

Form 32 – Frequently Asked Questions

Furnishing of audit report for claiming deduction under section 46 or 138 or 139 or 140 or 141 or 142 or 143 or 144 of the Act

Name of form as per I.T. Rules, 1962	Form 10CCB, New Form	Name of form as per I.T. Rules, 2026	32
Corresponding section of I.T. Act, 1961	35AD, 80-IA, 80-IAB, 80IAC(4), 80-IB, 80-IBA, 80-IE, 10AA	Corresponding section of I.T. Act, 2025	46,138,139,140(8), 141,142,143,144
Corresponding Rule of I.T. Rules, 1962	18BBB, New Rule	Corresponding Rule of I.T. Rules, 2026	66

1. What is Form 32?

Ans. Form 32 is required to be furnished by an assessee availing deduction under Section 46 or 138 or 139 or 140 or 141 or 142 or 143 or 144 of the Income-tax Act, 2025. The form is to be verified by a Chartered accountant.

2. Who should file Form 32?

Ans. The following assesseees should file Form 32:

1. An assessee claiming deduction on capital expenditure incurred in specified business as specified in **Section 46** of the Income-tax Act, 2025.
2. An assessee claiming deduction in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development as per the provisions of **Section 138** of the Income-tax Act, 2025.
3. An assessee claiming deduction in respect of profits and gains by an undertaking or enterprise engaged in development of SEZs as per the provisions of **Section 139** of the Income-tax Act, 2025.

4. An eligible start-up earning profits and gains derived from eligible business as specified in **Section 140** of the Income-tax Act, 2025.
5. An assessee claiming deduction on profits and gains derived by certain industrial undertakings other than infrastructure development undertakings such as commercial production of gas, oil refining etc. as per the provisions of **Section 141** of the Income-tax Act, 2025.
6. An assessee claiming deduction on profits and gains from housing projects as per the provisions of **Section 142** of the Income-tax Act, 2025.
7. An assessee claiming deduction on profits and gains derived by an undertaking in North-Eastern states from a business as specified in **Section 143** of the Income-tax Act, 2025.
8. An assessee claiming deduction on profits and gains derived by newly established Units in SEZs as per the provisions of **Section 144** of the Income-tax Act, 2025.

3. What is the Due Date to file Form 32?

Ans. Form 32 is required to be filed before the due date specified in Section 63 of the Income-tax Act, 2025, which is the due date for filing audit report.

4. With respect to deduction under section 46, what is the nature of capital expenditure allowed as deduction?

Ans. With respect to deduction under section 46, a deduction of the whole of the capital expenditure incurred, wholly and exclusively, for the purposes of any specified business (as mentioned in Section 46) shall be allowed if it is incurred in the tax year. However, expenditure incurred on acquisition of any land or goodwill or financial instrument is not allowed as deduction. Further, if expenditure is incurred via cash exceeding Rs.10000/- in a day, the same is not allowed as deduction.

5. With respect to deduction under section 46, is capital expenditure incurred prior to commencement of operations allowable as deduction?

Ans. Capital expenditure incurred prior to commencement of operations is allowed as deduction during the tax year in which the business is commenced, if it is capitalized in the books of accounts as on the date of commencement of operations.

6. With respect to deduction under section 46, can the assets for which deduction is claimed be used for other purposes?

Ans. The assets for which deduction is claimed shall be used only for the specified business (as per Section 46) for a minimum period of 8 years, beginning with the tax year in which the asset is acquired or constructed. If the asset is used for other purposes during the abovementioned period, the expenditure for the same (reduced by depreciation allowable) will be treated as income for the tax year in which it is so used.

7. With respect to deduction under section 140, which are the start-ups eligible for deduction?

Ans. With respect to deduction u/s 140, the eligible start-up should satisfy the following conditions:

- It should be a company or LLP incorporated on or after 01.04.2016 but before 01.04.2030.
- The turnover should not exceed Rs. 100 crore for the tax year in which deduction is claimed.
- It should hold a certificate of eligible business from the Inter-Ministerial Board of Certification.
- It should be engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation.

8. With respect to deduction under section 140, for how many years can the deduction be claimed by start-ups?

Ans. The deduction can be claimed by the assessee for any three consecutive tax years out of ten years beginning from the year in which the eligible start-up is incorporated.

9. With respect to deduction under section 143, which are the eligible businesses to claim deduction?

Ans. The following businesses are eligible for deduction under section 143 :

- hotel (two-star category or above)

- adventure and leisure sports including ropeways.
- providing medical and health services in the nature of nursing home with a minimum capacity of 25 beds.
- running an old-age home.
- operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion designing and industrial training.
- running information technology related training centre.
- manufacturing of information technology hardware.
- bio-technology.

Further, the business should be located in any of the North Eastern states namely Arunachal Pradesh, Assam, Nagaland, Manipur, Mizoram, Tripura, Meghalaya or Sikkim.

10. Why is Form 32 important?

The deduction under sections 46,138,139,140, 141,142,143 or Section 144 of the Income-tax Act, 2025 is allowed based on details filed in the Form.