

Proposed FORM 13 is a statutory audit report required to be furnished in respect of an approved in-house scientific research and development (R&D) facility under section 45(2) of the Income-tax Act, 2025. The form provides independent assurance regarding maintenance of accounts and correctness of expenditure incurred on the approved facility.

2. Legislative Framework

Section 45(2) of the Income-tax Act, 2025 provides for deduction in respect of expenditure incurred on approved in-house R&D facilities. RULE 29 of the Income-tax Rules prescribes the conditions for approval, audit and reporting. FORM 13 operationalises the audit and certification requirement under this framework.

3. Role of FORM 13 in the Compliance Lifecycle

FORM 13 represents the audit and certification stage in the in-house R&D compliance lifecycle:

1. Application and agreement by the company in FORM 11;
2. Approval and oversight by DSIR in FORM 14;
3. Independent audit and certification through FORM 13;
4. Reporting by prescribed authority through FORM 12;
5. Verification of deduction claims by the Income-tax Department.

4. Person Responsible for Furnishing FORM 13

FORM 13 is required to be furnished by the company through an independent accountant, as defined in section 515(3)(b) of the Income-tax Act, 2025. The accountant is responsible for auditing the accounts of the approved R&D facility and certifying the report.

5. Scope of Audit under FORM 13

The audit under FORM 13 covers:

- verification of maintenance of separate accounts for the approved facility;
- examination of capital and revenue expenditure incurred;
- assessment of conformity of expenditure with DSIR guidelines;
- linkage of reported expenditure with audited financial statements.

6. Contents of FORM 13

FORM 13 requires the accountant to certify:

- approval details of the R&D facility;
- whether separate accounts are maintained;
- whether accounts are satisfactorily maintained;
- whether expenditure is in consonance with DSIR guidelines;
- audited break-up of capital and revenue expenditure;
- cross-reference of expenditure with audited financial statements.

7. Time and Mode of Furnishing

FORM 13 is required to be furnished annually for each tax year in which deduction under section 45(2) is claimed. It is envisaged to be furnished electronically with digital authentication.

8. Significance for Deduction Claims

FORM 13 is a mandatory supporting document for claiming deduction under section 45(2). However, it does not by itself confer entitlement to deduction. Allowability remains subject to verification by the Income-tax Department.

9. Interaction with Other Forms

FORM 13 operates in conjunction with:

- FORM 11 (application and agreement);
- FORM 14 (approval of in-house R&D facility);
- FORM 12 (report of prescribed authority).

Together, these forms establish approval, oversight and audit layers for in-house R&D incentives.

10. System-driven Compliance under the Income-tax Act, 2025

Proposed FORM 13 is designed to integrate with electronic filing and verification systems, enabling cross-validation of audit data with approval and reporting forms and strengthening compliance oversight.

11. Conclusion

FORM 13 is a critical assurance mechanism in the in-house research and development incentive regime under section 45(2) of the Income-tax Act, 2025. Accurate and timely furnishing of the audit report is essential to support legitimate deduction claims and to ensure integrity of the incentive framework.