

Guidance Note on Form 79 – Statement of Income Paid or Credited by Investment Fund

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| Name of form as per I.T. Rules, 1962 | Form 64D | Name of form as per I.T. Rules, 2026 | Form 79 |
| Corresponding section of I.T. Act, 1961 | 115UB | Corresponding section of I.T. Act, 2025 | 224 |
| Corresponding Rule of I.T. Rules, 1962 | 12CB | Corresponding Rule of I.T. Rules, 2026 | 145 |

Purpose

Form 79 is a consolidated annual statement filed by Investment Funds with the Income Tax Department to report income paid or credited to all unit holders under Section 224 of the Income Tax Act, 2025. Form 79 is filed under 145 of the Income Tax Rules, 2026.

Who Should File

Investment Funds registered with the Securities and Exchange Board of India (SEBI) as Category I or Category II Alternative Investment Fund (AIF) under SEBI (Alternative Investment Funds) Regulations, 2012, or under regulation 18(2) of International Financial Services Centres Authority (Fund Management) Regulations, 2022 with certain conditions.

The above Investment Funds having pass-through taxation status are required to file Form 79.

Frequency & Due Dates

| Filing Type | Period Covered | Due Date for Filing |
|---|----------------|---|
| Annual Statement to Income Tax Department | Tax year | 15th June of the financial year immediately following the tax year during which income was paid or credited |

Structure of Form 79

Basic Details

Complete details of the Investment Fund that includes

- Name of the Investment Fund, Permanent Account Number (PAN)
- Complete registered office address, Phone Number with STD code, Email Address

- Legal Status - Whether company or trust or limited liability partnership or body corporate.
- Directors/Trustees/Partners Details of all directors, trustees, or partners of the Investment Fund
- SEBI/IFSCA Registration Details with category, Date of Registration, Registration number and validity.
- **Total Income and Breakup** that includes Total income of Investment Fund during the tax year and detailed breakup of total income by heads with set-off provisions.
- **Details of Losses** of the tax year required to be ignored for purposes of section 224(1) and Section 224(2)(a)(ii): Loss under "Profit and gains of business or profession" head as well as Section 224(2)(b): Loss under other heads, to be ignored.
- Details of losses under "Profit and gains of business or profession" with brought forward loss reconciliation:
- Aggregate of positive income after setting off of losses.
- **Income Proportions** - Detailed proportionate allocation of income across different heads for distribution to unit holders:
- **Deemed Loss** - Details of loss other than business loss accumulated at the level of investment fund as on 31st March, 2019:
- **Aggregate Loss Details** - Aggregate of loss under various heads.
- **Unit Holder-wise Distribution Details** - Comprehensive details of income or loss paid/credited to each unit holder:
- Positive Income Details
- Loss Details [units held for more than 12 months as per section 224(2)(a)(ii)]

Verification and Accountant Certificate

Declaration by Authorized Person:

The form must be verified by the person responsible (Fund Manager/designated official) declaring correctness, completeness, capacity, and competence to furnish the statement.

Accountant Verification:

The form must be duly verified by an accountant as defined in section 515(3)(b) of the Income-tax Act, 2025, who examines books of account and other documents showing particulars of income earned and income paid/credited to unit holders.

What are the documents required to file Form 79

Following documents must be available with filer before filing Form 79:

1. Books of account and audited financial statements of the Investment Fund
2. Details of income earned from various sources during the tax year
3. Complete list of unit holders with their PAN, Aadhaar, and addresses

4. Income distribution details for each unit holder with date of payment/credit
5. Details of brought forward losses and set-off computations
6. SEBI/IFSCA registration certificate

What is the process flow of filing Form 79

The process flow includes the following steps:

1. Investment Fund (Category I or Category II AIF) earns income from various investments (equity, debt, real estate, infrastructure) during the tax year.
2. Investment Fund distributes or credits income to unit holders during the tax year, or income is deemed to be credited as per section 224(6)/(224(7)).
3. Investment Fund maintains detailed records of income by heads (Business/Profession, LTCG, STCG, Other Sources) and computes loss set-off as per section 224(2).
4. Proportionate allocation of each income type is computed relative to total positive income for distribution to unit holders based on their holding percentage.
5. Unit holder-wise income/loss details are prepared with complete PAN/Aadhaar, address, and date of payment/credit.
6. Books of account and income distribution records are examined and verified by a qualified accountant (Chartered Accountant) as defined in section 515(3)(b).
7. Authorized person (Fund Manager/designated official) verifies the accuracy and completeness of the statement and confirms their capacity to furnish it.
8. Electronic filing of Form 79 under digital signature on the Income Tax e-filing portal by 15th June of the financial year following the tax year.
9. Upon successful filing of Form 79, individual Form 78 statements are auto-generated for each unit holder from the data submitted in Form 79.
10. Investment Fund downloads Form 78 statements from the web portal specified by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).
11. Form 78 is furnished to each unit holder by 30th June of the financial year following the tax year.
12. The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) specifies the filing procedure and is responsible for security, archival, and retrieval policies.

Outcome of Processed Form 79

For Investment Fund

- Compliance with statutory requirement to file consolidated income distribution statement with the Income Tax Department.

- Facilitation of pass-through taxation mechanism whereby the fund itself is exempt from tax and income flows through to unit holders.
- Generation of Form 78 for each unit holder automatically from Form 79 data, reducing manual effort and ensuring consistency.
- Maintains proper income distribution records for audit and verification purposes.

For Unit Holders

- Receipt of Form 78 (generated from Form 79) containing detailed income classification for accurate ITR filing.
- Pass-through taxation whereby income retains its character and is taxed in the hands of unit holders as if they had made direct investments.
- Clear classification of income under different heads (Business/Profession, LTCG, STCG, Other Sources) with applicable tax codes and rates.
- Ability to carry forward deemed loss as on 31st March, 2019 for eligible unit holders.
- Timely receipt of Form 78 by 30th June enables unit holders to file ITR by 31st July without delay.

Brief note on broad or qualitative changes proposed

Key updates in Form 79 under the Income Tax Act, 2025 include the following:

- Addition of "Date of payment or credit" field: The date of payment or credit column was not present in the earlier parent Form 64D, but it was present in the child Form 64C which was to be generated by systems from the data of Form 64D. Now the field of date of payment or credit is added in the table in Form 79 also.

Challenges and Solutions

1. **Challenge:** The absence of "date of payment or credit" field in earlier Form 64D created operational difficulties in populating this field in Form 64C (which was auto-generated from Form 64D data), leading to inconsistencies and manual corrections.

Solution: It is proposed to add the "date of payment or credit" field in Form 79 itself, enabling seamless auto-population of this critical field in system-generated Form 78 statements.

2. **Challenge:** Unit holders receiving distributions from multiple Investment Funds faced difficulty in reconciling income reported in earlier Form 64C with ITR schedules, especially for capital gains with different tax codes and rates.

Solution: The revised Form 79 and 78 provides standardized capital gains codes (1, 2, 3, 4 for LTCG; 6, 7, 8 for STCG) with specific references to applicable sections (198, 196) and tax rates, enabling accurate reporting in ITR Schedule PTI and Schedule CG. The notes section provides clear guidance on code selection.

Common Changes made across Forms

1. To make Forms system-friendly and enable e-filing and uploading, certain anomalies found due to grouping of Name, Designation, Address, PAN have been separated into different boxes.
2. Assessment / Financial / Previous year or years have been replaced with Tax year or years, wherever appearing in the Form.
3. Currency symbol "Rs." has been replaced with "₹".