

FAQ — FORM 5

Statement regarding Preliminary Expenses under Section 44(3) of the Income-tax Act, 2025

Name of Form as per I.T. Rules, 1962	3AF	Name of Form as per I.T. Rules, 2026	5
Corresponding section of I.T. Act, 1961	35D(4), 35E(6)	Corresponding section of I.T. Act, 2025	44(3)
Corresponding Rule of I.T. Rules, 1962	6AB	Corresponding Rule of I.T. Rules, 2026	27

1. What is Form 5?

Form 5 is an electronic statement required to be furnished under Section 44(3) of the Income-tax Act, 2025, for reporting preliminary expenses eligible for deduction incurred by an assessee in connection with setting up or extension of a business. The Form is prescribed under Rule 27 of the Income-tax Rules, 2025.

2. Who is required to furnish Form 5?

Form 5 must be furnished by any assessee claiming deduction under Section 44 in respect of eligible preliminary expenses, as per section 44(2)(a), relating to:

- Preparation of feasibility report
- Preparation of project report
- Market or business survey
- Engineering services related to business

Applicable taxpayers include:

- Individuals
- Firms
- Companies
- Trusts
- Other eligible persons under the Act

3. For which period is Form 5 required to be filed?

Form 5 must be furnished for each Tax Year in which deduction under Section 44(2)(a) is claimed.

4. What is the due date for filing Form 5?

As per Rule 27, Form 5 must be furnished one month prior to the due date for filing the return of income under Section 263(1) of the Income-tax Act, 2025.

5. To whom is Form 5 furnished?

Form 5 is furnished electronically to the Director General of Income-tax (Systems) or any person authorized by him.

6. How is Form 5 filed?

Form 5 must be filed electronically through the Income-tax portal using:

- Digital Signature Certificate (DSC), or
- Electronic Verification Code (EVC)

7. What key information is required in Form 5?

Part A — Particulars of the Assessee

Includes:

- Name
- PAN
- Address
- Status
- Email ID
- Contact number
- Tax Year

Part B — Details of Preliminary Expenses

Requires disclosure of:

- Nature of eligible activity
- Whether activity carried out by assessee or third party
- Name and PAN of service provider
- Amount paid or credited
- TDS applicability and tax deducted

Amounts must be reported in INR (₹).

8. What types of preliminary expenses are covered?

Eligible expenses as per section 44(2)(a)-:

- Feasibility report preparation
- Project report preparation
- Market or business survey
- Engineering services related to business

Each activity must be reported separately if multiple service providers are involved.

9. What if the assessee carried out the activity itself?

If the work is performed internally, the assessee must mention “SELF” in the relevant field.

10. Is any information auto-filled in the Form?

Yes. Certain fields may be pre-filled automatically based on available Income-tax records. Taxpayers must verify correctness before submission.

11. What documents should be maintained for Form 5?

While attachments are not mandatory, the assessee should retain:

- Bills and invoices
- Contracts/agreements with consultants
- Proof of payment
- TDS challans (if applicable)
- Accounting records supporting claimed expenditure

These may be required during assessment or verification.

12. What is the verification requirement in Form 5?

The Form must include a declaration by the authorized signatory, confirming correctness and completeness of information.

13. What happens if Form 5 is not filed or contains errors?

Failure to file or incorrect filing may result in:

- Disallowance of deduction under Section 44
- Issuance of defect or compliance notices
- Possible penalties under the Act

14. What are key compliance tips for taxpayers?

- Ensure expenses qualify under Section 44 of the 2025 Act
- Match reported expenses with accounting records
- Verify PAN and TDS details of service providers
- File Form 5 within prescribed time
- Retain supporting documents

15. What are major changes in the revised Form framework?

Common updates aligned with the Income-tax Act, 2025 include:

- Use of “Tax Year” instead of Assessment/Previous Year
- Updated section and rule references
- Improved digital filing and validation features

16. What is the objective of introducing the revised electronic Form?

The revised Form 5 aims to:

- Improve compliance accuracy
- Enable real-time validations
- Reduce errors through pre-filing
- Enhance taxpayer convenience

17. Summary

Form 5 is a mandatory electronic compliance statement for taxpayers claiming deduction of preliminary expenses under Section 44(2)(a) of the Income-tax Act, 2025. Timely and accurate filing ensures continued eligibility for deduction and minimizes compliance risks.