



CBDT modifies list of particulars to be furnished for claiming deduction u/s 35E

Aug 01, 2023

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**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT TAXES
NEW DELHI**

NOTIFICATION NO

54/2023, Dated: August 01, 2023

G.S.R. 579(E). - In exercise of the powers conferred by proviso to clause (a) of sub-section (2) and sub-section (4) of section 35D read with section 295 of the Income-tax Act 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. Short title and commencement.-(1) These rules may be called the **Income-tax (Fourteenth Amendment) Rules, 2023.**

(2) They shall come into force with effect from the 1st day of April, 2024.

2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), after rule 6ABBA, the following rule shall be inserted, namely:-

"6ABBB. Form of statement to be furnished regarding preliminary expenses incurred under section 35D.-

(1) The statement containing particulars of expenditure required to be furnished under proviso to clause (a) of subsection(2) of section 35D by the assessee shall be in Form No. 3AF for each previous year.

(2) Form No. 3AF shall be furnished one month prior to the due date for furnishing the return of income as specified under sub-section (1) of section 139.

(3) Form No. 3AF shall be furnished to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

(4) Form No. 3AF, shall be furnished electronically, -

(i) under digital signature, if the return of income is required to be furnished under digital signature;

(ii) through electronic verification code in a case not covered under clause (i).

(5) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall specify the procedures for furnishing Form No. 3AF and shall also be responsible for formulating and evolving appropriate security, archival and retrieval policies in relation to the form so furnished.

(6) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall forward Form No. 3AF to the Assessing Officer."

3. In the principal rules, in Appendix II, for Form No. 3AE, the following Forms shall be substituted, namely:-

"FORM NO. 3AE

[See rule 6AB]

(e-Form)

Audit Report under section * 35D(4)/35E(6) of the Income-tax Act, 1961

* I/We have examined the Balance Sheet(s) of M/s _____ as at _____ and the Profit and Loss Account(s) for the year(s) ended on _____

_____ * that/those date(s) which are in agreement with the books of account maintained at the head office at _____ * and branches at _____. * I/We have obtained all the information and explanations which to the best of * my/our knowledge and belief were necessary for the purposes of the audit. In * my/our opinion, proper books of account have been kept by the head office and the branches of the above named assessee visited by * me/us so far as appears from * my/our examination of the books, and proper returns adequate for the purposes of audit have been received from branches not visited by * me/us, subject to the comments given below :-

In * my/our opinion and to the best of * my/our information and according to explanations given to * me/us, the said accounts give a true and fair view:-

(i) in the case of the Balance Sheet(s) of the state of the abovenamed assessee's affairs as at _____; and

(ii) in the case of the Profit and Loss Account(s), of the profit or loss of his accounting year(s) ending on _____.

The statement of particulars required for the purposes of the deduction under section * 35D/35E is annexed and in *my/our opinion and to the best of * my/our information and according to explanations given to * me/us, these are true and correct.

Place.....

Date.....

Signed:

Accountant†

Name:.....

Address:

Membership No:.....

Notes :

1. *Delete whichever is not applicable.
2. † This report is to be given by an accountant as defined in the Explanation below sub-section (2) of section 288 of the Income-tax Act, 1961.
3. Where any of the matters stated in this Report is answered in the negative or with a qualification, the Report shall state the reasons for the same.

ANNEXURE TO FORM NO. 3AE

SECTION A

STATEMENT OF PARTICULARS REQUIRED FOR THE PURPOSES OF DEDUCTION UNDER SECTION 35D

1. Date of commencement of business.....

2. Where the deduction is claimed with reference to the expenditure incurred in connection with the extension of the industrial undertaking or the setting up of a new industrial unit, the date on which the extension was completed or new industrial unit commenced production or operation

*3. Qualifying amount of expenditure :

† (a) Expenditure in connection with-

(i) preparation of feasibility report Rs.....

(ii) preparation of project report Rs.....

(iii) conducting market survey or any other survey necessary for the business of the assessee Rs.....

(iv) engineering services relating to the business of the assessee Rs.....

(b) Legal charges for drafting any agreement between the assessee and any other person for any purpose relating to the setting up or conduct of the business of the assessee Rs.....

TOTAL Rs.....

Whether Form No. 3AF has been filed as per the provisions of rule 6ABBB? Yes/No

*4. Cost of the project, i.e., actual cost of:

(i) land and buildings (including expenditure on development) Rs.....

(ii) leaseholds Rs.....

(iii) plant and machinery Rs.....

(iv) furniture and fittings Rs.....

(v) railway sidings Rs.....

TOTAL Rs.....

5. Deduction claimed under section 35D Rs.....

Place.....

Date.....

Signed :

Accountant

Name:

Address:

Membership No:

SECTION B**STATEMENT OF PARTICULARS REQUIRED FOR THE PURPOSES OF DEDUCTION UNDER SECTION 35E**

1. Name(s) of mineral(s) or group(s) of associated minerals in respect of which operation relating to prospecting or development were undertaken.....

2. Year of commercial production.....

3. Qualifying amount of expenditure:

Year in which expenditure was incurred	Amount of expenditure (Give details) Rs.
1.	
2.	
3.	
4.	
5.	
.....	

Place.....

Date.....

Signed :

Accountant

Name:

Address:

Membership No:

*Where the qualifying expenditure was incurred during more than one year, year-wise details of the expenditure should be given.

† Expenditure prior to 1.4.2023 under this head should be claimed only where the work in connection with the preparation of the feasibility report or project report or conducting market survey or any other survey or engineering services has been carried out by the assessee himself or by a concern which has been approved in this behalf by the Board. Expenditure after 1.4.2023 under this head requires Form No. 3AF also to be furnished.

‡ In a case where the claim relates to preliminary expenses incurred before the commencement of business, the actual cost of the specified assets which are shown in the books of the assessee as on the last day of the previous year in which the business was commenced should be given. In a case where the expenses were incurred in connection with the extension of the industrial undertaking or the setting up of a new industrial unit, the actual cost of the specified assets which are shown in the books of account as on the last day of the previous year in which the extension of the industrial undertaking was completed or the new industrial unit commenced production or operation (in so far as such assets have been acquired or developed in connection with the extension of the industrial undertaking or the setting up of the new industrial unit) should be given.

FORM NO. 3AF**[See rule 6ABBB]****(E-form)****Statement regarding preliminary expenses incurred to be furnished under proviso to clause (a) of sub-section (2) of section 35D of the Income-tax Act, 1961 by the assessee**

Name of the Assessee						Name				
						Status				
						Residential status				
						Permanent Account Number				
						Aadhaar number (if applicable)				
						Tax Deduction and Collection Account Number (if applicable)				
						Address				
Relevant previous year for which the statement is being filed										
	Expenditure in connection with:*		Details of expenditure incurred							
	Nature of activity (See Note 1)	Whether carried out by assessee itself (Y/N)	Name and address of person (s) carrying out the activity (See Note 2)	PAN of the person(s)	Whether the person (other than assessee himself), has prior experience in carrying out the activity (Y/N)	Amount of expenditure (in Rs.)			(in Rs.) If tax deducted at source, then provide:	
						Paid in Cash	Paid other than in cash	Total	Amount of tax deducted (in Rs.)	Section under which tax is deducted
a.	Preparation of feasibility report									
	...									
b.	Preparation of project report									
	...									
c.	Conducting market survey or any other									

	survey necessary for business of the assessee									
	...									
d.	Engineering services relating to the business of the assessee									
	...									

*Drop down to be provided

Verification

I, do hereby declare that what is stated above is true to the best of my knowledge and belief. Verified today, the _____ day of _____.

Place

Date

Signature of the Authorised Signatory

Note:

1. In case there is more than one person carrying out the activity, separate details to be filled.
2. If carried out by the assessee itself, write "SELF".

[F.No.370142/24/2023-TPL]

(Jivitesh Anand)
Under Secy. (Tax Policy and Legislation Division)

Note : The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii) vide notification number S.O. 969 (E), dated the 26th March, 1962 and was last amended vide notification number [G.S.R. 519 \(E\)](#), dated 18.7.2023.