

What is FCRA? When does it apply/not apply to a non-profit?

The first time the act came was during the time of Indira Gandhi Emergency. It was an act of 1976. It was particularly introduced so that politicians and political parties cannot get foreign contributions which remains under the new act of 2010 and the rules of 2011. FCRA stands for Foreign Contribution Regulation Act. It is an act which regulates money coming in thru foreign sources. We often think that when we get money in dollars, euros or sterling pounds you think it's a foreign contribution. It is not the currency that matters, it is not the bank that matters, it does not even matter from which country it has come.

So foreign contribution means the donations, delivery or transfer made by any foreign source. The key word here is 'Foreign Source'. If the source is foreign then FCRA applies and if the source is not foreign then the FCRA does not apply.

You sold your products to a foreign source and FCRA is applied to you. Foreign Contribution does not include any commercial receipt. NGOs can receive any commercial or consulting fees from a foreign source even without having an FCRA registration. FCRA registered NGO should receive such receipts in their domestic account and such commercial receipts are not required to be reported to FCRA department.

A foreign source gives you consulting fees in dollars for conducting a survey on educational background in a particular village. This is like a contract, it's not a donation. So any kind of a commercial receipt or consulting fees that you are getting can go in your regular account.