

Guidance Note on Form 22

Form 22 is an Income-tax form used by an eligible company to apply for approval of a Skill Development Project under Section 47(1)(b) of the Income-tax Act, 2025, in accordance with Rule 39. This Form is submitted to the National Council for Vocational Education and Training (NCVET) for recommending approval of a skill development project to the Central Board of Direct Taxes (CBDT).

Purpose of Form 22

The primary purpose of filing Form 22 is to:

- Apply for approval of a Skill Development Project under Section 47(1)(b) of the Income-tax Act, 2025.
- Enable eligibility for tax benefits associated with approved skill development projects.
- Ensure structured disclosure of project objectives, training institute details, and projected expenditure.
- Facilitate statutory oversight, transparency, and compliance with Rule 39 and Rule 40.

Filing Requirements

- **Who can file:** Only an eligible company, as defined under Rule 40, undertaking a skill development project in a separate facility in a training institute, may file Form 22.
- **When to file:** Form 22 must be filed before undertaking the Skill Development Project, as prescribed under Rule 39.
- **How to file:** The Form must be filed electronically through the Income-tax e-Filing portal and submitted to NCVET, using:
 - Digital Signature Certificate (DSC), or
 - Electronic Verification Code (EVC)
- A copy of the application must also be furnished to the jurisdictional Commissioner of Income-tax.

Information Required

Part A — Particulars of the Company

The Form captures:

- Name
- PAN
- Address
- Date of incorporation
- Email ID
- Contact number
- Tax Year

Part B — Particulars of the Skill Development Project

This section captures:

- Details of prior notifications or revocations (if any)
- Nature of business of the company

- Date from which notification is requested
- Expected project completion date
- Name and address of the training institute
- Return of Income details for the last three Tax Years
- Penalty details, if any
- Outstanding tax demand details
- Annexures and supporting documentation

Frequency and Due Date

- **Frequency:** Form 22 is an application form to seek approval under Section 47(1)(b) of the Income-tax Act, 2025. It is generally filed once per project, or when renewal is sought.
- **Due Date:** There is no fixed statutory due date, but the Form must be filed before commencement of the project.

Structure of Form 22

Part A — Company Details

Captures:

- Name and PAN
- Address
- Incorporation details
- Email and contact details

Part B — Project Details

Captures:

- Details of prior notifications or revocations
- Nature of business
- Project commencement and completion timeline
- Training institute particulars
- Return of Income data for the last three Tax Years
- Penalties and outstanding tax demands
- Annexures and project expenditure projections

Declaration / Verification: The Form concludes with a declaration by the Principal Officer, confirming that the information furnished is true and correct to the best of their knowledge and belief. Verification must be completed using DSC or EVC.

Documents Required

- Copy of Memorandum and Articles of Association
- Letter of concurrence from the training institute
- Detailed project note (objectives, stages, expected outcomes, usefulness)
- Details of capital and revenue expenditure (excluding land/building)
- List of skill development projects undertaken during last five Tax Years, if any

- Details of ongoing projects
- Audited annual accounts for the last three Tax Years
- Copies of prior notifications or revocation orders, if applicable

Outcome Details

- **Deficiency Notice and Rectification:** If defects are found, NCVET will intimate the applicant to rectify them within one month from the end of the month in which application is received, and the applicant shall remove the defect within a period of one month from the end of the month in which the intimation letter for removal of the deficiency is served, failing which the application may be recommended as invalid.
- **Approval and Notification under Section 47(1)(b):** If the application is approved:
 - NCVET recommends approval to CBDT
 - CBDT issues a notification in Form 23
 - Notification is published in the Official Gazette
 - Approval is valid for up to three Tax Years

Renewal of Approval

If the project performance is satisfactory, CBDT may extend notification for a further period not exceeding three Tax Years, in consultation with NCVET.

Revocation of Approval

Approval may be revoked if:

- Project activities cease
- Activities are not genuine
- Separate project books are not maintained
- Audit or compliance requirements are not fulfilled
- Conditions under Rule 39 and Rule 40 are violated

UDIN, FRN and DSC Requirements

- **UDIN (Unique Document Identification Number):** Where a Chartered Accountant certifies or audits project financial statements, a UDIN must be generated and quoted.
- **FRN (Firm Registration Number):** If certification is issued by an audit firm, the Firm Registration Number (FRN) must be mentioned.
- **DSC (Digital Signature Certificate):** A valid DSC is required for electronic signing and submission of the Form.

Key Points to Note

- Filing Form 22 is mandatory to seek approval under Section 47(1)(b)
- Only eligible companies under Rule 40 may apply
- Projects must be conducted in a training institute
- Expenditure must exclude land and building costs
- Notification applies only for specified Tax Year(s)
- “Tax Year” replaces earlier Assessment/Previous Year terminology

- Accurate disclosures help avoid rejection or delay

Challenges and Solutions

The revised Form 22 is designed as a smart form to enhance compliance by:

- Auto-population of taxpayer details
- Real-time validations and error alerts
- Structured annexure uploads
- Improved tracking of project-wise approvals

Common Changes Across Forms

- Assessment / Previous Year replaced with Tax Year
- Updated statutory references aligned with the Income-tax Act, 2025
- Enhanced audit, UDIN, FRN and DSC integration
- Improved digital filing and verification features