

No. -CSR  
Government of India  
Ministry of Corporate Affairs

5<sup>th</sup> Floor, 'A' Wing  
Shastri Bhawan, Dr. R.P. Marg  
New Delhi - 110001  
Dated :

To,  
All Regional Director  
All Registrar of Companies  
All Stakeholders

**Subject: Clarification regarding carry forward of unspent Corporate Social Responsibility (CSR) amount for a Financial Year under section 135 of the Companies Act, 2013.**

It has come to the notice that Boards Report filed along with Annual Financial Statements of eligible CSR Companies indicate, unspent amount of CSR is being carry forwarded year after year. However, provisions of section 135 of the Companies Act, 2013 (the Act) uses the word "SHALL ENSURE THAT THE COMPANY SPENDS". Thus the issue arises is whether carry forward is permissible under the Act and allowed under Accounting Standard(s). In this regard it's clarified that carry forward of unspent CSR amount would tantamount deferment of expenses. It is observed that deferment as prescribed under Accounting Standard(s), is possible only in respect of Revenue Expenditure or Tax. CSR do not fall either under revenue expenditure or under tax expenditure, therefore carry forward of CSR would be improper as per the accounting standards. Further, no such carry forward has been intended under section 135 of the Act. Further, it is also observed that various companies are taking undue advantage of the same.

2. In this regard, it is clarified that carry forward of CSR is not permissible. Wherever, such carry forwarded unspent is reflected in the books of account of the Companies, the same should be either spent within a year or alternatively deposited in the Central Government Funds as prescribed in Schedule VII of Companies Act, 2013 such as Prime Minister National Relief Fund, Swatch Bharat Kosh and Clean Ganga Fund.
3. This issues with the approval of Competent Authority.

**Yours faithfully**

**(Seema Rath)**  
**Deputy Director (CSR-Cell)**  
**Tel.: 011-23385285**

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