

Proposed FORM 7 is the statutory application through which a sponsor seeks prior approval of a scientific research programme for the purposes of section 45(3)(c) of the Income-tax Act, 2025. The form establishes a pre-approval, programme-specific framework ensuring that tax incentives are extended only to genuine scientific research subjected to institutional scrutiny and post-approval monitoring.

2. Legislative Framework

Section 45(3)(c) of the Income-tax Act, 2025 provides for deduction in respect of expenditure incurred by a sponsor on an approved scientific research programme. Rule 30 of the Income-tax Rules prescribes the procedure, authority and conditions for approval. FORM 7 operationalises the application stage of this framework.

3. Scope and Applicability

FORM 7 applies to any sponsor proposing to fund or incur expenditure on a scientific research programme carried out through a National Laboratory, University, Indian Institute of Technology or specified person. Approval is programme-specific and mandatory before commencement of the research.

4. Prescribed Authority

The prescribed authority competent to grant approval under FORM 7 is:

- the Head of the National Laboratory, University or Indian Institute of Technology, as applicable; or
- the Principal Scientific Adviser to the Government of India or an authorised officer, in the case of a specified person.

5. Structure of FORM 7

FORM 7 is divided into two parts:

Part A – Particulars of the Sponsor

Captures identification details, nature of business, prior research expenditure, past deduction claims and existing R&D capabilities.

Part B – Particulars of the Scientific Research Programme

Captures details of the executing institution, objectives, scope, duration, approved cost, funding pattern and technical particulars of the proposed programme.

6. Eligible Scientific Research Programmes

Only programmes involving genuine scientific research are eligible. Programmes relating purely to market research, quality control, commercial production or routine data collection are outside the scope of approval.

7. Examination and Grant of Approval

Upon receipt of FORM 7, the prescribed authority evaluates the feasibility and scientific merit of the programme. Approval or rejection is communicated through an order in Form 8 within the prescribed time.

8. Nature and Effect of Approval

Approval granted pursuant to FORM 7:

- is programme-specific and cost-specific;
- does not by itself result in allowance of deduction;
- operates as a pre-condition for claiming deduction under section 45(3)(c);

9. Post-Approval Compliance

Following approval, the sponsor and executing institution are required to:

- maintain separate accounts for the programme;
- furnish periodic progress and expenditure reports;

- ensure utilisation of funds strictly for approved purposes;
- submit completion reports on conclusion of the programme.

10. Limitations

The prescribed authority are not empowered to extend the duration of programme or approve any escalation in costs and hence, the sponsors must be extremely accurate in their initial cost and duration estimates.

11. Conclusion

FORM 7 is the entry point of the sponsored scientific research incentive regime under the Income-tax Act, 2025. Accurate and timely furnishing of the form is essential to enable approval, ensure compliance and safeguard eligibility for deduction under section 45(3)(c).