

Form 38 – Guidance Note
Certificate of foreign inward remittance

Name of form as per I.T. Rules, 1962	Form 10H	Name of form as per I.T. Rules, 2026	38
Corresponding section of I.T. Act, 1961	80QQB(4)	Corresponding section of I.T. Act, 2025	152(6)
Corresponding Rule of I.T. Rules, 1962	29A	Corresponding Rule of I.T. Rules, 2026	72

Purpose :

Form 38 is required to be filed along with the Return of Income by an assessee for foreign inward remittance to claim deduction under sections 151 or 152 of the Income-tax Act, 2025. The maximum deduction that can be availed under this section is Rs. 3 lakhs. The form is to be certified by the Bank manager of the bank which received foreign income in the nature of royalty.

Who should file :

An individual, resident in India, being an author or a patentee, who derives royalty income from authoring certain books or in respect of a patent registered under the Patent Act, 1970 claiming deduction u/s 151 or 152 of the Income-tax Act, 2025 should file this form.

Due Date:

Form 38 is required to be filed along with the Return of Income. Hence, the due date for filing return of income for individuals will be the due date to file this form.

Structure of Form 38:

- **Basic details of beneficiary** – Name, PAN
- **Beneficiary Bank Details** – Beneficiary Account Number, Bank Name
- **Details of the Remitter** – Name, Address, Name of the Remitting Bank
- **Details of the payment** – Mode of Remittance, Foreign Currency Amount, Rupee Equivalent , Purpose of Remittance.

What are the documents/information required to file Form 38?

The following documents/information are required to file form 38:

1. Certificate of foreign inward remittance duly certified by RBI or any other competent authority in Form 38.
2. Certified in form 36 duly verified by person responsible for making payment is required along with the return of income, as applicable.
3. Certificate in form 37 duly verified by Patent Controller is required along with the return of income, as applicable.

What is the process flow of filing Form 38?

The process flow includes the following steps:

1. Enter details of payer and payee
2. Enter details of payment
3. Enter verification details
4. Upload pdf of verification signed by the Bank Manager
5. E-verify the Form 38 using DSC or Aadhar

Outcome of processed Form 38:

The deduction on royalty income, subject to maximum of Rs. 3 lakhs in a financial year, is allowed based on details filed in Form 38 along with Form 36 or Form 37.

Common changes made across forms:

1. Pre-filling of basic details such as Name, PAN and Tax Year etc. with option for the assessee to edit the same.
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 changed as per the Income-tax Act, 2025.
4. Currency symbol “Rs.” has been replaced with “₹”.