

## Form 34 – Frequently Asked Questions

### Report under section 146 of the Income-tax Act, 2025

<b>Name of form as per I.T. Rules, 1962</b>	<b>Form 10DA</b>	<b>Name of form as per I.T. Rules, 2026</b>	<b>34</b>
<b>Corresponding section of I.T. Act, 1961</b>	<b>80JJAA</b>	<b>Corresponding section of I.T. Act, 2025</b>	<b>146</b>
<b>Corresponding Rule of I.T. Rules, 1962</b>	<b>19AB</b>	<b>Corresponding Rule of I.T. Rules, 2026</b>	<b>68</b>

#### **1. What is Form 34?**

**Ans.** Form 34 is required to be filed along with the Return of Income by audited assessee availing deduction u/s 146 on additional employee cost incurred. Form 34 is to be filed under Rule 68 of the Income tax Rules. The form should be verified by a Chartered Accountant. The deduction that can be availed under this section is 30% of additional employee cost incurred, for 3 tax years.

#### **2. Who should file Form 34?**

**Ans.** An assessee earning income from business or profession and liable to be audited u/s 44AB, availing deduction u/s 146 on additional employee cost should file this form. The payment to said employees should be made via an account payee cheque/bank draft or by use of electronic clearing system through a bank account or via electronic mode as specified in Rule 6ABBA.

#### **3. What is the Due Date to file Form 34?**

**Ans.** Form 34 is required to be filed along with the Audit report u/s 63 of the Income-tax Act, 2025. Hence, the due date for filing audit report will be the due date to file this form.

**4. Who is an additional employee, the emoluments of whom are eligible for deduction?**

**Ans.** An additional employee is an employee who is employed during the tax year and whose employment increases the total number of employees employed as on the last day of the preceding tax year. However, under the following conditions, the employee will not be treated as an additional employee for claim of deduction:

- If the total emoluments of the employee exceed Rs. 25000 per month.
- If the Government pays the entire contribution under the Employees' Pension Scheme.
- If the employee does not participate in a Recognised Provident Fund.
- If the employee is employed for less than 150 days during the tax year where the assessee is engaged in the business of apparel, footwear or leather manufacturing.
- If the employee is employed for less than 250 days during the tax year in the case of other assessees.

However, if the employees are employed for the said number of days (150 or 200) in the immediately succeeding tax year for the respective business, they shall be deemed as additional employees for that tax year.

**5. What do emoluments to additional employees include?**

**Ans.** Emoluments mean any sum paid or payable to an employee for his employment. However, it does not include employer contributions paid or payable to any pension or provident fund or any other fund and lump sum payments paid or payable to an employee at the time of termination of his service.

**6. What is the deduction allowed on additional employee cost?**

**Ans.** A deduction of an amount equal to 30% of additional employee cost incurred in the course of business in the tax year shall be allowed for three consecutive tax years, beginning from the tax year in which the employment is provided.

## **7. Why is Form 34 important?**

The deduction on emoluments paid to additional employees u/s 146 is allowed based on details filed in Form 34.