

## FORM 23 — Frequently Asked Questions (FAQs)

### Notification format for Skill Development Project under Section 47(1)(b) of the Income-tax Act, 2025

<b>Name of Form as per I.T. Rules, 1962</b>	<b>3CR</b>	<b>Name of Form as per I.T. Rules, 2026</b>	<b>23</b>
<b>Corresponding section of I.T. Act, 1961</b>	<b>35CCD</b>	<b>Corresponding section of I.T. Act, 2025</b>	<b>47(1)(b)</b>
<b>Corresponding Rule of I.T. Rules, 1962</b>	<b>6AAF</b>	<b>Corresponding Rule of I.T. Rules, 2026</b>	<b>39</b>

#### 1. What is Form 23?

**Ans:** Form 23 is an Income tax notification form issued for an approved skill development project under Section 47(1)(b) of the Income-tax Act, 2025, pursuant to approval granted under Rule 39.

#### 2. What is the purpose of Form 23?

**Ans:** The primary purpose of Form 23 is to:

- Notify an approved skill development project in the Official Gazette.
- Specify the Tax Year(s) for which the project is approved.
- Lay down the terms, conditions, duration, and expenditure limits applicable to the project.
- Enable tax benefits linked to approved skill development projects under Section 47(1)(b).

#### 3. Who issues Form 23?

**Ans:** Form 23 is issued by the Central Board of Direct Taxes (CBDT) after receipt of recommendation from the National Council for Vocational Education and Training (NCVET) and satisfaction that the project meets conditions prescribed under Rule 39.

#### 4. When is Form 23 issued?

**Ans:** Form 23 is issued after Form 22 is examined and approved, and the project qualifies for notification under Section 47(1)(b) of the Income-tax Act, 2025.

#### 5. What details are contained in Form 23?

**Ans:** Form 23 contains:

- Name, address, and PAN of the company.
- Reference number and date of application.
- Title and purpose of the skill development project.
- Details of the training institute.
- Date of commencement and duration of the project.
- Approved Tax Year(s).

- Estimated total project expenditure (excluding land/building).
- Specific conditions imposed on the project.

**6. Which skill development projects are eligible to be notified under Form 23?**

**Ans:** A project is eligible if:

- It is undertaken by an eligible company.
- It is implemented in a separate facility in a training institute.
- It complies with Rule 39 and Rule 40.
- It meets statutory conditions under Section 47(1)(b) of the Income-tax Act, 2025.

**7. For how long is a skill development project notified under Form 23?**

**Ans:** The project may be notified for a period not exceeding three Tax Years, as specified in the notification.

**8. Can the notification under Form 23 be extended?**

**Ans:** Yes. The Board may notify the project for a further period in consultation with NCVET, subject to satisfactory compliance.

**9. What happens after Form 23 is issued?**

**Ans:** After issuance:

- The notification is communicated to:
  - The applicant
  - The training institute
  - NCVET
  - The jurisdictional Commissioner of Income-tax
- The company must comply with conditions under Rule 40.

**10. Can Form 23 be revised or withdrawn?**

**Ans:** No. Once Form 23 is issued and notified, it cannot be revised or withdrawn, except through revocation proceedings under Rule 39.

**11. Under what circumstances can a Form 23 notification be revoked?**

**Ans:** Notification may be revoked if:

- The company or training institute ceases activities.
- Project activities are not genuine.
- Separate books of account are not maintained.
- Audit requirements under Rule 40 are not complied with.
- Conditions of notification are violated.

**12. What compliance obligations apply after Form 23 is issued?**

**Ans:** The company must:

- Maintain separate books of account for the project.
- Get accounts audited by an accountant.

- Furnish audited project statements on or before the due date under Section 263(1).
- Ensure expenses claimed qualify under Section 47(1)(b).

**13. Is any information in Form 23 auto-filled?**

**Ans:** Yes. Some fields may be auto-populated based on Form 22 and departmental records.

**14. How is Form 23 authenticated and verified?**

**Ans:** Form 23 is authenticated through:

- Authorized CDBT officer's signature.
- Official issuance under Section 47(1)(b).

**15. When are UDIN and FRN applicable in relation to Form 23?**

**Ans:**

- **UDIN (Unique Document Identification Number):** Where an audit or certification of an Accountant as defined in the Section 515(3)(b) of the Act is required under Rule 40, a UDIN must be generated and quoted.
- **FRN (Firm Registration Number):** If audit or certification is issued by an audit firm, the Firm Registration Number (FRN) must be disclosed.
- **DSC (Digital Signature Certificate):** A valid DSC is required for electronic submission of related audit reports or compliance filings.

**16. What are common reasons for cancellation of Form 23 notification?**

**Ans:**

- Non-maintenance of separate books.
- Failure to submit audit report.
- Non-genuine project activities.
- Violation of notification conditions.
- Failure to exclude reimbursed or reimbursable expenditure from the project cost.
- Non-compliance with Rule 39 / Rule 40.

**17. What is the objective of Form 23 under the Income-tax Act, 2025?**

**Ans:** Form 23 ensures:

- Formal Government notification of approved skill development projects.
- Transparent disclosure of project scope, duration, and financial limits.
- Effective monitoring, audit, and accountability.
- Standardized implementation of Section 47(1)(b) under the Income-tax Act, 2025.