

GUIDANCE NOTE

Form 36 – Certificate for deduction under section 151(5) of the Act for author in receipt of royalty income, etc.

Purpose:

Form 36 is prescribed under Rule 70 of the Income-tax Rules and is required to be furnished for claiming deduction under section 151(5) of the Income Tax Act, 2025 in respect of royalty income or consideration received by an author for the publication of a book.

This deduction is available for income derived from authorship of scientific, literary or artistic books, including books with ISBN numbers and similar publications, subject to the conditions specified under the Act.

The form is required to capture complete details of the author, title and nature of the book, royalty/ consideration amount received, foreign source receipts and eligibility conditions for deduction.

Who Should File:

Any author who is in receipt of income by way of:

- Royalty,
- Copyright fees,
- Lump-sum consideration for assignment or transfer of rights, or
- Any similar income in connection with the publication of a book,

and who wishes to claim deduction under section 151(5) of the Income Tax Act, 2025.

The publisher / person responsible for making payment is also required to verify Part B of this Form.

When and How to File:

- Form 36 shall be furnished electronically on the income-tax e-filing portal.
- It shall be filed electronically with digital signature or through electronic verification code (EVC).
- Part A and B is to be completed and verified by the Author.

- Certificate by the publishing house / person responsible for making payment to the assessee, certifying details of book and royalty paid.

Structure of Form 36:

The form consists of the following parts:

Part A – Basic details

- Name, Address and PAN
- **Tax Year** in which deduction is being claimed

Part B – Computation of Deduction under Section 151(5) of Income tax Act, 2025

The relevant Columns are as under:

- Column 3 : Details of the Book – Title, Language, Type, ISBN
- Column 4 : Details of the person paying Royalty – Name, Address, PAN
- Column 5 – Details of books sold in India and outside
- Column 6 – Amount receivable, whether lumpsum or otherwise (in Rs.)
- Column 7 – Details of amount received in INR and foreign currency with date and mode
- Column 8 – Details of amount brought into India in convertible foreign exchange
- Column 9 – Amount of deduction claimed

Declaration - Declaration by the taxpayer affirming correctness and completeness of information

Certification – Certification by the Publisher as to correctness of relevant information given by the author.

Documents Required to File Form 36:

Agreement between author and the Publisher, Royalty/fee statements, bank advisories, FIRC / bank entry, Approval of competent authority for extension of period in case of foreign remittances, ISBN copy / publication record

Outcome of Processing Form 36

- Deduction under section **151(5)** is allowed subject to fulfilment of conditions.

Key Updates in Form:

- The new Form 36 has been restructured into two separate parts — Part A with uniform basic details of the taxpayer and Part B about details of book, royalty payments received and computation of deduction.
- The form contains Self declaration by the taxpayer (Author), and a Certification by the Publishing House, wherein the details of the Book and the amount of Royalty paid etc. are required to be certified.
- The Form has been completely redrafted in simplified language to enhance clarity.
- PAN of the author and publisher is now specifically captured for accurate identification.
- ISBN of the book has been introduced as a new field, enabling unique identification of the published work.
- Dropdown selections have been provided for the nature of work (Scientific / Literary / Artistic), removing ambiguity and standardizing data.
- Separate fields introduced to capture foreign source royalty income, timelines of repatriation, and related confirmations, which are essential for determining eligibility.
- The Form now allows for clear capture of details relating to repatriation of foreign income, as required under the statute.
- The data fields have been standardized and reorganized to align with system-driven validations and avoid redundant reporting.

Improved Applicant Experience

- The Form has been made significantly shorter, cleaner, and easier to complete, reducing compliance burden for authors.
- The taxpayer fills in all the necessary details in Part A and Part B for claiming deduction. Out of these, only the details related to the book and royalty paid need to be certified by the publication house, resulting in ease for both the taxpayer and publication house.
- The redesigned structure is not only user-friendly but also facilitates faster processing, clearer understanding of eligibility requirements.
- With mandatory e-filing, applicants are no longer dependent on manual certification or physical submission.
- Standardized fields, dropdowns, and structured payment inputs minimize errors and reduce the need for clarifications or corrections.

Challenges in Earlier Form

- Key identification details such as PAN of the author and ISBN of the book were not being captured.
- All information entered by the author required full reconfirmation by the publisher, causing unnecessary delays.
- There was no provision to capture repatriation status of foreign source royalty income, although it directly affects deduction eligibility.
- Unstructured and ambiguous fields caused difficulty in uniform interpretation and data analysis.

Solutions Built into the Proposed Form

- The form allows authors and publishers to independently verify the information relevant to them.
- New fields introduced for PAN, ISBN, and foreign source remittance details.
- Dropdown-based selection ensures standard classification of literary work.
- Rationalized and merged fields remove duplication and bring clarity.
- E-filing workflow removes dependency on paper-based communication and speeds up processing.