

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT TAXES

NEW DELHI, THE 15th September, 1993

NOTIFICATION
INCOME-TAX

S.O. _____ (E) In exercise of the powers conferred by sub-section (2AA) of Section 35 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 (Sixteenth Amendment) Rules, 1993.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In Part-II of the Income-tax Rules, 1962, in sub-part C, in rule 6, after sub rule (2), the following shall be inserted, namely :-

"(3) The application for obtaining approval under sub-section (2AA) of section 35 shall be made by a sponsor in Form No. 3CG.

Explanation. - For the purposes of this rule "sponsor" means a person who makes an application in Form 3CG.

(4) The Secretary, Department of Scientific and Industrial Research shall within eight weeks of the receipt of an application on Form No.3CG, communicate his decision on each application to the Director General (Income-tax Exemptions).

(5) The Director General (Income-tax Exemptions) shall within four weeks of the receipt of the decision conveyed by the Secretary, Department of Scientific and Industrial Research, issue an order of approval of programme on Form No. 3CH.

(6) The National Laboratory shall issue a receipt of payment for carrying out an approved programme of scientific research under sub-section (2AA), on Form No. 3CI.

(7) Approval of a programme under sub-section (2AA) shall be

subject to the following conditions :-

(a) The programme should not relate purely to market research, sales promotion, quality control, testing, commercial production, style changes, routine data collection or activities of a like nature;

(b) The sponsor and the National Laboratory concerned shall submit to the Secretary, Department of Scientific and Industrial Research and the Director General (Income-tax Exemptions) a six monthly statement showing progress of implementation of the approved programme and actuals of expenditure incurred thereon;

(c) The prescribed authority shall not extend the duration of the programme or approve any escalation in costs;

(d) The National Laboratory shall maintain a separate account for each approved programme; which shall be audited annually and a copy thereof shall be furnished to the Director General (Income-tax Exemptions) by 31st October of each year;

(e) Assets acquired by the National Laboratory for executing the approved programme would not be disposed off without the approval of the Secretary, Department of Scientific and Industrial Research and the Director General (Income-tax Exemptions);

(f) On completion of the approved programme, a completion certificate alongwith a copy of the report on the research activities carried out and salient features of the result obtained and its further application for commercial exploitation shall be jointly submitted by the sponsor and the National Laboratory to the Secretary, Department of Scientific and Industrial Research and the Director General (Income-tax Exemptions);

(g) A copy of the audited statement of accounts for the approved programme shall be submitted to the Secretary, Department of Scientific and Industrial Research and the Director General (Income-tax Exemptions) within six months of the completion of the programme."

3. In Appendix II of the Income-tax Rules, 1962, after Form No.3CF, the following Forms shall be inserted, namely :-

"Form No. 3CG
[See rule 6(3)]

APPLICATION FOR APPROVAL OF SCIENTIFIC RESEARCH PROGRAMME
UNDER SECTION 35(2AA) OF THE INCOME-TAX ACT, 1961

PART A

1. Name and Address of the sponsor including Telex/Fax/Phone numbers
2. Permanent Account Number (PAN) of the sponsor
3. Nature of Business/activity of the sponsor (enclose copy of latest Annual Report alongwith Balance Sheet, where applicable)
4. Annual Turnover of the sponsor during the past three years
5. Annual Research and Development expenditure of the sponsor during the past three years
6. The Research and Development facilities and research and development activities of the sponsor
7. Details of technical collaborations if any, entered into by the sponsor
8. Does the sponsor have a Department of Scientific and Industrial Research recognised In-house Research and Development unit? If yes, give details
9. Name and address of the National Laboratory including Telex/Fax/Phone numbers (Enclose copy of the latest Annual Report alongwith copy of Audited Statement of Accounts)
10. Name and designation of the Head of the National Laboratory
11. Agency under which the National Laboratory is functioning (Indian Council of Agricultural Research/Indian Council of Medical Research/Council of Scientific and Industrial Research)

PART B

12. Title of the Scientific research programme for which approval is sought under section 35(2AA) of Income-tax Act, 1961 (Give a brief write up on the research programme indicating the objectives of the programme, stages of implementation, expected end results, commercialisation prospects, usefulness of the programme in terms of foreign exchange saving, potential for exports, in separate annexure)
13. Name and designation of the programme leader and members of the Research and Development team in the National Laboratory
14. Date of commencement of the research programme
15. Duration of the programme in months
16. Total cost of the programme (Cost of raw materials, equipment, manpower, services, indirect costs, overheads and intellectual inputs) :

17. Payment terms (enclose copy of the agreement between the sponsor and the National Laboratory)

18. Details of patent rights and commercialisation rights agreed to between the sponsor and the National Laboratory (enclose copy of the agreement)

PART C

Certified that the above information is true to best of our knowledge and belief.

We undertake to :

(i) maintain separate accounts for the programme applied for;

(ii) submit progress reports every six months to the Secretary, Department of Scientific and Industrial Research and Director General (Income-tax Exemptions); and

(iii) submit final report on completion of the programme along with audited statement of accounts to Secretary, Department of Scientific and Industrial Research and Director General (Income-tax Exemptions).

(Signature of the sponsor)

(Signature of the Head of the National Laboratory)

(Name and Designature)

(Name and Designature)

Place

Date

Note :

1. Six sets of duly filled application are to be submitted to the Secretary, Department of Scientific and Industrial Research, Ministry of Science and Technology, Technology Bhavan, New Mehrauli Road, New Delhi-110 016 and two sets to the Director General (Income-tax Exemptions), 10, Middleton Road, 5th Floor, Calcutta 700 071.

2. Separate applications have to be submitted in respect of each research programme.

Form No. 3CH
[See rule 6(5)]

ORDER OF APPROVAL OF SCIENTIFIC RESEARCH PROGRAMME UNDER
SECTION 35(2AA) OF INCOME-TAX ACT, 1961

1. Name, Address and PAN of the sponsor
2. Name and address of the National Laboratory
3. Title of the scientific research programme
4. Ref. No. and Date of the application
5. Date of commencement of the research programme
6. Duration of the programme in months
7. Assessment year(s) for which the programme has been approved (not exceeding three years)

8. The National Laboratory shall :

(i) issue a receipt to the sponsor acknowledging the sums received towards this programme on Form No.3CI;

(ii) furnish six-monthly reports on the progress of the research programme to the Secretary, Department of Scientific and Industrial Research and Director-General (Income-Tax Exemptions);

(iii) furnish to the Secretary, Department of Scientific and Industrial Research and Director-General (Income-Tax Exemptions) the completion report within three months of completing the research programme;

(iv) maintain a separate account for this programme which shall be audited annually and furnish a copy of the audited account for the period ending 31st March to the Secretary, Department of Scientific and Industrial Research and Director-General (Income-Tax Exemptions) by 31st October of the corresponding year; and

(v) furnish to the Secretary, Department of Scientific and Industrial Research and Director-General (Income-Tax Exemptions) an audited statement of accounts of the monies spent on the programme within six months of the completion of the programme.

9. Concurrence of the Secretary, Department of Scientific and Industrial Research for this programme has been conveyed by their letter No. _____ dated _____ .

Place : _____

(Signature)

Date : _____

(Name)

Director General of
Income-tax Exemptions

(Seal)

File No. : _____

Order No. : _____

Copy to :

(1) Sponsor

(2) The National Laboratory

(3) The Director General, (Indian Council of Agricultural Research/Indian Council of Medical Research/Council of Scientific and Industrial Research)

(4) Secretary, Department of Scientific and Industrial Research

Form No. 3CI
[See rule 6(6)]

RECEIPT OF PAYMENT FOR CARRYING OUT SCIENTIFIC RESEARCH UNDER
SECTION 35(2AA) OF THE INCOME-TAX ACT, 1961

1. Name, address and Permanent Account Number of the sponsor

2. Amount paid (in figures and words)

3. (i) Mode of payment with particulars

(ii) Date of payment

4. Name of the research programme for which to be used

5. Approved cost of the programme

6. Date of commencement and duration of the programme

7. Assessment year(s) for which approved

8. Number of payments received so far, including this payment, towards
this programme

9. Total amount of payment received towards this programme, so far,
including this payment (in figure and words)

10. Prescribed Authority has approved this programme vide Order
No. _____ dated _____ issued from file No. _____ .

Place : _____

(Signature)

Date : _____

(Name and Designation)

(Name and Address of the National Laboratory)

Serial No. of this Receipt : _____"

No.

6370

142/14/93-TPL

Akshat
(AKHILESH PRASAD)
Director (TPL-I)