

## **Form No. 24 – Frequently Asked Questions (FAQs)**

Form of Audit Report under Section 59(4) of the Income-tax Act, 2025.

Name of Form as per I.T.Rules, 1962	Form 3CE	Name of Form as per I.T.Rules, 2026	Form No. 24
Corresponding Section of I.T.Act, 1961	44DA	Corresponding section of I.T.Act, 2025	59
Corresponding Rule of I.T.Rules, 1962	Rule 6GA	Corresponding Rules of I.T.Rules, 2026	Rule 43

### **1. What is Form No. 24?**

Ans:- Form No. 24 is a prescribed audit report required to be furnished under Rule 43 read with Section 59(4) of the Income-tax Act, 2025. It is applicable to non-residents or foreign companies earning income by way of royalty or fees for technical services (FTS) from India through a Permanent Establishment (PE) or a fixed place of profession situated in India.

### **2. Who should file Form No. 24?**

Ans:- Form No. 24 is required to be furnished by:

- Non-resident individuals
- Foreign companies
- Any other non-resident entities

who earn royalty or fees for technical services from India and where such income is effectively connected with a Permanent Establishment or fixed place of profession in India. The form is certified by an Accountant as defined in section 515(3)(b) of the Income-tax Act, 2025.

### **3. Is Form No. 24 compulsory?**

Ans:- Yes. Furnishing of Form No. 24 is mandatory where income by way of royalty or fees for technical services is taxable under Section 59 through a Permanent Establishment or fixed place of profession in India.

#### **4. When does the requirement of furnishing Form No. 24 arise?**

Ans:- The requirement arises when a non-resident assessee or foreign company earns royalty or fees for technical services from India under an agreement with the Government of India or an Indian concern, and such income is effectively connected with a Permanent Establishment or fixed place of profession in India.

#### **5. What documents / information are required to prepare Form No. 24?**

Ans:- The Chartered Accountant will require:

- a. Complete books of account and records relating to the business of the Permanent Establishment (PE) or fixed place of profession in India for the relevant tax year.
- b. Accurate computation of income earned by way of royalty or fees for technical services (FTS), ensuring such income is effectively connected with the Indian PE.
- c. Documentation supporting the claim for expenditure (excluding those not allowable under Section 59) that is strictly attributable to the PE or fixed place of profession.
- d. A copy of the agreement with the Government of India or the Indian concern under which the royalty or FTS is earned (Annexure A-2).
- e. A detailed note on the intangible property (know-how, copyrights, patents, etc.) used, or the specific contract for which the fees are payable (Annexure A-3).
- f. A descriptive note outlining the activities of the PE or the fixed place of profession in India (Annexure A-4).
- g. Details of any change in the method of accounting employed compared to the previous year and its effect on profit or loss (Annexure A-1).

- h. The Accountant's Membership Number, Firm Registration Number, and a generated Unique Document Identification Number (UDIN) for the electronic certification.

### **6. What is the due date for furnishing Form No. 24?**

Ans:- Form No. 24 is required to be furnished annually, at least one month prior to the due date for furnishing the return of income under Section 263(1) of the Income-tax Act, 2025.

### **7. What is the effect of furnishing Form No. 24?**

Ans:- Furnishing of Form No. 24 enables computation of royalty or fees for technical services on a net income basis after allowing only such expenses as are attributable to the Permanent Establishment or fixed place of profession in India.

### **8. What is the structure of Form No. 24?**

Ans:- Form No. 24 consists of:

- **Main Audit Report:** The core certification under Section 59 of the Income-tax Act, 2025, where the accountant certifies the amount of royalty or fees for technical services (FTS) and its effective connection with the Permanent Establishment (PE) or fixed place of profession in India.

- **Annexure – Part A:** This section captures the General Particulars of the Assessee, including their name, address, Permanent Account Number (PAN), and the relevant tax year.

- **Annexure – Part B:** This section contains the Statement of Particulars relating to income by way of royalty or fees for technical services, detailing the books of account, method of accounting, details of the payer, and head-wise expenditure attributable to the PE.

- **Specific Annexures (A-1 to A-4):** Depending on the responses in Part B, additional detailed notes must be attached, such as the copy of the

agreement (Annexure A-2), notes on intangible property (Annexure A-3), and notes on the specific activities of the PE (Annexure A-4).

### **9. What is the process flow of filing Form No. 24?**

Ans:- The process flow includes:

- a. The process starts with identifying whether the non-resident or foreign company has a Permanent Establishment (PE) or a fixed place of profession in India during the tax year.
- b. All income earned via royalty or fees for technical services (FTS) effectively connected to the PE must be compiled, along with expenditures strictly attributable to the PE.
- c. The assessee must engage an "Accountant" as defined in Section 515(3)(b) to audit these accounts and verify the correctness of the income computation.
- d. The accountant prepares the audit report and mandatory annexures, including Annexure A-2 (Agreement copy), Annexure A-3 (Note on intangibles/contracts), and Annexure A-4 (Note on PE activities).
- e. The accountant logs into the e-filing portal to fill out the form, ensuring the inclusion of their Membership Number, Firm Registration Number, and a generated Unique Document Identification Number (UDIN).
- f. The accountant must digitally sign the form using their Digital Signature Certificate (DSC) to upload it.
- g. After the Accountant uploads the form, it appears in the taxpayer's worklist; the process is only complete once the assessee logs in and "Accepts" the form.

### **10. What is the outcome after furnishing Form No. 24?**

Ans:- Upon furnishing and acceptance of Form No. 24, the income by way of royalty or fees for technical services is assessed under Section 59 on a net basis, forming part of the assessment record.

### **11. Why is Form No. 24 important?**

Ans:- Form No. 24 is a statutory audit certificate that ensures correct attribution of income and expenses and verifies that income is effectively connected to the Permanent Establishment or fixed place of profession in India. It prevents excess deduction of expenses and ensures correct taxation of royalty or fees for technical services earned by non-residents.