

## **Form No. 24 [corresponding to erstwhile Form 3CE] – Audit Report for Non-Residents / Foreign Companies earning income by way of Royalty or Fees for Technical Services (FTS) through a Permanent Establishment (PE) or Fixed Place of Profession in India**

### **Purpose:**

Form No. 24 is a statutory audit report prescribed under Rule 43 of the Income-tax Rules, 2026.

It is required to be furnished by a non-resident assessee or foreign company that earns royalty or fees for technical services (FTS) from India and carries on business through a Permanent Establishment (PE) or fixed place of profession in India.

Form No. 24 provides an independent Chartered Accountant's certificate confirming the correctness of such income computation.

The form verifies that:

- The assessee has a PE or fixed place of profession in India during the relevant tax year.
- The assessee has maintained books of account in respect of Indian operations.
- Only expenses attributable to the PE have been deducted while computing income under section 59.
- The computation of income from royalty/FTS and profits attributable to PE is correct.

### **Who Should File:**

Form No. 24 must be filed by:

- Non-resident individuals
- Foreign companies
- Any other non-resident entity

who:

- Earn royalty or fees for technical services (FTS) from India under an agreement with the government or an Indian concern, and
- The royalty/FTS is effectively connected with a Permanent Establishment (PE) or fixed place of profession in India,

The form is furnished by a Chartered Accountant.

### **Frequency & Due Dates:**

Form No. 24 is furnished annually one month prior to the due date for furnishing the return of income under Section 263(1).

### **Structure of Form No. 24:**

Form No. 24 constitutes the following key components:

- Basic details: Name, address, PAN, Details of the agreement under which royalty/FTS is received, Details of the Permanent Establishment / fixed place of profession
- Verification of PE and Books of Account: Confirmation that the assessee has a PE or fixed place of profession in India, whether separate books of account are maintained for the PE, books of account examined during audit (with a tabular list)
- Income Computation under Section 59: Amount of royalty/FTS received, Expenses attributable to PE, disallowance of expenses

### **What are the documents required to file the Form No. 24?**

Following documents may be required for filing Form No. 24:

1. Books of account of the PE or fixed place of profession
2. Agreement(s) relating to royalty or FTS
3. Invoices, work orders, project reports
4. Details of global and India-specific expense allocation, including head office expenditure

### **What is the process flow of filing Form No. 24?**

The process flow includes following steps

1. Identification of PE / fixed place and obligation under Section 59
2. Maintenance and audit of books of account of the PE
3. Compilation of income and expense statements attributable to India
4. Examination by Chartered Accountant
5. Preparation and submission of Form No. 24 (e-Form) on the e-filing portal
6. DSC-based verification by the CA
7. Acceptance by the non-resident assessee
8. Form becomes part of the assessment record enabling computation under Section 59

### **Outcome of Processed Form No. 24:**

Enables computation of royalty/FTS on net income basis, rather than gross basis

### **Brief note on broad or qualitative changes proposed:**

Key updates include the following

- The entire form has been made into a smart form, tabulating data to make extraction easier.
- Books of account examined – A few books of account have been provided in a tabular format so that the accountant need only tick the books examined. A field for adding any other books has been given.

- Details on maintenance of books of account have been expanded to include accounting software, storage, and compliance with provisions of Rule 6F (also proposed to be amended) relating to copies of books of account to be updated regularly in case books are maintained in storage outside India
- Change in definition of accountant entitled to sign the audit report – The Form originally allowed three types of people to sign the report:
  - A CA as defined in the Chartered Accountant’s Act, 1949
  - A person entitled to be appointed as an Auditor u/s 226(2) of the Companies Act, 1956
  - A person entitled to audit the accounts by virtue of any other law [for those assesseees whose accounts were audited under any other law]

The new Act defines accountant in section 515(3)(b) as a CA defined in the Chartered Accountant’s Act, 1949, subject to certain exclusions, like related parties of the assessee or a CA that has been dismissed from government service or convicted of an offence, etc. Since these are reasonable exclusions, the same definition has been included in the proposed Form.

With respect to the second category, the Companies Act, 2013 does not include a corresponding provision of section 226(2) of Companies Act, 1956. Hence, this clause has been removed as redundant.

- Details like membership number, firm registration number, and UDIN have been incorporated in the Form to be filled in mandatorily.

### **Challenges and Solutions:**

Earlier, Form No. 24 majorly had free textboxes to enter details like expenditure, details of payer, etc. By tabulating the data, compliance as well as extraction and validation is expected to be simplified.

### **Common Changes made across Forms:**

1. To make Forms system-friendly and enable e-filing and uploading, certain anomalies found due to grouping of Name, Designation, Address, PAN and Aadhaar number have been separated into different boxes.
2. Assessment / Financial / Previous year or years have been replaced with Tax year or years, wherever appearing in the Form/Annexure.
3. Sections, Clauses and Schedules changes as per the Income-tax Act, 2025.
4. Currency symbol “Rs.” has been replaced with “₹”.