank of Pakistan, a scheduled bank, post office, or nationalised commercialised banks; [Rule 213(1)(g) of the Income Tax Rules, 2002].
 - g) For prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules and regulations or by-laws, as the case may be, without the prior approval of the Commissioner; [Rule 213(1)(h) of the Income Tax Rules, 2002]. [This clause will be effective in those cases where approval is granted.]
 - h) Or restricting the money validly set apart or not utilised up to twenty five per cent of the income including the surplus worked out of the amount from donations;³ and if the money set apart or not utilized in excess of the above mentioned limits is not invested in government securities, scheduled banks, NIT Units or mutual funds registered with State

³ In case, accounting period closes within three months of the commencement of activities, the Commissioner can relax this condition up to 50% of the amount.

Bank of Pakistan or Securities and Exchange Commission of Pakistan.⁴ [Rule 213(1)(i) of the Income Tax Rules 2002].

- ii. If the Commissioner is satisfied that the applicant NPO: -
 - a) Has been or is being used for personal gains of any particular person or a group of persons; [Rule 213(3) &(4) of the Income Tax Rules, 2002]
 - b) Has been propagating the views of a particular political party or religious sect; [Rule 213 (2) (b) of the Income Tax Rules, 2002]
 - c) Has been or is being managed in a manner calculated to personally benefit its members or their families; or [Rule 213(2)(c) of the Income Tax Rules, 2002].
 - d) Has not been or will not be able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency. [Rule 213(2)(d) of the Income Tax Rules, 2002]

The Commissioner will notify the applicant, in writing, of his decision to refuse the approval along with a statement of reasons for the refusal. [Rule 213(3) & (4) of the Income Tax Rules, 2002]

Part – IV

Renewal of Approval

An NPO approved by the Commissioner can renew its approval by submitting an application to the in the prescribed form along with the schedule thereto. An application for renewal of approval can be furnished within six months from the expiry of the validity of the approval or renewal last granted. **(Annex-II)**

2. IV.i. What documents to be supplied with the application for renewal?

Documents to be accompanied along with the application for renewal of approval are the same as required for the initial approval, except that the requirement of performance evaluation and certification from an approved agency will be applicable from July 01, 2004.

2. IV.ii. How would the application be processed and renewal granted?

The processing of application for renewal of approval is done in the same manner as the initial approval. The first renewal of approval is valid until the 30th day of June of the second tax year following the tax year in which the renewal of approval is given, e.g., renewal of approval granted on any date between 1st July, 2003 to 30th June, 2004 will be valid up to 30th June, 2006. All subsequent renewals of approval will be valid for a period extending up to three years depending upon the independent certification agency's report and audit results. [Rule 214(3) of Income Tax Rules, 2002]

Part – V

Refusal of Renewal

2.V.i. What are the circumstances under which renewal would not be granted?

The Commissioner may refuse renewal of approval to an applicant NPO under the following circumstances:

- i. If the NPO applying for renewal does not enjoy approval in the tax year immediately preceding the tax year in which the renewal application is made.
- ii. If the Commissioner is satisfied that:

⁴ The condition being that the deposit in scheduled banks shall not exceed 1/3rd of the surplus at the end of the year.

- a) The provisions for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rule and regulations or by-laws, as the case may be, without the prior approval of the Commissioner of Income Tax has not been complied with;
- b) The NPO is being:
 - Used for personal gains of any particular person or a group of persons; or
 - Propagating the views of a particular political party or religious sect; or
 - Managed in a manner calculated to personally benefit its members or their families; or
 - Unable to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency.
- iii. The NPO has not complied with its obligations of submitting its annual accounts etc.; and
- iv. Otherwise the requirements for approval/renewal in the preceding three years have not been complied with.

The Commissioner will notify the applicant, in writing, of his decision to refuse an application to renew the approval along with a statement of reasons for the refusal. In all, the Commissioner is legally bound to finalize application for approval and renewal of approval within two months of receipt of the applications filed in this regard.

Part – VI

Post Renewal Obligations

2. VI.i. What to do once an approval or renewal of approval has been granted?

An NPO approved by the Commissioner or whose approval has been renewed is required to file its return of total income by 30th day of September or 31st day of December if it is incorporated under the Companies Ordinance, 1984. Moreover, a NPO having obtained Type A tax exemption from Commissioner is liable to submit by the 31st July of each year to the Commissioner concerned and the certification agency, in respect of the preceding tax year: -

- i. A copy of the annual audited financial statements, as explained earlier;
- ii. A statement of income, donations received and moneys paid;
- iii. A list of donees and beneficiaries with full addresses; &
- iv. A statement showing the money set apart or kept un-utilised with reasons thereof.

Part – VII

Withdrawal of Approval by Commissioner

2. VII.i. What are the circumstances in which approval /renewal of approval can be withdrawn?

Approval or renewal of approval granted earlier can be withdrawn: -

- i. If the NPO fails to submit its annual audited financial statements along with statement of incomes, donations received and moneys paid, list of donees and beneficiaries and statement of money set apart or kept un-utilised and the reasons thereof; and
- ii. If the Commissioner is satisfied that –
 - The NPO has failed to fully utilise its income and the donations received by it for achieving the purpose for which it was established; and
 - The reason for setting apart / not utilising, is not valid.

Approval or renewal of approval once granted cannot be withdrawn unless an opportunity to show cause against the proposed action to be taken is given. Where the Commissioner withdraws an approval or

renewal of approval, he will intimate his decision in writing along with a statement of reasons for such decision to the NPO and the certification agency concerned.

Part – VIII

Appealing Commissioner’s Decision

2. VIII.i. What to do if approval / renewal of approval is not granted or withdrawn?

An NPO dissatisfied with the decision made on part of the Commissioner to refuse to grant approval or renewal of approval or withdraw an approval or renewal of approval earlier granted may lodge an administrative appeal with the Regional Commissioner in the prescribed form (**Annex III**).

Part – IX

Relaxation of Rules

2. IX.i. Can the Commissioner relax conditions for approval or renewal?

The Commissioner may relax or modify any of the requirements or conditions of approval or renewal of approval, on case-to-case basis, on being satisfied that the applicant cannot fulfil the requirements or conditions of approval or renewal of approval for reasonable cause. [Rule 220 of the Income Tax Ordinance, 2002]

CHAPTER 3

Part – I

Approval of Central Board of Revenue

3.I.i. Approval

An NPO approved by the Commissioner qualifies for getting a further approval from the Central Board of Revenue and resultantly further related tax concessions if: -

- i. Formed for the purpose of –
 - Establishing hospitals; or
 - Providing education; or
 - Community welfare; or
 - Development;
- ii. Operated and functioned anywhere in Pakistan, for a period of not less than three years;
- iii. Complies with minimum acceptable standards of internal governance, accountability, transparency and efficiency prescribed by any law for the time-being in force;
- iv. Area of its operation is wholly within Pakistan; and
- v. Books of account are maintained regularly in accordance with the generally accepted accounting principles and satisfactory arrangements exist for their inspection by members of the public.

A qualifying NPO can get such approval by submitting an application to the Central Board of Revenue in the prescribed form along with the schedule thereto (**Annex-IV**).

Part – II

Required Documentation for Approval

3. II.i. What documents to be supplied with the application for approval?

Documents to be accompanied along with the application for this approval are same as required for an approval of the Commissioner except that the audited financial statements are to be submitted for the **three preceding years** instead of one year.

3. II.ii. How would the application be processed and approval granted?

The Central Board of Revenue may make such inquiries or call for such further information as deemed necessary and after completion of the formalities may grant the approval. An approval granted shall be notified in the official gazette. An approval granted is valid for the tax year in which the approval is granted and for two following tax years, e.g., renewal of approval granted on any date between 1st July, 2003 to 30th June, 2004, will be valid up to 30th June, 2006.

Part – III

Refusal to Grant Approval

3. III.i. What are the circumstances in which approval will not be granted?

Circumstances under which this approval is not granted are almost the same as in case of an approval not granted by the Commissioner of Income Tax. In addition this approval is not granted if the constituent document does not provide; for regular of books of account in accordance with the generally accepted accounting principles and for their inspection by the interested members of the public, without any hindrance, at all reasonable times. The applicant NPO will be given an opportunity to show cause before refusing to grant an approval.

Part – IV

Renewal of Approval

Renewal of Type B tax exemption can be obtained by submitting an application to the Central Board of Revenue in the prescribed form along with the schedule thereto (**Annex-V**). An application for renewal of approval can be furnished within three months of the expiry of the approval or renewal last granted.

3. IV.i. What documents to be supplied with the application for renewal?

In addition to the documents required for initial approval, following further documents pertaining to the three tax years preceding the tax year in which application is made, are to be accompanied with the application for renewal of approval: -

- i. Copies of Income Tax Returns and the related assessment orders, if any;
- ii. Copies of the audited accounts along with the auditors' report;
- iii. Statements of income, donations received and moneys paid;
- iv. Statements showing the money set apart or kept unutilized with reasons thereof;
- v. The particulars of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, indicating clearly their family relationships, if any with each other; &
- vi. Copies of the annual report in respect of the activities and performance.

3. IV.ii. How will the application be processed and renewal granted?

The Central Board of Revenue may make such inquiry or call for such further information as deemed necessary and after satisfying that a genuine NPO existed in the preceding year that complied at all times, with all the conditions and requirements of renewal of approval and did not suffer from any one or more disqualifications. The renewal of approval granted shall also be notified in the official gazette.

Renewal of approval will be valid for the tax year in which the application is made and two following tax years, e.g., renewal of approval granted on any date between 1st July, 2003 to 30th June, 2004 will be valid up to 30th June, 2006.

Part – V

Refusal of Renewal

3. V.i. What are the circumstances in which the renewal is not granted?

If the NPO applying for renewal does not enjoy approval in the tax year immediately preceding the tax year in which the renewal application is made may be refused renewal of approval. The applicant NPO will be given an opportunity to show cause before refusing to grant renewal of an approval.

Part – VI

Withdrawal of Approval or Renewal

3. VI.ii. What are the circumstances in which approval or renewal of approval given can be withdrawn?

Approval or renewal of approval granted can be withdrawn, at any time, if all the conditions and requirements of approval or renewal of approval are not complied with on account of any one or more disqualifications. The NPO will be given an opportunity to show cause before withdrawing the approval or renewal of approval.

Part – VII

Relaxation of Rules

3. VII.i. Can Central Board of Revenue relax requirements / conditions for approval or renewal of approval?

The Central Board of Revenue may relax or modify any of the requirements or conditions of approval or renewal of approval, on case-to-case basis, on being satisfied that the applicant NPO cannot fulfill the requirements or conditions of approval or renewal of approval for a reasonable cause.

[Both Type of tax exempt status approvals granted under the Income Tax Ordinance, 1979 and the corresponding Income Tax Rules, 1982 stand withdrawn unless an application for renewal was submitted under the Income Tax Ordinance, 2001 and Income Tax Rules, 2002 by 30th June 2004.]

CHAPTER 4

Part – I

Types of Tax Benefits

Applicability of tax benefits available to an NPO squarely depends on the type of NPO itself i.e. its constitution and type of approval it has obtained under the tax system of the country. A synopsis of specific tax benefits available to NPOs approved by Commissioner / CBR would be of assistance.

4. I.i. Exemptions on Incomes

The exemptions available to various incomes with reference to the types of NPOs and the limitations if any are being are enumerated in the table below: -

Nature of Income	Exemption Available – Type of NPO	Applicable Restrictions & Conditions
Voluntary Contributions / Donations & Subscriptions	Informal	To the extent received solely for the religious and charitable purposes of such organization.
	Approved by the Commissioner	
	Approved by the CBR	None
Grants from Federal, Provincial or District Governments	Trusts/Social Welfare Agencies /NPOs Approved by the Commissioner	To the extent actually applied or set apart for application to the religious or charitable purposes of such organization in Pakistan.
	Approved by the CBR	
Foreign grants	NPOs Approved by the Commissioner	To the extent actually applied or set apart for application to the religious or charitable purposes of such organization in Pakistan.
	Approved by the CBR	
Income from property	Trusts	To the extent actually applied or set apart for application to the religious or charitable purposes of such organization in Pakistan.
	Approved by the CBR	None
Income from business	Approved by the CBR	<p>To the extent expended in Pakistan for the purposes of carrying out welfare activities of such organization; and in proportion to the ratio of income from business to the aggregate incomes from all sources.</p> <p>Example</p> <ol style="list-style-type: none"> 1. Income from voluntary contributions Rs. 50,000 2. Income from property Rs. 15,000 3. Income from business Rs. 35,000 4. Total income from all sources Rs. 100,000 5. Amount expended in Pakistan for Carrying out welfare activities Rs. 20,000 6. Exempt income from business [3 divided by 4 & multiplied by 5] Rs. 7,000
Profit on investments in the	Trusts	To the extent actually applied or set apart for application to the religious or charitable purposes of such organization in Pakistan

securities of the Federal Government	Approved by the CBR	None
Profit on debt from scheduled banks	Trusts	To the extent actually applied or set apart for application to the religious or charitable purposes of such organization in Pakistan
	Approved by the CBR	

4. I.ii. Exemption from levy of Turnover Tax

NPOs approved by the Commissioner enjoy exemption from levy of minimum tax of 0.50% of their turnover, which otherwise is a compulsory levy imposed through an overriding provision of law.

4. I.iii. Exemption from Withholding Tax as Recipient

NPOs approved by the Central Board of Revenue can apply to the Commissioner concerned for issuance of exemption certificate as a recipient so that no tax is withheld by others on their receipts and incomes. Such a facility would help NPOs avoid getting their money struck up, and also the hassle of claiming refund.

4. I.iv. Tax Credit (Rebate) to Donors

Charitable donations, both in cash and kind, given to the NPOs approved by the Commissioner commonly known as 'Donee Status', entitle the donor to a tax credit (rebate) against its tax liability. The pre-requisites to avail this tax concession are that the donations: -

- i. both in cash or kind, are given to NPOs approved by the Commissioner;
- ii. are given (other than those in kind) through crossed cheque drawn on a bank; &
- iii. are given (those in kind) through irrevocable transfer deed / documentary evidence and to the permanent exclusivity of the owner (s), his/her legal heirs and relatives.

The amount and/r value of donations eligible for tax credit (rebate) is subject to the following limits:-

Individual/AOP Donors

Situation I

The donor is an individual/ AOP. In Tax Year 2004 he donated to an NPO a sum of Rs.40, 000/- or property fair market value of which is Rs.40, 000/-. The donor's taxable income for the T/Y 2004 is Rs.100, 000/-. What would be the allowable amount of tax credit /rebate to him?

Situation II

The donor is an individual / AOP. In Tax Year 2004 he has donated property to a NPO fair market value of which is Rs.20,000/- or cash amounting to Rs.20,000/-. Donors taxable income for the Tax year 2004 is Rs.100, 000/-. What would be the allowable amount of tax credit /rebate to him?

	Situation I	Situation II
1. Amount of charitable donations	Rs. 40,000	Rs. 20,000
2. 30% of taxable income	Rs. 30,000	Rs. 30,000
3. Eligible amount (lower of 1 & 2)	Rs. 30,000	Rs. 20,000

Corporate Donors

Situation I

The donor is a company. In Tax Year 2004 it donated to an NPO a sum of Rs. 40, 000/- or a property fair market value of which is Rs.40,000/-. Donors taxable income for the T/Y 2004 is Rs.100, 000/-. What would be the allowable amount of tax credit /rebate?

Situation II

The donor is a company. In Tax Year 2004 it has donated property to an NPO the fair market value of which is Rs.10, 000/- or cash Rs.10, 000/-. Donors taxable income for the T/Y 2004 is Rs.100, 000/-. What would be the allowable amount of tax credit /rebate?

	Situation I	Situation II
1. Amount of charitable donations	Rs. 40,000	Rs. 10,000
2. 15% of taxable income	Rs. 15,000	Rs. 15,000
3. Eligible amount (lower of 1 & 2)	Rs. 15,000	Rs. 10,000

CHAPTER 5

Part – I

General Exemptions

5. I.i. Blanket Exemption to Nonprofit Educational Institutions

Income of Educational Institutions including vocational training institutions established solely for educational purposes and not for the purposes of earning profit is exempt. Nonprofit Educational Institutions established by Formal NPOs also qualify for exemption under this blanket provision.

CHAPTER 6

Part – I

NPOs & Withholding Taxes

A general orientation of obligations of collecting or deducting tax at source, depositing the tax collected or deducted in the national exchequer, issuing certificate of collection or deduction and filing of statements etc. relating to collection or deduction of tax at source is desirable. NPOs must pay proper attention to this area as any default on this count may lead to initiation of penal proceedings resulting in social embarrassment and financial implications.

6. I.i. Obligation of collecting or deducting tax at source

i. On salary paid to employees

All types of NPOs Informal, Formal, Trusts, Approved by the Commissioner & the Central Board of Revenue) have the same obligations to deduct tax at source from salary paid to their employee(s) as any other employer. [U/S 149 of Income Tax Ordinance, 2001]

ii. On payment to non-residents

Again all types of NPOs have the same obligations to deduct tax at source from payments made to a non-resident, as any other person, on account of: - [U/S 152 of Income Tax Ordinance, 2001]

- i. Royalty;
- ii. Fees for technical services;
- iii. A turnkey contract;
- iv. A contract or sub-contract for the design, construction or supply of plant and equipment under a power project;

- v. A contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project;
- vi. Any other contract for construction or services rendered;
- vii. Any other payment.

iii. On payment for goods, services and execution of contracts

NPOs that are: - [U/S 153 of Income Tax Ordinance, 2001]

- i. An “association of persons” constituted by or under any law; or
- ii. A “company”

fall in the list of prescribed persons obliged to deduct tax at source from payment made on account of sale of goods, rendering of services and execution of contract.

iv. On payment of rent of immovable property [U/S 155 of Income Tax Ordinance, 2001]

NPOs that are a “company” or approved by the Commissioner of Income Tax or approved by the Central Board of Revenue are obliged to deduct tax at source from the payment of rent of immovable property including rent of furniture and fixtures, and payment for services relating to such property @ 5% of the gross rent paid.

v. On payment of or giving prizes and winnings [U/S 156 of Income Tax Ordinance, 2001]

All types of NPOs have the same obligations to deduct tax at source from payment of or giving prizes and winnings both in cash and kind @ 10% of the gross amount paid.

vi. On payment of brokerage and commission [U/S 233 of Income Tax Ordinance, 2001]

NPOs that are a “company” or an “association of persons” are obliged to deduct tax at source from the payment of brokerage or commission @ 5% of the gross amount of payment.

6.1.ii. Obligation of Depositing the Tax Collected / Deducted [U/S 160 of Income Tax Ordinance, 2001]

NPOs must deposit tax deducted within seven days of the deduction in Government Treasury or State bank Of Pakistan or National bank of Pakistan using the prescribed challan (deposit slip / memo) form for this purpose.

6. I.iii. Obligation of Issuing Certificate of Tax Collected / Deducted [U/S 164 of Income Tax Ordinance, 2001]

NPOs that collect or deduct tax at source are required to issue certificate of tax collected or deducted to the respective persons in the prescribed form.

6. I.iv. Obligation of Filing Statements of Tax Collected or Deducted [U/S 165 of Income Tax Ordinance, 2001]

NPOs that collect or deduct tax at source are required to file quarterly, six-monthly and annual statements of tax withheld and deposited on the prescribed forms.

CHAPTER 7

Part – I

Return of Total Income and Refunds

All formal NPOs and those either approved by the Commissioner or the Central Board of Revenue are liable to file their Income Tax Returns on September 30th, except NPOs registered under The Trusts Act, 1882, The Companies Ordinance, 1984, The Cooperative Societies Act, 1925, or any other society created

by or under any law for the time in force, which should file their Income Tax Returns on December 31st each year. A failure in this regard entails initiation of penal proceedings and a possible disqualification for tax exempt status approval by the Commissioner / Central Board of Revenue. Filing of a return of total income is the starting point for claiming and getting any sort of refund of tax deducted at source unduly, or in excess.

CHAPTER 8

Part – I

Taxable Incomes

There are types of incomes which are taxable under all circumstances irrespective of or the type of tax exempt status approval. NPOs must be vigilant to declare them as and when they arise or are received in order to avoid penal action by the authorities concerned. Such incomes include: -

- i. Capital gains arising on disposal of property of any kind whether or not connected with business [excluding stock-in-trade, property in respect of which deduction for depreciation or amortization is admissible and any immovable property];
- ii. Dividend Income;
- iii. Royalty;
- iv. Rent from the sub-lease of land or a building;
- v. Income from lease of any building together with plant or machinery;
- vi. Income from provision of amenities, utilities or any other service connected with renting of building;
- vii. Any prize on a bond, or winnings from a raffle, lottery, prize on winning a quiz, prize offered by companies for promotion of sale or cross-word puzzle;
- viii. Fair market value of any benefit or amount received as consideration for the provision, use or exploitation of property;
- ix. Amount received as consideration for vacating the possession of a building or part thereof.

CHAPTER 9

ANNEXURES

Annexure I

APPLICATION FOR APPROVAL OF COMMISSIONER UNDER SECTION 2 (36) OF THE INCOME TAX ORDINANCE, 2001

To,

The Commissioner of Income Tax,

-----Zone,

----- (City).

1. With reference to clause (36) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001), I the undersigned, hereby apply, on behalf of -----
----- (Name of the organization) for its approval for the purposes of the said clause for the tax year ending on -----.

2. Necessary particulars are set out below, and in the schedule to this application.

3. The following documents required under sub-rule (2) of rule 211 of the Income Tax Rules, 2002, are enclosed.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____
- (vi) _____
- (vii) _____
- (viii) _____
- (ix) _____

Signature: -----

Name (in block letters): -----

Designation: -----

Application must be signed either by the President or the Secretary of the organization or by a Trustee, of the trust.

SCHEDULE (Particulars)

1. Name of the organization (in block letters)	
2. Full address of the organization (in block letters)	
3. Date of registration of the organization	
4. Its aims and objects	(a) (b) (c) (d)
5. Whether the organization has been registered under the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organization or established in pursuance of a Trust Deed. Please give/state the law and the number and date of registration.	
6. Whether constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number of Article/ Clause/ Rule etc., for each provision.	
7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).	
8. The number of members /trustees of the organization on the date of application.	
9. Accounting year of the organisation commences	On
	Ends on
10. The following books of accounts are being regularly maintained by the organization and are open for inspection without any hindrance to the general public.	(i) ----- (ii) ----- (iii) -----

Signature: -----
Name (in block letters): -----
Designation: -----

Annexure II

**APPLICATION FOR RENEWAL OF APPROVAL OF THE
COMMISSIONER UNDER SECTION 2 (36) OF
THE INCOME TAX ORDINANCE, 2001**

To,

The Commissioner of Income Tax,

-----Zone,

----- (City).

1. I, the undersigned, hereby apply for the renewal of approval of -----

The ----- (name of the Organization) for the tax year ending on

2. The -----(name of the Organization) was approved as a

Non-Profit Organization by the Commissioner vide Notification No -----

dated -----

3. It is hereby certified that:-

- (a) constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, previously filed with the Commissioner, have remained unchanged;
- (b) the disqualification mentioned in sub-rule (1) of rule 213 do not apply to the organization;
- (c) The organization has fully complied with the provisions of Rule 213; and
- (d) The information given above and in the attached Schedule is correct.

Signature: -----

Name (in block letters): -----

Designation: -----

Application must be signed either by the President or the Secretary of the organization or by a Trustee, of the trust.

SCHEDULE (Particulars)

1. Name of the organization (in block letters)	
2. Full address of the organization (in block letters)	
3. Date of registration of the organization	
4. Its aims and objects	(a) (b) (c) (d)
5. Date of approval granted under clause (36) of section 2 the Income Tax Ordinance, 2001.	
6. Whether the constitution, memorandum and articles of association, trust deed, rules and regulations or by-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number.	
1. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).	
2. The number of members/ trustees of the organization on the date of application.	
3. Accounting year of the organization commences	On
	Ends On
4. The following books of accounts are being regularly maintained by the institution and are open for inspection without any hindrance to the general public.	(i) (ii) (iii)

Signature: -----
Name (in block letters): -----
Designation: -----

Annexure III

GROUND OF APPEAL

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____

We/I _____
 the appellant(s) named in the above appeal do declare that what is stated therein is true to the best of our/my information and belief.

Signature: -----
 Name (in block letters): -----
 Address: -----
 Dated: -----/-----/ 20-----

PARTICULARS

1. Name of the organization (in block letters)	
2. Full address of the organization (in block letters)	
3. Date of registration of the organization	
4. Its aims and objects	(a) (b) (c)
Whether the organization has been registered under the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organization or established in pursuance of a Trust Deed. Please give/state the law and the number and date of registration.	
6. Whether constitution, memorandum and articles of association, trust deed, rules and regulations or by-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number of Article/ Clause/ Rule etc., for each provision.	
7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).	
The number of members/ trustees of the organization on the date of application.	

Signature: -----
 Name (in block letters): -----
 Designation: -----

Annexure IV

**APPLICATION FOR APPROVAL OF CBR UNDER CLAUSE 58 (3)
OF THE INCOME TAX ORDINANCE, 2001**

To,

The Secretary,
Central Board of Revenue,
Islamabad.

With reference to clause (58) of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001), I, the undersigned, hereby apply, on behalf of -----
----- (name of the organization)
for its approval for the purposes of the said clause for the tax year ending on -----
-----.

- 2. Necessary particulars are set out below, and in the schedule to this application.
- 3. The following documents required under clause (b) of sub-rule 1 of Rule 220A are enclosed.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____

Signature: -----
Name (in block letters): -----
Designation: -----

Application must be signed either by the President or the Secretary of the organization or by a Trustee of the Trust.

SCHEDULE (Particulars)

1. Name of the organization (in block letters)	
2. Full address of the organization (in block letters)	
3. Date of registration of the organization	
4. Its aims and objects	(a) (b) (c) (d)
5. Where the organization has been registered under the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law or established in pursuance of a Trust Deed. Please give/ state the law, the number and date of Registration	
6. Whether the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, conforms to the provisions of sub-rules (2) and (3) of rule 220A. If so, please give the number of article/ clause/ rule for each provision.	
7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).	
8. The number of members/ trustees of the organization on the date of application.	
9. Accounting year of the organization commences	On Ends On
10. The following books of accounts are being regularly maintained by the institution and are open for inspection without any hindrance to the general public.	(i) (ii) (iii)

Signature: -----

Name (in block letters): -----

Designation: -----

Annexure V

**APPLICATION FOR RENEWAL OF APPROVAL OF CBR UNDER
CLAUSE 58 (3) OF THE INCOME TAX ORDINANCE, 2001**

To,

The Secretary,
Central Board of Revenue,
Islamabad.

I, the undersigned, hereby apply for the renewal of approval of -----
----- (Name of organization) for the tax year
ending on -----.

2. The ----- (Name of the Organization) was approved by the Board vide Notification No. ----- dated -----
3. It is hereby certified that
 - (a) constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, previously filed with the Central Board of Revenue, have remained unchanged;
 - (b) the disqualification mentioned in the sub-rule (3) of rule 220A do not apply in the case of the organization;
 - (c) the organization has fully complied with the provisions of sub-rule (4) of rule 220A; and
 - (d) The information given above and in the attached Schedule is correct.
4. The annual report of the organization's performance or activities in the immediately preceding years is enclosed.

Signature: -----
Name (in block letters): -----
Designation: -----

Application must be signed either by the President or the Secretary of the organization or by a Trustee of the Trust.

SCHEDULE (Particulars)

1. Name of the organization (in block letters)	
2. Full address of the organization (in block letters)	
3. Date of registration of the organization	
4. Its aims and objects	(a) (b) (c) (d)
5. Date of approval granted under clause (58) of Second Schedule to the Income Tax Ordinance, 2001.	
6. Whether the constitution, memorandum and articles of association trust deed, rules and regulations or bye-laws conforms to the provisions of sub-rule (4) of rule 220A. If so, please attach documents and instruments as are specified in clause (b) of sub-rule (1) of rule 220A.	
7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).	
8. The number of members/ trustees of the on the date of application.	
9. Accounting year of the organization commences	On Ends on
10. The following books of accounts are being regularly maintained by the institution and are open for inspection without any hindrance to the general public.	

Signature: -----
Name (in block letters): -----
Designation: -----

SECTION TWO

CHAPTER 10

[CERTIFICATION]

The Central Board of Revenue vide S. R. O. 541(I)/2003, dated 13-06-2003, has substituted the set of Rules governing the procedure of according tax exempt status to NPOs. The new Rules (Rule 211-220A) incorporated into the Income Tax Rules 2002, stipulate that a NPO aspiring to obtain tax exempt status approval will be evaluated on the basis of 72 parameters in addition to 11 parameters set by the tax laws. This assessment would be carried out by a Certification Agency designated by the CBR - Pakistan Center of Philanthropy (PCP) being first such agency. Till such time that at least another agency is registered for this purpose, CBR would also perform the evaluation function for the applicant NPOs. Currently, a NPO has the option to approach the CBR / the Commissioner directly or through the Certification Agency for purposes of tax exempt status approval. It is thus imperative that NPOs get requisite orientation with regard to additional 72 parameters approved by CBR for NPO tax exemptions. These parameters mainly concern with NPO's governance structures, financial management, and program / performance effectiveness. Before studying the parameters it would be of use to have a look at the evaluation methodology.

Part – I

Evaluation

10. I.i. What is scoring regime for NPO evaluation?

The salient features of PCP's present scoring regime are as under: -

- a) An NPO can attain a maximum of 1000 points.
- b) The break-up of these 1000 points is presented in the following table:

Categories of Parameters	Total Points	Required Points
Internal Governance	300	150
Financial Management	300	150
Programme delivery	400	200
Overall	1000	600

- c) There are three broad categories of parameters as shown in column one.
- d) The last row indicates the total obtainable score by an NPO viz. 1000.
- e) The last column is important. First, it shows category-wise minimum score which an NPO must achieve to be finally certified. Second, the lowest cell in last column indicates that even if an NPO obtains minimum requisite scores in each category, it has to score an aggregate of 600 marks out of 1000 to be certified. This scoring system aims to ensure that an NPO must possess institutionalized capacity to perform through systems and processes.

Illustration One:

An NPO scores 250 each in internal governance and financial management, but gets only 100 marks in programme delivery – certification denied.

Illustration Two:

An NPO scores 175 each in internal governance and financial management, and 200 in programme delivery but its total score is 550 – certification denied.

The parameters in all three categories are listed hereunder along with the modes of evaluation. PCP will employ two basic modes of evaluation: -

- i. Desk Review: whereby specialized desk reviewers will examine the documentation for the last three years obtained from the NPO; &
- ii. Field Evaluation: whereby trained field evaluators will visit NPO’s offices/service outlets and report.

10. I.ii. How to Apply for Certification?

The following instructions are recommended to be thoroughly grasped before filling in the application form for certification.

- 1. Please use the following chart to assess the size and fee applicable on your organization.

Total annual receipts of the NPO	Size	Certification fee (Rs.)
Less than 0.5 million	Small	5000/=
Between 0.5 and 3 million	Medium	15000/=
Above 3 million	Large	25000/=

- 2. Accordingly, please include with you application a pay order in the name of Pakistan Centre for Philanthropy in the appropriate amount.
- 3. Unless a question or its part is marked with an asterisk (*), answering that question is necessary. For each question, you may:
 - a. Either reply to the question; or
 - b. Write ‘not applicable, if that particular piece of information does not apply to your organisation; or
 - c. Write ‘information not available’.
- 4. Please ensure that all information provided in this form by your organization is correct and up-to-date.
- 5. If you feel any problem in filling in this application, please feel free to contact PCP on telephone, email or by a personal visit at your convenience. Extensive sets of frequently asked questions (FAQs) on certification concept and process are available on PCP’s website (www.pcp.org.pk) and in the Certification brochures. These may answer many of your queries.
- 6. Please make sure, before dispatching your fees and application, that it is accompanied by all the materials and that all documents carry due attestations where necessary.
- 7. Please read carefully the pre-requisites of certification. These are mandatory requirements, which any NPO must fulfil. The application of any organization that fails to fulfill any of these requirements shall not be processed for certification. If you feel that your organization may not fulfill any of these criteria or you are not sure about this, you may like to consult the PCP (and seek further explanation) before submitting a formal application.

8. Please type or write your replies on the application form in a clear and legible manner. Please give all figures in Pak Rupees.
9. Please spell out the full name/title before using any acronyms/abbreviations.
10. The Chief Executive of the organisation should sign each page of the filled in application.
11. Please mark the envelope containing this application, pay order and allied materials as “Application for Certification” and send to the PCP.

Part – II Parameters

10. II.i. Internal Governance

No.	The Parameter	Mode of Verification	Applicability	Weightage
1.1	Do the members of governing body (GB) serve without compensation?	Desk review of charter, policy documents, rules, expenditure statements and minutes of governing body's proceedings may be conducted. GB members get compensation / fixed monthly honorarium etc. – zero GB members do not get any compensation but only expenses incurred on traveling or lodging – 8 GB members do not receive any payment whatsoever from the NPO – 10	All NPOs	10
1.2	Does the NPO prohibit pursuance of personal gains by members of the governing body and managerial staff of the NPO? Personal gain for the purposes of this parameter means material gains/benefits and does not include due remuneration for services offered.	Desk review of the charter and policy documents will verify the enunciation of this principle and the existence of some implementation mechanism. Documentation that could prove that such mechanisms have ever been put into motion may also be obtained and reviewed. Field evaluators may frame questions to verify the existence of such mechanisms from staff of the NPO. No policy provision to this effect – zero The NPO clearly prohibits pursuance of personal gains – 2 Some implementation mechanism exists (like a GB sub-committee to check pursuance of personal gains) – 3	All NPOs	5
1.3	Does the governing body consist of at least seven members?	The list of governing body's members' may be desk reviewed. The NPO has at least seven members on the GB – 5 The NPO has at least 5 (but less than 7) members on the GB - 3	All NPOs	5
1.4	Does the governing body of the NPO meet at least twice a year?	Desk review of documents related to governing body meetings may be conducted. GB has not met at least twice in any of the last three years – zero GB has met at least twice a year in any two of the last three years -- 5 GB has met at least twice a year in all the last three years – 10	All NPOs	10

1.5	Are the minutes of governing body's meetings circulated to all its members within sixty days of the meetings?	<p>Documents showing the issuance or due receipt of minutes of governing body's meetings may be examined by the field evaluator.</p> <p>Moreover, field evaluators may also verify this from staff and governing body members of the NPO.</p> <p>Minutes not circulated – zero NPO claims so in the application but no documentary evidence is available – 4 Any documentary evidence of issuance or receipt of minutes – 6</p>	All NPOs	10
1.6	Does the governing body of the NPO follow the conditions laid down in the charter of the NPO regarding observance of quorum for its meetings?	<p>Desk review of minutes of meetings of the governing body will verify this fact. In this respect, minutes of all meetings of the governing body and relevant sub-committees, if any, for the last three years may be reviewed.</p> <p>Field evaluator may also ask questions in this behalf to some of the members of the governing body and employees during field evaluation.</p> <p>See the minutes of the meetings of the last three years Quorum requirements followed in all meetings - 10 Quorum requirements followed in at least 80% of meetings - 5 Quorum requirements followed in below 80% of meetings - zero</p>	All NPOs	10
1.7	Is the pattern of absenteeism among the governing body members fairly random?	<p>Participants' lists in governing body's meetings over the last three years should be desk reviewed and analyzed to study the pattern of absenteeism. Purpose of the parameter is to know if the same governing body members are always present / absent from the meetings.</p> <p>Pattern of absenteeism is Very random – 10 Fairly random – 5 Very rigid – zero</p>	All NPOs	10
1.8	<p>Does the NPO have a policy in its charter to address the issue of attendance of governing body members in its meetings and their non-compliance?</p> <p>Provided that this parameter shall not apply to Trusts established within the last five years.</p>	<p>Documents relating to attendance of members of the governing body in meetings will be examined.</p> <p>Specific questions may be framed to ask whether the procedure for non-compliance has ever been put to motion. Documents related to this may be reviewed.</p> <p>Field evaluators may also put specific questions to this effect to the staff and GB members of the NPO.</p> <p>Is there a provision in charter/rules to address absence of GB members – 3 Is there a provision regarding the procedure to be adopted in this case – 3 If there has been any instance, has the process been put to motion – 4 No process to address absence of GB members – zero</p>	All NPOs	10

1.9	Does the NPO specify the term of office for governing body members? Provided that this parameter shall not apply to trusts.	Desk review of charter and policy documents may be conducted. The NPO has a specified term for governing body members – 5 The limit is 5 years or less – 5	All NPOs	10
1.10	Does the charter of the NPO stipulate limits on the maximum allowable period for the chairperson of the governing body? Is this period less than ten years?	Desk review of the charter and record concerning terms of office of the chairperson may be conducted. Aggregate permissible period for chairperson is 10 or less than 10 years – 5 Aggregate permissible period for chairperson is 10-15 years – 3 No limit on the maximum allowable period or limit above 15 years – zero The GB has selected/elected different chairpersons during the last ten years -- 5	All NPOs	10
1.11	Is at least three fifths of governing body's members un-related to each other? Provided that, in case of Trusts, this parameter shall apply only for renewal of certification.	Disclosure of relationships by the NPO in the application may be desk reviewed. Further, the staff of the NPO may be asked questions to this effect by the field evaluators. At least 3/5 th of GB members un-related – 20 Between 1/3 rd and 3/5 th of GB members un-related - 10 Less than 1/3 rd of GB members un-related – zero	All NPOs	20
1.12	Does the NPO disclose to the public any mutual relationships by blood or marriage between the persons on its managerial staff and the governing body?	Mere disclosure of such information would fetch points to the NPO. The field evaluators may also ask questions from the staff of the NPO during field evaluation. NPO disclosed such relationship, if any – 10	All NPOs	10
1.13	Does the charter contain an intrinsic mechanism to be adopted to effect an amendment therein?	Desk review of the charter will answer this question. The charter contains a mechanism for amendment – 4 The mechanism provided is democratic (involvement of GB) – 6	All NPOs	10
1.14	Does the governing body appoint the Chief Executive Officer of the NPO, set his/her compensation and periodically evaluate his/her performance?	Letter of appointment, agenda items' lists, minutes of governing body's proceedings etc. may be desk reviewed. GB interviews the CEO- 2 GB formally approves appointment of the CEO - 1 GB fixes/approves terms & conditions and salary of CEO - 4 GB evaluates the performance of CEO before renewing his/her term- 3	All NPOs	10

1.15	Does the governing body of the NPO approve programs/projects undertaken by the NPO?	<p>Desk review of the minutes of the GB meetings would reveal the governing body's role in approving programmes/projects undertaken by the NPO.</p> <p>Further, field evaluators may ask this question from the GB members they meet during field evaluation.</p> <p>No programme/project ever put up for approved by the board – zero GB has approved 80% of the programmes/projects – 5 GB has approved all programmes/projects – 10</p>	All NPOs	10
1.16	Does the governing body examine and approve annual budget for the NPO?	<p>Desk review of budget documents, agenda items' lists and minutes of governing body's meetings may be conducted.</p> <p>Budget approved by the GB in all three years - 10</p>	All NPOs	10
1.17	Does the governing body review NPO's expenditure every year?	<p>Agenda documents of the governing body's meetings, minutes of proceedings and approved expenditure statements may be desk reviewed.</p> <p>Field evaluators may also ask questions from the GB members to verify this.</p> <p>Expenditure never reviewed – zero Expenditure reviewed in any one of the last three years – 5 Expenditure reviewed in any two of the last three years – 10 Expenditure reviewed in all of the last three years – 15</p>	All NPOs	15
1.18	Has the governing body examined the overall salary structure of the employees of the NPO at least once during the last three year?	<p>Document containing any policy relevant to salary structure, minutes of governing body's meetings, agenda items' lists and results of salary reviews undertaken in the last three years, if any, may be desk reviewed.</p> <p>Field evaluators may also ask questions from the GB members to verify this.</p> <p>Are income brackets for various categories of employees clearly defined? - 3 Have these brackets been approved by the GB? - 2 Has the GB reviewed these brackets in any of the last three years? - 5</p>	M/L NPOs	10
1.19	Does the governing body of the NPO approve policies for the effective organisational management in respect of finance, personnel etc?	<p>Desk review of the minutes of the GB meetings would reveal the governing body's role in approving organizational policies of the NPO.</p> <p>No policies were placed before the GB for approval -- zero GB approved the Personnel/HR policy – 5 GB approved the Finance policy (maintenance or record / cash management)- 3 GB approved any other policies – 2</p>	All NPOs	10

1.20	<p>Does the NPO have a laid down recruitment policy for staff and consultants addressing the following;</p> <ul style="list-style-type: none"> a) requisite qualifications and experience b) advertisement for all vacant managerial and professional positions c) selection criteria, short listing, reference checks and interviewing d) issuance of formal appointment letter 	<p>Desk review of policy documents or by-laws of the NPO concerning the recruitment procedure may be conducted.</p> <p>Documents relating to actual recruitment of staff during the last year may also be sought and reviewed during the field evaluation to ascertain whether the policy has actually been followed? The field evaluators may also engage the staff in discussion to find out their perception of the recruitments made in the NPO during the last three years. The field evaluators may interview one/two persons recruited during the last three years to assess the level of transparency in recruitment.</p> <p>Existence of policy and implementation (even when a formal policy is not present).</p> <ul style="list-style-type: none"> a) 2+3=5 b) 2+5=7 c) 2+3=5 d) 1+2=3 	M/L NPOs	20
1.21	<p>Is the recruitment policy of the NPO gender neutral or proactively promoting employment of women, if the nature of work so allows?</p>	<p>Desk review of policy documents, advertisements carrying equal opportunities, recruitments process and employee lists may be conducted.</p> <p>Additional documents relating to issues allied with female gender like grant of maternity leave may also be desk reviewed to ascertain this parameter.</p> <p>Gender neutral (or proactively promoting women employment) policy statements in advertisements and policy documents – 4</p> <p>The NPO's workforce is gender-balanced with respect to the nature of work – 3</p> <p>Is the gender balance (with respect to nature of work) increasing or decreasing</p> <ul style="list-style-type: none"> Gender balance increasing – 3 Gender balance static or decreasing -- 0 	All NPOs	10
1.22	<p>Are men and women comparably paid within their respective categories? Do they receive comparable staff development and training opportunities?</p>	<p>The field evaluators need to ask these questions specifically from the female employees of the NPO. Additionally, documents concerning salary and other payments to men and women in the same category, professional growth and training opportunities offered and availed during the last three years may also be reviewed.</p> <p>There is no perceptible difference in salaries and benefits of men and women in the same category – 5</p> <p>Both men and women are offered and avail similar professional growth opportunities – 5</p>	All NPOs	10

1.23	Does the NPO have clearly defined job description statements for each of its middle and senior managerial positions?	<p>Field evaluator may conduct a review of related documents (ToRs, appointment letters etc.).</p> <p>Job description statements of managerial level positions are available for</p> <p>Senior level positions - 4</p> <p>Middle level positions - 4</p> <p>Is there any evidence of due receipt of these statements by the employee concerned</p> <p>For all managerial staff – 7</p> <p>Only for about 50% of the managerial staff - 4</p> <p>No evidence - zero</p>	M/L NPOs	15
1.24	<p>Does the NPO have a personnel policy addressing the following:</p> <p>a) employee benefits;</p> <p>b) performance assessment;</p> <p>c) increments and promotions;</p> <p>d) employee's professional growth;</p> <p>e) payments to staff and modes of payment;</p> <p>f) retirement and resignation;</p> <p>g) Internal organizational discipline (including dismissal and termination) and efficiency.</p>	<p>Desk review of policy documents containing various ingredients as defined in the parameter may be conducted.</p> <p>Random assessment of due observance of these policies (if present) may also be conducted and specific questions asked by the field evaluators from managerial and other staff of the NPO. In particular, staff's perception of fairness in the organization may be assessed.</p> <p>For each component, presence of policy and organisational fairness in dealing with its employees carries marks as follows (policy + implementation (even if a formal written policy is not present)):</p> <p>a) Employee benefits (1 + 2 = 3)</p> <p>b) Performance assessment (1 + 2 = 3)</p> <p>c) Increments and Promotions (1 + 2 = 3)</p> <p>d) Employee's professional growth (1 + 2 = 3)</p> <p>e) Payments to staff and modes of payment (1 + 2 = 3)</p> <p>f) Retirement and resignation (1 + 1 = 2)</p> <p>g) Internal organisational discipline and efficiency (1 + 2 = 3)</p>	<p>a) M/L</p> <p>b) M/L</p> <p>c) M/L</p> <p>d) M/L</p> <p>e) S/M/L</p> <p>f) M/L</p> <p>g) S/M/L</p>	<p>20</p> <p>a) 3</p> <p>b) 3</p> <p>c) 3</p> <p>d) 3</p> <p>e) 3</p> <p>f) 2</p> <p>g) 3</p>
1.25	Does the NPO have a policy regarding international travel undertaken by governing body members and its staff?	<p>Desk review of the policy and documentation related to international travel, approval procedures, acceptance of invitations etc. may be conducted.</p> <p>Is International Travel policy for GB members and employees present– 4</p> <p>Travelling only in economy class if on organisational expense - 3</p> <p>Due approval procedures for all international travel - 3</p>	M/L NPOs	10

1.26	Does the NPO have a conflict of interest policy, applicable to governing body members and senior management staff? Does a mechanism exist to implement the policy?	Desk review of charter, rules, and policy documents may be carried out to verify if the NPO has a declared conflict of interest policy and some mechanism to implement the policy. The field evaluators may also review record of recruitments, financial transactions etc, to see if the policy is being implemented. Is there a policy enunciating the conflict of interest issue – 5 Is the policy being implemented (even if a formal policy is not present) - 5	All NPOs	10
1.27	Does the NPO have a grievance-settlement policy for its employees and necessary arrangements to actualize it?	Desk review of charter or policy documents (duly issued and circulated) and documents regarding disposal of some of such applications may be conducted. Field evaluators can also verify this from employees of the NPO in the course of the field evaluation. A policy or procedure is formally laid down and approved by the GB – 5 The employees generally feel that they have an opportunity to settle their grievances internally – 5	Large NPOs	10

10. II.ii. Financial Management

No.	The Parameter	Mode of Verification	Applicability	Weightage
2.1	Does the NPO have a joint signatory system, duly approved by its governing body?	Desk review of documents related to financial transactions of the NPO may be conducted. No joint signatory system exists – zero Joint signatory system exists – 5 Joint signatory system with brackets of signing authority – 3 The system is duly approved by governing body – 2	All NPOs	10
2.2	Does the NPO properly maintain supporting documents of financial transactions for audit?	During field review, supporting documents for a few randomly selected financial transactions may be conducted. The NPO has appropriate supporting documents for financial transactions – 6 Supporting documents are properly filed and easily retrievable - 4	All NPOs	10
2.3	Does the NPO conduct its internal audit	Desk review of related documents (e.g. internal audit reports) may be conducted.	M/L NPOs	20

	annually? Is internal audit report provided for review by the external auditors?	<p>Examine the internal audit reports for the last three years</p> <p>No internal audit conducted in any of the last three years – zero</p> <p>Internal audit conducted in any one of the last three years – 5</p> <p>Internal audit conducted in any two of the last three years – 10</p> <p>Internal audit conducted in all of the last three years – 15</p> <p>Internal audit reports provided to external auditors - 5</p>		
2.4	Does the NPO circulate the names of the banks and auditors of the NPO to members of the governing body? Is the appointment of auditors duly approved by the GB?	<p>Field evaluator may examine relevant documents.</p> <p>NPO circulates the names of</p> <p>Banks - 3</p> <p>Auditors – 3</p> <p>GB approves appointment of auditors – 4</p>	All NPOs	10
2.5	Does the NPO prepare balance sheet, income & expenditure statement (or receipts & payments accounts) and cash-flow statement?	<p>These documents may be reviewed during field evaluation.</p> <p>NPO prepares</p> <p>Balance sheet (applicable only on large NPOs) -- 5</p> <p>Income & expenditure statement/receipts & payments accounts -- 5</p> <p>Cash-flow statement -- 5</p>	All NPOs	15
2.6	Does the NPO disclose auditor's report, balance sheet, income & expenditure statement (or receipts and payments accounts) and cash flow statement?	<p>Relevant documents may be examined to see if the NPO has included this information in its annual reports, other documents meant for public circulation, documents provided to the government or the PCP.</p> <p>NPO discloses</p> <p>Auditor's report -- 5</p> <p>Balance sheet (applicable only on large NPOs) -- 5</p> <p>Income & expenditure statement/receipts & payments accounts -- 5</p> <p>Cash-flow statement – 5</p>	All NPOs	20
2.7	Does the NPO regularly maintain ledgers (cashbook, salaries, petty cash, and fixed assets)?	<p>Field evaluator's review of these documents would prove their due maintenance.</p> <p>NPO prepares</p> <p>Cash Books – 5</p> <p>Salary ledgers - 5</p> <p>Petty-cash ledger - 5</p> <p>Fixed Assets ledger – 5</p>	All NPOs	20
2.8	Does the NPO circulate its annual audit report amongst members of its governing	<p>Desk review of the report and circulation mechanisms may be conducted.</p> <p>The field evaluators may also ask questions from staff of the NPO in this behalf.</p>	All NPOs	10

	body within three months of closure of its financial year?	NPO circulates its annual audit report amongst GB – 6 The circulation amongst GB is within three months of closure of financial year –4		
2.9	Does the actual expenditure of the NPO in various heads correspond to its approved budgetary allocations?	Review of budget document and actual expenditure may be conducted during field evaluation. The actual expenditure in various heads is according to the allocation (or duly approved revised allocation) – 20	All NPOs	20
2.10	Is the NPO expenditure in line with its policies and donor conditionality (if any)? Are the NPO funds being used for the purposes they have been obtained for?	Field evaluators may broadly examine the NPO's expenditure during the last three years, its policy documents (containing objectives or policy guidelines about utilisation of resources), fund raising appeals and agreements/guidelines issued by the donors, if any. NPO expenditure is in line with its policies and donor conditionality, if any: Administrative affairs – 2+1=3 Capital expenditure – 2+1=3 Foreign and local travel – 2+1=3 Maintenance of transport – 2+1=3 Construction and maintenance of offices – 2+1=3 Remuneration and reimbursement to staff and consultants, if any – 3+2=5	M/L NPOs	20
2.11	Does the NPO duly disclose to the public its expenditure on the following: a. Administrative affairs b. Capital expenditure c. Foreign and local travel of governing body members and executives d. Maintenance of transport e. Construction and maintenance of offices f. Remuneration and reimbursements to staff and consultants, if any	Desk review of relevant documents, budget, auditor's reports, accounting registers etc. may be conducted. NPO has disclosed its expenditure in the following heads (during all of the last three years) in its annual reports, documents meant for public circulation, documents provided to the government or documents provided to PCP: Administrative affairs – 5 Capital expenditure – 5 Foreign and local travel – 5 Maintenance of transport – 5 Construction and maintenance of offices – 5 Remuneration and reimbursement to staff and consultants, if any – 5 The NPO has disclosed such information during any of the last three years – (3+3+3+3+3+3) = 18	All NPOs	30

2.12	Does the NPO have a policy regarding investments?	<p>Desk review of policy documents may be conducted to verify the existence of an investment policy. Further, documents relating to actual implementation of such policies may also be reviewed.</p> <p>NPO has an investment policy -- 5 The governing body approves investment decisions – 5 Investments made are in line with the NPO investment policy – 5</p>	M/L	15
2.13	Does the NPO have a purchase and procurement policy? Are all expenditure sanctions duly documented and kept on record?	<p>Desk review of policy documents will verify the existence of a purchase and procurement policy.</p> <p>Field evaluator may examine the record of purchase sanctions, minutes of related governing body meetings and other record.</p> <p>The purchase and procurement policy addresses the following: Invitation of quotations/bids -- 2 Evaluation of bids -- 2 Award of contract in line with bids/quotations -- 2 Hierarchical distribution of purchase sanctioning authority, duly approved by GB -- 2 Verify through field evaluation, actual compliance of the following in the last three years Invitation of bids/quotations – 6 Evaluation of bids – 6 Award of contract in line with bids/quotations - 5 Sanctions are lawful - 5</p>	All NPOs	30
2.14	Does the NPO have a policy on disposal of assets?	<p>Desk review of the policy documents or by-laws may be conducted.</p> <p>The documents indicating due compliance to this policy may also be critically reviewed.</p> <p>The NPO has a Policy for disposal/sale of asset – 7 In the field review, following be verified (if any disposal of assets has taken place) Due authorisation obtained for all assets disposed off - 4 Assets disposed off through transparent procedures -- 4</p>	All NPOs	15
2.15	Does the NPO have sufficient resources to sustain its operations at current level?	<p>Documents related to NPO's financial resources (balances, pledges, accruals, agreements etc.) and its financial plans may be desk reviewed to assess if the NPO has sufficient resources to continue its operations at current levels for at least another year.</p>	All NPOs	20

		<p>The NPO has sufficient resources to sustain its operations for another year – 20</p> <p>The resources presently available are not sufficient, but the NPO has a viable plan to generate sufficient resources – 5</p> <p>The NPO has neither the resources nor a viable plan - zero</p>		
2.16	Does the NPO settle the accounts with an employee leaving the NPO within two months of end of his/her services?	<p>Rules and regulations in this behalf should be desk reviewed. Random cases may also be examined in detail on the basis of related documentation.</p> <p>Field evaluations may examine any three cases (selected at random) of employees who left the NPO during the last three years.</p> <p>Is there a policy to this effect – 5</p> <p>The NPO has settled accounts of employees leaving the NPO during the last three years within two months of their leaving – 10</p>	All NPOs	15
2.17	Does the NPO adopt accrual-based system for maintenance of its accounts?	<p>Desk review of accounting sheets and auditor’s report may be conducted.</p> <p>NPO keeps and manages its accounts on accrual basis – 10</p>	M/L NPOs	10
2.18	Does the NPO deduct at source income and withholding tax in accordance with the Tax laws in force?	<p>Documents concerning payments to staff and suppliers may be reviewed during field evaluation.</p> <p>The NPO deducts income and withholding tax at source in accordance with law -- 10</p>	All NPOs	10

10. II.iii. Program Delivery

No.	The Parameter	Mode of Verification	Applicability	Weightage
3.1	Are the managerial staff and members of the governing body well versed with and able to explain the mission and objectives of the organization?	<p>Field evaluators may facilitate a discussion with the managerial staff and members of GB of the NPO.</p> <p>Managerial Staff understands the mission and objectives of the NPO – 5</p> <p>GB members understand the mission and objectives of the NPO – 5</p>	All NPOs	10

3.2	Does the NPO, before devising its programmes, assess the needs of the target population?	<p>The NPO may be asked if it conducted a need assessment before designing its intervention(s). Documents relating to interviews, surveys etc. of target populations during planning and designing the programme may be examined.</p> <p>Field evaluators may also be asked to frame questions in this behalf from staff and beneficiaries of the NPO.</p> <p>The programme/project was developed on the basis of secondary information – 10 The programme/project was developed on the basis of primary as well as secondary information – 20</p>	All NPOs	20
3.3	Is programme/project planning and design in the NPO participatory?	<p>Field evaluators may engage the staff of the NPO, especially the programme staff, in discussion and ascertain whether programme/project planning is participatory or not.</p> <p>New initiatives/programmes/projects are discussed in staff meetings – 10 Programme and professional staff are involved in programme/project planning and design -- 10</p>	All NPOs	20
3.4	Does the NPO engage all stakeholders (including donors, colleague organizations, staff, beneficiaries (especially under-represented groups/women/minorities)) at various stages of programme/project design, development and implementation?	<p>The field evaluators may examine documentary evidence of the involvement of stakeholders in various stages of programme development and delivery.</p> <p>Additionally, the field evaluators may engage programme staff in a dialogue to assess the involvement of stakeholders in the programme.</p> <p>All important stakeholders have been involved in various stages of programme – 10 Only some stakeholders have been involved in various stages of programme – 5 Hardly any stakeholders were involved - zero</p>	All NPOs	10
3.5	Are staff meetings perceived by the programme and professional staff to be effective and useful?	<p>Field evaluators may ask staff of the NPO specific questions in this regard.</p> <p>Staff meetings are held at least once in each quarter – 5 Participants perceive these meetings to be participatory and useful -- 10</p>	All NPOs	15
3.6	Does the governing body of the NPO review, at least biannually, the programme progress of the NPO?	<p>Desk review of minutes of the governing body meetings, working papers, agenda and programme reports for the last three years may be conducted.</p> <p>GB reviews programme progress annually – 5 GB reviews programme progress bi-annually – 10</p>	All NPOs	10

3.7	Do members of the governing body and senior managerial staff regularly visit the service outlets, if any? Provided that this parameter shall not apply to rights or advocacy organizations which do not have any service outlets.	Documents concerning field visits of GB members and senior management staff (e.g. visit notes, tour diaries, reports) may be examined by the field evaluators. The field evaluators may also ask this question specifically from the GB members and senior management employees they meet during field evaluation. Further, during their visit of the field outlets, the field evaluators may ask the NPO staff at such outlet about such visits during the last three years. At least one GB member visited each of the service outlets at least once each year – 5 Senior management visited each of the service outlets at least once every year -- 5	All NPOs	10
3.8	Does the managerial staff of the NPO possess the requisite professional experience and qualifications for delivering the programme interventions of the NPO?	Job descriptions, academic qualifications and past experience of the managerial and operational staff of the NPO may be examined during field evaluation. Managerial staff possesses the requisite professional experience and qualifications – 10	Large NPOs	10
3.9	Does the NPO have the appropriate staff numbers to achieve its objectives?	The human resources (employees and volunteers) available with the NPO may be assessed in the context of targets set by the NPO for achieving its objectives during the last three years. The NPO has the appropriate staff numbers to achieve its targets – 5	All NPOs	5
3.10	Does the NPO have a monitoring system in place?	The staff of the NPO may be asked questions concerning the monitoring mechanisms employed by the NPO. Documents (M&E Plan, monitoring tools and formats) related to such system may also be examined. The NPO has a monitoring system in place – 10	M/L NPOs	10
3.11	Does the NPO use the results of monitoring for improvement in programme delivery?	Desk review of documents showing input of monitoring results in subsequent programme/project design etc. may be examined. Staff may also be asked questions during field evaluation. The NPO utilises monitoring results to improve programme/project implementation – 10 The NPO utilises monitoring results as inputs for subsequent programmes/projects -- 10	M/L NPOs	20
3.12	Has the NPO devised some measurable indicators to assess and monitor the progress and outputs of the programmes?	During desk review, relevant documents (details of indicators, monitoring formats, project documents containing time-lines etc.) may be examined to ascertain if the NPO has devised some indicators to measure and monitor programme progress and outcomes. The purpose is to find out if decisions are based on the systematic collection of quantitative and qualitative information.	All NPOs	10

		The NPO has devised at least three indicators to monitor and assess for each of its programmes/projects Progress – 5 Outputs – 5		
3.13	Are the indicators devised by the NPO specific, objectively verifiable, measurable and time bound?	Desk review may be conducted to see if the indicators are specific, objectively verifiable, and measurable and time bound. Indicators developed by the NPO are: Specific – 3 Measurable – 3 Objectively verifiable – 2 Time bound – 2	All NPOs	10
3.14	Are these indicators sufficiently comprehensive to assess and monitor programme effectiveness?	Desk review may be conducted to assess the quality and comprehensiveness of the indicators devised by the NPO to assess and monitor its programme performance. The indicators are comprehensive and measure the programme progress and outputs – 10.	All NPOs	10
3.15	Is the NPO able to demonstrate its programme success and effectiveness by the use of progress indicators devised by it against its objectives?	Documents concerning the targets set by the NPO for each year against these indicators, collection of data on and its analysis may be reviewed. NPO is able to demonstrate only partial programme success on the indicators – 10 NPO is able to demonstrate a clear programme success on the indicators -- 20	All NPOs	20
3.16	Has the NPO reached more beneficiaries through its services (direct and indirect) each year than the previous year?	The NPO outreach (number of beneficiaries of various organisational interventions) during each of the last three years may be reviewed. The NPO has consistently increased its outreach during last three years – 10 The NPO outreach has remained static during the last three years – 5 The NPO outreach has decreased during the last three years - zero	All NPOs	10
3.17	Are the clients of the NPO (beneficiaries) satisfied with the services provided?	Field evaluators may talk to some of the programme/project beneficiaries during their visit of the service outlets and get a general feedback. In case of advocacy organisations, direct beneficiaries or intermediary stakeholders may be approached for feedback. Provided that this parameter shall not apply if a beneficiary feedback survey conducted by an external agency during the last three years is available for reference.	All NPOs	25

		<p>More than 90% of beneficiaries interviewed are satisfied – 25</p> <p>More than 70% beneficiaries interviewed satisfied – 20</p> <p>50 – 70 % of beneficiaries interviewed satisfied – 10</p> <p>30 – 50 % of beneficiaries interviewed satisfied -- 5</p> <p>Less than 30% of beneficiaries interviewed satisfied -- 0</p>		
3.18	<p>Has the NPO got each of its programmes evaluated during the last three years by;</p> <p>a) Internal Evaluation.</p> <p>b) Beneficiary feedback survey</p>	<p>Related documents including internal evaluator’s reports, survey forms and reports, beneficiary feedback formats etc. may be desk reviewed.</p> <p>Field evaluators may also ask questions in this behalf from the staff of the NPO.</p> <p>NPO programmes are internally evaluated – 15</p> <p>NPO programmes are evaluated through beneficiary feedback survey– 15</p>	Large NPOs	30
3.19	<p>Does the NPO prepare and disclose reports of evaluations (internal or external) of programmes? Does the governing body view these reports?</p>	<p>Evaluation reports, agenda and minutes of GB meetings may be examined.</p> <p>NPO prepares reports of evaluations of programmes – 8</p> <p>NPO discloses reports of evaluations of programmes – 7</p> <p>Evaluation reports of programmes are submitted to the GB for review - 10</p>	M/L NPOs	25
3.20	<p>Has an external evaluation of the NPO and/or its programmes/projects been conducted during the last three years?</p>	<p>Desk review of external evaluation reports may be conducted.</p> <p>External evaluation of the NPO conducted during the last three years – 5</p> <p>External evaluation of most of the NPO’s major programmes/projects conducted during the last three years – 15</p> <p>External evaluation of only some of the NPO’s major programmes/projects conducted during the last three years - 10</p>	Large NPOs	20
3.21	<p>Does the NPO regularly prepare its annual report?</p>	<p>The annual reports for the last three years may be examined</p> <p>No annual report is prepared and circulated– zero</p> <p>Annual report was prepared and circulated in each of the last three years -- 10</p>	M/L NPOs	10
3.22	<p>Does the NPO’s annual report preferably contain the following:</p> <p>a) Major programmatic achievements</p> <p>b) Major plans and strategies for the future</p> <p>c) Findings of evaluations (if any)</p> <p>d) Major financial statistics</p>	<p>The annual reports for the last three years may be examined</p> <p>The annual report contains the following</p> <p>Major programmatic achievements -- 5</p> <p>Major plans and strategies for the future – 10</p> <p>Results of evaluations (if any) – 5</p> <p>Major financial statistics – 10</p>	M/L NPOs	30

3.23	Does the NPO disclose its sources of funding?	<p>Relevant documents meant for public information, or for submission to government or to PCP may be examined to see if sources of funding are disclosed to public. The field evaluators may also assess how, when and to whom are fund raising activities disclosed?</p> <p>The NPO discloses its sources of funding – 15</p>	All NPOs	15
3.24	Are the solicitations and appeal for fund-raising by the NPO in conformity with its stated goals and mission?	<p>Desk review of all publicity material in respect of fund raising may be conducted.</p> <p>Not in conformity - 0 In partial conformity – 5 Completely in conformity– 10</p>	All NPOs	10
3.25	Does the NPO clearly prohibit payment of commission to fund-raising staff members or agents of the NPO?	<p>Desk review of documents related to fund raising may be conducted.</p> <p>Financial statements and staff interviews during field evaluation verify that no commission has been paid to the fundraising staff or agents – 10</p>	All NPOs	10
3.26	Does the NPO have equal to or more than 50% of its operations in hard geographical areas?	<p>The NPO may be asked a direct question in this behalf and may be required to support its contention with documents.</p> <p>The “percentage of operations” will be determined by percentage of staff employed by NPO in geographically hard areas to its total staff. For these purposes, “staff” shall include permanent staff and contractual staff employed for at least six months.</p> <p>‘Hard areas’ will mean only geographical areas and NOT functional areas. Those districts will be deemed to be ‘hard’ which the Government has notified as such.</p> <p>The NPO has its operations in hard geographical areas: 10% to 29% – 5 30% to 49% – 10 50% and more– 15</p>	All NPOs	15
3.27	Has there been any adverse decree against the NPO in a suit initiated by any of its donors in any of the civil courts in Pakistan?	<p>A plain question may be put to the NPO in this behalf and a reply in black and white may be thus obtained.</p> <p>If, however, there has been any such litigation in the past, copies of plaint, final orders and decree, if any, may be obtained and desk reviewed.</p> <p>No adverse decree or adverse decree but set aside in appeal – 10 Adverse decree, but suspended in appeal – 5 Adverse decree, neither suspended nor set aside in appeal -- 0</p>	All NPOs	10

Part – III

PCP Application for Certification

1. Name, legal status and organisational details

Full name of organisation	
Legal name (if different from above)	
Translation ¹	
Acronym ²	
Size of the organisation ³	

1.1 Contact information

1.1.1 Main contact

Name of the Chief Executive Officer		
Address		
City/ Town		
District		
Province		
Telephone	Office:	Res:
Fax	Office:	Res:
Mobile phone		
E-mail		
Website		

1.1.2 Focal person

Please provide contact information of a person in your organisation who will be responsible for all communication with PCP in respect of Certification and will coordinate the proceedings of field evaluation with PCP's Regional Coordinator and field evaluators.

Name	
Designation	
Address	

¹ Translate the name (or meaning thereof) into English or Urdu, as applicable. For example, the Punjab Rural Support Programme (PRSP) is "Punjab Dehi Muawnat Idara", when translated in Urdu.

² An abbreviated name created by using initials of full name. For example, PCP is acronym for Pakistan Center for Philanthropy

³ As determined by the chart given in para 2 of Instructions. The Income Tax Department uses these criteria for categorising nonprofit organisations on the basis of their size. PCP has also adopted the same for determining fees and applicability of parameters.

Telephone	Office:	Res:
Mobile phone		
Fax		
E-mail		

1.2 Registration information

Law(s) under which the NPO is registered ⁴	Registration No.	Date and place of registration

1.3 Income Tax application and exemption history ⁵

Applications filed in the past under section	Year	Outcome and reasons if application was rejected

1.4 Purpose for which certification is required from PCP

Purpose	Response
Inclusion in PCP directory	Yes/no
Registration with CBR for grant of tax benefits	Yes/no
If yes,	
Under section 61 of the Income Tax Ordinance	Approval/renewal
Under clause 58 of II Schedule of Income Tax Ordinance	Approval/renewal
Both	Approval/renewal

1.5 Vision of the founders of your organisation

When and how did your Organisation start? Please state the vision and mission of the founders of your organisation.

⁴ Some organisations may be registered under more than one laws. It may be mentioned that this 'registration' means creation of your organisation.

⁵ Answer to this question has no bearing on the evaluation process of PCP. This question is meant only to assess and address the reasons of an earlier rejection by CBR, if any.

1.6 Personnel

Number of paid workers in the organisation ⁶	
Full Time	
Part Time	
Number of volunteers (Not paid) ⁷	
Total	

2. Programme delivery

2.1 Please briefly state the vision and mission of your organisation?

2.2 Did the NPO conduct a need assessment before designing its programme?

Yes/no

If yes, please attach copies.

2.3 Has the NPO conducted any beneficiary feedback survey during any of the last three years in respect of any of the programmes/projects? Has any other agency conducted such a survey?

Yes/no

⁶ This includes all personnel who draw fixed monthly emoluments from the organisation in any capacity (permanent, contractual, consultancy, advisory etc.)

⁷ Please note that volunteer is a person who performs a service to an organisation without charging any fee or salary for that service. Expenditure incurred on overheads like travelling and lodging etc. may however be reimbursed to volunteers. Under no circumstances, however, members of governing body of an organisation can be deemed as volunteers.

If yes, please attach copies.

2.4 Does your organisation set verifiable indicators⁸ to assess the progress and outputs of each of your programmes?

Yes/No

2.5 If yes, please list three most important indicators for each of your programmes?

2.5.1 Progress indicators

Name of programme	Indicators
	• • •
	• • •
	• • •

2.5.2 Output indicators

Name of programme	Indicators
	• • •
	• • •
	• • •

2.6 Has your organisation measured the outputs of various programmes against these indicators during the last three years?

Yes/No

2.6.1 If Yes, please specify the targets set by your organisation against these indicators, and

⁸ Example:
1. Infant mortality rate
2. Number of active self-help groups
3. Proportion of children under age 5 being educated in a primary school

achievements in the table below for each of the last three years.

Name of programme/project⁹:

Main area of operations (geographic and sectoral):

Target population:

Total cost/financial outlay of the programme/project:

Indicator	2000-2001		2001-2002		2002-2003	
	Target	Achievement	Target	Achievement	Target	Achievement

Please give targets and achievements in quantitative terms (i.e. in numbers).

2.7 Planning

Please explain how your organisation conceived, planned, implemented and monitored¹⁰ its programmes/projects undertaken in the last three years¹¹. Please attach additional sheets for each of your programmes/projects.

Project Name:

Planning (max. 100 words)

Implementation (max. 100 words)

⁹ Please use additional sheets to cover all programmes of your NPO undertaken in the specified years. For each programme, the standard format given here may please be used.

¹⁰Example:

Project name: Helping and rehabilitating drug addicts in Saddar Bazar, Rawalpindi

Planning: Conducted a survey of drug addicts, prepared their socio-economic profile, interviewed affected families

Implementation: Constructed and maintained a drug addicts rehabilitation centre for 100 persons, distributed literature, disbursed small loans to affected families, loans to rehabilitated addicts

Monitoring: Conducting weekly visits to rehabilitation centre, monthly reports, quarterly review session

Review: A committee of representatives from Punjab Social Welfare Department and donor agency will review the progress annually

¹¹ "Programmes/projects in last three years" include all programmes/projects that ended or commenced during this period.

Monitoring (max. 100 words). Also attach monitoring and evaluation formats used by your organisation.

Review (max. 100 words)

2.8 Evaluation (internal and external)

2.8.1 Does your organisation conduct internal evaluations of various programmes/projects?

Yes/No

Please attach copies of all internal evaluation reports prepared/published during the last three years in respect of your programmes/projects.

2.8.2 Has any external evaluation agency¹² ever evaluated programme(s) of your organisation?

Yes/No

2.8.3 If yes, please specify details in respect of each of your programmes in the last three years.

Name of programme/project	Name of evaluating agency	Name of commissioning agency	Evaluation period/date

¹² External agency includes any organisation or agency other than your organisation, e.g. government, donor, professional evaluation, accreditation or certification agencies etc.

2.8.4 Has your organisation made external evaluation reports public?

Yes/No

Please attach copies of all external evaluations reports (if any) conducted in the last three years.

2.9 Does your organisation prepare/publish periodical programme/project progress reports?

Yes/No

If yes, please attach copies of all such reports in respect of programmes undertaken in the last three years.

2.10 Does the organisation prepare/publish annual reports?

Yes/No

Please attach copies of the annual reports prepared/published during the last three years.

2.11 Please provide a list of all beneficiary outlets, if any, managed by your organisation.

Name and address of Facility/Outlet	Major activities undertaken	Operational since when	No. of staff working at the facility

3. Internal governance and organisational capacity

3.1. Do you have a statutory Governing Body¹³?

Yes/No

3.1.1. What is the strength of the Governing Body?

¹³ This may be the Board of Directors, Trustees, Governors, Executive Committee etc.

3.2 Brief profiles of the Chairperson and members of the Governing Body, and staff

Please attach (as Annexures) academic qualifications, past experience and professional background of the Chairperson and members of the governing body, Chief Executive Officer and all staff receiving more than Rs. 15000/- as monthly emoluments.¹⁴

Please use the following format for each person.

Name:

Designation:

Relationship with any of the Governing Body members (if any):

No.	Qualification	Institution	
Positions held		From	To

Important professional contributions (including seminars, publications, memberships etc.)

3.3 Please provide the details of following expenditure on all Governing Body members during the last three financial years. All figures in Pak Rs.

Accounting Head	2000 – 2001	2001 – 2002	2002 – 2003
International Travel			
Domestic Travel			
Local Conveyance			
Entertainment Expenses			
Accommodation			
Honorarium/professional fees			

¹⁴ These may include all staff, permanent, contractual, professional, managerial, executive, consultants etc. The monthly emoluments **do not** include reimbursements for travelling, lodging etc.

Determine salary of the Chief Executive Officer	Yes / No	
Approve Audited Financial Statements	Yes / No	

3.7 Human resources

3.7.1 Does your organisation have a recruitment policy?

Yes/No

If yes, please attach a copy of the recruitment policy.

3.7.2 Is your recruitment policy gender blind (or proactively promotes women employment)?

Yes/No

3.7.3 How would you rate the number of female employees in your organisation with respect to the nature of the work this organisation is performing?

Well balanced/fairly balanced/poorly balanced/not balanced at all

If in your opinion, the work force is not balanced with respect of the nature of work, please give background/reasons for the imbalance.

--

3.7.4 For which of the following categories of employees does your organisation do the following:

Category	Issue formal appointment/contract letter containing terms of appointment	Prepare detailed job description and responsibilities
Full time staff	Yes/No	Yes/No
Part time staff	Yes/No	Yes/No
Contract staff	Yes/No	Yes/No
Consultants/advisors	Yes/No	Yes/No
Daily wage employees	Yes/No	Yes/No
Volunteers	Yes/No	Yes/No

3.8 Does your organisation have a personnel policy?

Yes/No

If yes, please attach a copy.

3.8.1 When and by whom was this policy approved? Please give dates of subsequent

amendments (if any).

3.8.2 Does the personnel policy cover the following?

Policy aspect	Response
Employee benefits	Yes / No
Leave entitlement	Yes / No
Evaluation and performance assessment	Yes / No
Employee's professional growth	Yes / No
Recruitment and management of volunteers	Yes / No
Attendance	Yes / No
Promotions	Yes / No
Payments to staff and modes thereof	Yes / No
Retirement and resignation	Yes / No
Internal organisational discipline and efficiency	Yes / No
Increments in salary in relation with appraisals and evaluations of staff	Yes / No

4. Financial management

4.1 Which system of accounting does your organisation follow?

Cash based/accrual based

4.4 Please give distribution of staff according to salary levels?

Gross salary plus benefits paid to staff	Male staff	Female staff	Total staff
< 5000			
5,000 – 10,000			
10,000 – 25,000			
25,000 – 50,000			
50,000 – 1,00,000			
> 1,00,000			

Please state all figures in Pak Rupees.

4.5 Staff remuneration (Gross annual salary + benefits) in Rupees ¹⁵

Please give the annual salary of the following employees (average for the last three years).

Designation	Average annual Salary
Chief Executive Officer	

¹⁵ Staff includes all personnel, permanent, contractual, consultants, advisors etc. Benefits include allowances entitled, perks, facilities like accommodation, transport etc.

Chief Operating Officer	
Highest paid member of staff	
Second Highest paid member of staff	
Third Highest paid member of staff	
Lowest paid member of staff	

4.6 Which of the following policies does your organisation have? Please attach copies.

Purchase and procurement policy	Yes/No
Disposal and sale of assets policy	Yes/No
Investment Policy	Yes/No

4.7 Please provide the following information in respect of all international travel undertaken by all personnel¹⁶ of your organisation.

Please use additional sheets while providing information about each travel transaction undertaken by the staff of your organisation.

Name	
Designation	
Destination	
Purpose	
Gross Expense (Rs)	
Sponsored by external organisation	Yes/No

4.8. Important financial statistics for the last three years

Income	2000-2001	2001-2002	2002-2003
Internally generated (fees/subscriptions/ interest/community contributions etc)			
Donations from individuals (from within Pakistan)			
Donations from individuals (from outside Pakistan)			
Grants from Pakistani sources ¹⁷			
Grants from International sources ¹⁸			
Expenditure			
Capital expenditure			
Capital items purchased for the organisation			
Capital items purchased for beneficiaries			

¹⁶ Personnel, for the purposes of this question, include, permanent staff, consultants, part-time workers, governing body members etc.

¹⁷ Trusts/ govt/ companies/ foundations/ organisations

¹⁸ Trusts/ govt/ companies/ foundations/ organisations

Recurring non-capital expenditure			
Salaries and benefits			
Staff training			
Staff travel (including board and lodge)			
Office support expenses (rent/ repairs/ telephone/ etc)			
Communication (correspondence/ annual reports/ brochures/ appeals/ website/ etc)			
Consultants' fees (audit/ legal/ programme)			
Depreciation			
Meetings and conferences			
Grants/ donations given to other organisations as part of programme			
Other programme expenses			
Other non-programme expenses			

4.10 Please provide the following details about the two largest donors of your organisation. ¹⁹

Donor 1

Name	
Address	
Type	International / Pakistani Agency / Corporate / Individual
Phone number	
E-mail	
Duration/year(s) of grant	
Amount	
Purpose of grant	

Donor 2

Name	
Address	
Type	International / Pakistani Agency / Corporate / Individual
Phone	
E-mail	
Duration/year(s) of grant	
Amount	
Purpose of grant	

5. Miscellaneous

5.1 Has any adverse decree been passed in a court of law against your organisation?

Yes/No

If yes, please provide a copy of such adverse decree and appeal (if any) preferred against such decree. You may also like to give some brief background.

5.2 References ²⁰

Please provide two references of people (or organisations²¹) who know your work (who would be willing to answer questions about the organisation)

Reference 1

Name	
Position held	
Type	International Agency/Pakistani Agency/NPO/Corporate body/Individual
Postal address	
Telephone (with code)	
E-mail	

Reference 2

Name	
Position held	
Type	International Agency/Pakistani Agency/NPO/Corporate body/Individual
Postal address	
Telephone (with code)	
E-mail	

5.3 If there is any additional information that you wish to present about your organisation, please use the following space or attach additional sheets.²²

--

(Official seal of the organisation)

Signature

²⁰ This is an optional question

²¹ References of already certified NPOs may be provided, if available

²² The additional information may also constitute photographs of programmes/ beneficiaries, videocassettes or multi-media CDs, newspaper clippings etc.

(Name, designation and signature of the Chief Executive officer of the applicant organisation)

6. Check list

6.1 Please attach attested copies²³ of the following documents.

Please note that if you do not mark any row as 'yes', it will be deemed that such particular document is not available (it was not prepared or published or is not available anymore).

Name of Document	Remarks	Annexed (Yes/no)	Not applicable
Pay order in favour of PCP	As payment of evaluation and certification fee ²⁴		
The governing documents	Charter, Articles of association, trust deed etc. ²⁵		
Registration certificate	Duly attested		
List of members of governing body			
Minutes of governing body's meetings	For all meetings during the last three years		
Brochures or other publicity material			
Annual report of the organisation	Original reports for the last three years		
Annual programme progress report	Original reports for the last three years		
Reports of program evaluations (internal)	Duly attested copies of reports for the last three years		
Reports of program evaluations (external)	Duly attested copies of reports		
Need assessment (if any)			
Beneficiary feedback survey (if any) in respect of any of the programmes during any of the last three years	By the NPO or by any other organisation		
Monitoring formats	Formats/pro-forma used for monitoring and evaluation		
Agreements/contracts with donors (if any)	Copies of MoUs, agreements, contracts etc. with donors during the last three years		
Annual budget	Approved annual budget for each of the last three years		
Balance sheet and schedules	For the last three years, duly attested		
Income and Expenditure statement and schedules	For the last three years, duly attested		
Receipts and Payments Account and Schedules	For the last three years, duly attested		

²³ Please ensure the authorised signatory of your organisation attests the above documents

²⁴ Please see para 1 of instructions on the first page of this application for determination of exact amount of fee.

²⁵ The terms governing documents, registration certificate and charter may seem confusing initially. All of them may not apply on your organisation. But in certain instances they do. For instance, a trust, which is also registered as a Voluntary Social Welfare Agency, will have trust deed (governing document), registration certificate and constitution (charter).

Notes to the Accounts	For the last three years, duly attested		
Audit reports	For the last three years, duly attested		
Recruitment policy of the organisation	Duly attested copy		
Personnel policies of the organisation (containing organisational policy about Employees benefits, leave entitlement, evaluation and performance assessment, employee's professional growth, etc.)	Duly attested copy		
Conflict of interest policy of the organisation	Duly attested copy		
Grievance settlement policy of the organisation	Duly attested copy		
Purchase and procurement policy of the organisation	Duly attested copy		
Disposal and sale of assets policy of the organisation	Duly attested copy		
Investment policy of the organisation	Duly attested copy		
Adverse court orders or decree (if any)	Duly attested copy		
Any other document			

6.2 Photographs ²⁶

Please attach a few photographs showing programme activities²⁷. Please paste each photo on a separate sheet of paper and write caption and background on the sheet.

²⁶ This is optional. PCP may, however, publish these photos, if provided, along with the name, profile and introduction of your organisation in its directory of certified organisations.

²⁷ 1-2 photographs that best indicate the success and impact of your past programmes and projects.