

Proposed FORM 11 is the statutory application and agreement framework governing approval of in-house research and development (R&D) facilities maintained by companies under section 45(2) of the Income-tax Act, 2025. The form facilitates cooperation between the company and the Department of Scientific and Industrial Research (DSIR) and establishes the compliance architecture for in-house R&D incentives.

## **2. Legislative Framework**

Section 45(2) of the Income-tax Act, 2025 provides for deduction in respect of expenditure incurred by a company on an approved in-house research and development facility. Rule 29 of the Income-tax Rules prescribes the procedure, conditions and forms for approval, audit and reporting. FORM 11 operationalises the agreement and approval stage for in-house R&D facilities.

## **3. Scope and Applicability**

FORM 11 applies to companies:

- engaged in biotechnology, or
- engaged in manufacture or production of eligible articles or things (other than those specified in the Thirteenth Schedule),

which maintain or propose to maintain an in-house R&D facility and seek approval under section 45(2).

## **4. Structure of FORM 11**

FORM 11 comprises the following components:

### **Part A – Particulars of the Company**

Captures details of:

- corporate identity and jurisdiction;
- nature of business and products;

- production and R&D expenditure history;
- existing in-house R&D facilities and DSIR recognition;
- proposed scientific research objectives.

### **Part B – Agreement with DSIR**

Sets out the terms of cooperation between the company and DSIR, including:

- maintenance of approved in-house R&D facility;
- audit and reporting obligations;
- cooperation in research activities;
- submission of DSIR reports to tax authorities.

### **Part C – Declaration and Undertaking**

Contains binding undertakings by the company relating to:

- maintenance and audit of accounts;
- furnishing of audited statements with the return of income;
- submission of progress reports and annexures;
- restrictions on disposal of assets;
- compliance with statutory and agreement conditions.

Annexure I and Annexure II provide for detailed facility-wise and expenditure-wise information to be submitted annually.

## **5. Role of DSIR**

DSIR functions as the prescribed authority for evaluation and oversight of in-house R&D facilities. Upon satisfaction regarding feasibility and genuineness of expenditure, DSIR submits its reports to the jurisdictional Chief Commissioner of Income-tax within the prescribed time.

## **6. Nature and Effect of Approval**

Approval under FORM 11 :

- is facility-specific;
- is subject to continued compliance with section 45(2) and Rule 29;
- does not automatically result in allowance of deduction.

Deduction is allowable only upon verification of compliance at the time of processing or assessment.

## **7. Post-Approval Compliance Obligations**

Following approval, the company must:

- maintain separate audited accounts for capital and revenue R&D expenditure;
- submit annual progress and expenditure reports;
- attach audited R&D accounts with the return of income;
- ensure assets are used exclusively for approved purposes;
- furnish requisite information in Annexure I and Annexure II annually.

## **8. Distinction from Sponsored Research Forms**

FORM 11 operates in a distinct regime relating to in-house R&D facilities under section 45(2), whereas Forms 7 to 10 apply to sponsored scientific research programmes under section 45(3)(c).

## **10. Conclusion**

FORM 11 is a foundational instrument in the in-house R&D incentive framework under the Income-tax Act, 2025. Companies seeking benefit under section 45(2) must ensure accurate filing, strict adherence to agreement terms and continuous compliance to safeguard eligibility for deduction.