

# Goods And Services Tax Network

## Corporate Social Responsibility (CSR) Policy

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CSR Policy under the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

# CSR Policy

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## 1. Introduction

Goods And Services Tax Network (GSTN) is a not for profit, private limited Company. It was incorporated on 28<sup>th</sup> March, 2013 under Section 25 of the Companies Act, 1956 (Now Section 8 of the Companies Act, 2013).

The Company has been set up primarily to provide IT infrastructure and services to the Central and State Governments, taxpayers and other stakeholders for implementation of the Goods and Services Tax (GST). It would thus play a critical and vital role in reforming the indirect tax system in India.

GSTN believes in Corporate Social Responsibility (CSR) concept and is committed to contribute towards sustainable development by delivering economic, social and environmental benefits for all stakeholders.

The Policy for Corporate Social Responsibility shall have clear focus on activities, areas or subjects or contributions thereof as specified in Schedule VII the Companies Act, 2013 (“Act”) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“Rules”).

GSTN shall ensure that it spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy. The CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the areas or subjects, specified in Schedule VII of the Act. The CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure. The companies are also required to report the expenses made for CSR activities in the annual report.

## 2. Objectives of the Policy

The CSR policy of GSTN will govern and comply the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. GSTN will review these focus areas from time to time and make additions or deletions, based on the priorities for each year.

## 3. The Governance Model

### **Constitution of the CSR Committee**

Pursuant to Section 135 of the Companies Act 2013, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The members in the committee shall be appointed by the Board of Directors of GSTN.

The CSR committee shall hold at least one CSR Committee meeting in a financial year. The CSR Committee shall decide the CSR programs and initiatives for each financial year and accordingly recommend the agenda to the Board of Directors.

The CSR agenda for the financial year shall indicate the activities to be undertaken for the financial year, and the expenditure to be incurred on the CSR programs and initiatives.

### **Board of Directors**

The Board of Directors shall take into account the recommendations made by the CSR Committee and approve the CSR programs for GSTN.

## **Role of the CSR Committee**

- a) To formulate and recommend to the Board of Directors, the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act and the applicable Rules;
- b) To recommend the amount of expenditure to be incurred on the CSR activities;
- c) To monitor the Corporate Social Responsibility Policy of the Company from time to time.

## **4. Programs under the Policy**

In accordance with Schedule VII of the Act and the Rules, GSTN shall undertake CSR activities for each year. The Committee is authorized to approve any modification to the existing CSR plan or to propose any new program during the financial year. The CSR committee shall present the annual agenda to the board of directors, for adoption and approval for each financial year.

## **5. Monitoring of the CSR programs**

### **Monitoring and Reporting**

- a) CSR Committee will review the project proposal and monitor the implementation of the projects on regular basis and establish evaluation framework for supported causes;
- b) CSR Committee shall report and keep the Board updated, regarding the expenses incurred on donations/contributions and CSR activities for the year.

## **6. Budgets and Expenditures**

GSTN shall allocate a budget towards each of the CSR activities falling within the purview of the objectives of this policy. The CSR expenditure shall include all actual expenditures including contribution to corpus or on project or programs relating to CSR activities recommended by the CSR Committee and approved by the Board of Directors but shall not include any expenditure that does not fall within the purview of Schedule VII of the Act. The surplus, if any, arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

## **7. Reporting**

The expenditure for the financial year will be tracked by the GSTN and reported to the Board members in the CSR committee meetings. It is mandatory for GSTN to disclose its CSR Policy, programs/projects undertaken and the expenditure made towards CSR activity in the annual report.

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