

Guidance Note on Form 21

Form 21 is an Income-tax notification form issued for an approved Agricultural Extension Project under Section 47(1)(a) of the Income-tax Act, 2025, in accordance with Rule 37. This Form is issued by the Central Board of Direct Taxes (CBDT) to formally notify an approved agricultural extension project in the Official Gazette.

Purpose of Form 21

The primary purpose of Form 21 is to:

- Notify an approved Agricultural Extension Project under Section 47(1)(a) of the Income-tax Act, 2025.
- Specify the Tax Year(s) for which the project is approved.
- Record key project particulars, including title, purpose, duration, and approved expenditure.
- Lay down terms and conditions subject to which the project remains notified.
- Enable tax benefits linked to approved agricultural extension projects.

Filing / Issuance Requirements

- **Who issues Form 21:** Form 21 is issued by the CBDT, after an assessee's application in Form 20 is examined and found eligible under Rule 37.
- **When Form 21 is issued:** Form 21 is issued when:
 - The project satisfies conditions under Rule 37, and
 - The Board approves notification under Section 47(1)(a) of the Income-tax Act, 2025.
- The notification is valid for a period not exceeding three Tax Years.

How Form 21 is authenticated

Form 21 is authenticated through:

- Signature of the authorized CBDT officer, and
- Publication in the Official Gazette.

Information Contained in Form 21

The Form contains the following key details:

- **Particulars of the Applicant**
 - Name
 - PAN
 - Address
 - Reference number of application
 - Date of application
- **Details of the Agricultural Extension Project**
 - Title of the project
 - Purpose of the project
 - Date of commencement

- Duration in months
- Approved Tax Year(s)
- Total expected expenditure (excluding land/building)
- Amount proposed to be charged from beneficiaries (if any)
- Conditions subject to which the project is notified

Frequency and Validity Period

- **Frequency:** Form 21 is not filed by the assessee. It is issued once per approved project, or upon renewal of notification.
- **Validity Period:** Notification under Form 21 is valid for up to three Tax Years, unless extended or revoked.

Compliance Obligations After Notification

After issuance of Form 21, the assessee must:

- Comply with all conditions mentioned in the notification
- Ensure project activities remain genuine and aligned with approval
- Maintain relevant records and supporting documents
- Cooperate with monitoring or review by tax authorities

Renewal of Notification

An assessee may apply for renewal of project notification at least three months before expiry of the existing approval period, as prescribed under Rule 37.

Revocation of Notification

Notification under Form 21 may be revoked if:

- The assessee ceases project activities
- The project activities are not genuine
- Conditions of approval are violated
- Provisions of Rule 37 or related rules are not complied with

Revocation is carried out after giving the assessee an opportunity of being heard.

Communication of Notification

A copy of the issued Form 21 is communicated to:

- The applicant
- Ministry of Agriculture and Farmers Welfare
- Jurisdictional Commissioner of Income-tax
- Department of Agriculture of the concerned State
- Agricultural Technology Management Agency (ATMA) of the concerned District

UDIN, FRN and DSC Requirements

UDIN (Unique Document Identification Number): Where a Chartered Accountant certifies any supporting financial or audit documentation relating to the project, a UDIN must be generated and quoted.

FRN (Firm Registration Number): If certification or audit is issued by an audit firm, the Firm Registration Number (FRN) must be disclosed.

DSC (Digital Signature Certificate): A valid DSC is required where related filings, audit reports, or submissions are made electronically.

Key Points to Note

- Form 21 is a notification form, not an application form.
- It is issued only after approval of Form 20.
- Notification is valid for specified Tax Year(s) only.
- Projects must continue to meet Rule 37 eligibility conditions.
- Expected expenditure (excluding land/building) must exceed ₹25 lakh.
- Prior approval from the Ministry of Agriculture is mandatory.
- Use of “Tax Year” replaces earlier year terminology.

Outcome Details

- **Project Recognition:** Form 21 grants formal Government recognition to an approved agricultural extension project.
- **Continuation or Cancellation**
 - Projects performing satisfactorily may be renewed
 - Non-compliant projects may face revocation of notification

Challenges and Solutions

The revised Form 21 framework supports improved governance through:

- Standardized project disclosures
- Transparent conditions and monitoring
- Digitized authentication and audit trail
- Clear linkage between approval (Form 20) and notification (Form 21)

Common Changes Across Forms

- Assessment / Previous Year replaced with Tax Year
- Section and Rule references updated to Income-tax Act, 2025
- Enhanced digital verification and structured disclosures