

Guidance Note on Form 16

Annual Certificate to Donors for Scientific Research

(Section 45(4)(a) read with section 45(3) of the Income-tax Act, 2025)

1. Purpose of Form 16

Form 16 is a statutory annual certificate issued to donors who contribute sums for scientific research to prescribed institutions. It facilitates verification of deductions claimed under section 45 of the Income-tax Act, 2025.

2. Nature of Certificate

Form 16:

- is annual and donor-wise;
- certifies aggregate donations received during the tax year;
- is not a receipt for individual transactions.

Any transaction-level receipt issued by the institution is outside the scope of Form 16.

3. Linkage with Form 15

Form 16 is intrinsically linked to Form 15. Data furnished in Form 15 forms the basis for generation and issuance of Form 16, ensuring consistency between departmental records and donor certificates.

4. Periodicity and Due Date

Form 16 is required to be issued once every tax year in respect of donations received during that year and must be issued on or before 31st May.

5. Role in Deduction Verification

Form 16:

- provides documentary support to donors;
- enables automated matching of deduction claims; and
- reduces the scope for misreporting or duplication.

Issuance of Form 16 does not, by itself, confer deduction.

6. Correction Mechanism

Where errors are identified, institutions may issue a corrected Form 16.

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

Form 16 reflects the broader policy shift towards digitised, segmented and traceable compliance, with distinct reporting streams for scientific research incentives.

8. Conclusion

Form 16 is a critical element of the scientific research donation framework under the Income-tax Act, 2025. By retaining its character as an annual donor certificate, the form ensures continuity, legal certainty and effective verification of deductions under section 45.