

GUIDANCE NOTE

Form No.68 : Statement of exempt income under section 11 read with Schedule VI [Table: Sl. Nos. 1 to 4] of the Act

Purpose:

Form 68 is prescribed under Rule 139(2) and Rule 144(2) of Income-tax Rules and is required to be filed by specified funds for claiming exemption under **Section 11 read with Schedule VI [Table: Sl. Nos. 1 to 4] of ITA 2025**. Income of the specified fund (e.g. Category III AIF, retail fund or ETF) attributable to units held by non-resident (not being a permanent establishment of a non-resident in India) is exempt under the aforesaid provision. This form is an annual statement of exempt income of the specified fund.

The form captures details of the specified fund, along with details of income, working of exempt income and details of units. This form is an annual statement of exempt income of the specified fund.

Who Should File:

The Principal Officer of the specified fund is required to file this form for making a claim of exemption under **Section 11 read with Schedule VI [Table: Sl. Nos. 1 to 4] of ITA 2025** in respect of income attributable to units held by a non-resident (not being the permanent establishment of such non-resident in India).

When and How to File:

1. Form must be furnished on or before the due date for furnishing the income tax return (ITR) for the relevant tax year.
2. The form shall be filed electronically on e-filing portal.
3. The form shall be filed electronically either under digital signature or through electronic verification code.

Structure of Form 68:

- Part A: Particulars of the Specified Fund
 - Basic information as Name, PAN, status, address, contact details,
 - Registration Number and date of certificate of registration issued by IFSC
- Part B: Other Information
 1. Tax year
 2. Total Income
 3. Details of exempt income
 4. Details of Units held by residents
 5. Confirmation of complying with the mandatory conditions

6. Other details to be provided in prescribed format for computing income attributable to units held by non-residents

- Verification by the applicant.

Documents required to file the Form 68

- A copy of Trust deed, or Memorandum of Association, or any other legal instrument evidencing the formation of the fund
- Certificate of registration issued by the IFSC
- Annual financial statements of the fund for the relevant tax year
- Statement of securities (held during the year and transactions executed) including income earned on securities held and gain arising on transfer of securities
- Details of Unit Holders with number of units held by them and their classification by residency status i.e. resident or non-resident

Process flow of filing Form 68

- Prepare the application: Fill Form 68 and Annexure-1 and 2, ensuring all columns are complete with accurate details.
- Attach mandatory documents.
- Sign/verify: Application, annexures, and all attached statements must be signed or digitally signed by the competent person signing on behalf of specified fund.
- Submit online on the e-filing portal.

Outcome of Processed Form 68:

- Once the form is validly filed by the specified fund, on or before the due date of filing of return of income, and is successfully processed, the fund shall be able to claim exemption under **Section 11 read with Schedule VI [Table: Sl. Nos. 1 to 4] of ITA 2025**, in respect of income attributable to units held by non-resident (not being a permanent establishment of a non-resident in India).

Key updates include the following:

- Dropdown has been provided in data fields relating to legal status and nature of income.
- Instead of the certificate of registration from SEBI, the Certificate of Registration from IFSCA is to be uploaded. This has been added in Col 6 of the Form, as against the notes in the existing form. Under the existing regulations, any AIF set up in IFSC need certificate of Registration from IFSCA.

- Instead of reiterating the eligibility conditions required to be fulfilled for claim of exemption under **Section 11 read with Schedule VI [Table: Sl. Nos. 1 to 4] Act**, only reference to the relevant statutory provisions has been mentioned in the Verification part.
- Filing of mandatory documents introduced as a field in the form for easy processing by the system
- Declaration has been substituted by Verification, and language has been simplified.

Improved Applicant Experience, Expedited Process:

The language of the Form has been simplified. The data fields sought to be captured have been rationalized and standardised, viz. dropdown etc.