

FORM 65 Frequently Asked Questions (FAQs)

Form of Application under Section 194(1) (Table: Sl. No. 2) of the Income-tax Act,2025

Name of form as per I.T. Rules, 1962	Form 3CFA	Name of form as per I.T. Rules, 2026	Form 65
Corresponding section of I.T. Act, 1961	115BBF	Corresponding section of I.T. Act, 2025	194(1) (Table: Sl. No. 2)
Corresponding Rule of I.T. Rules, 1962	5G	Corresponding Rule of I.T. Rules, 2026	Rule 134

1. What is Form 65 ?

Ans: Form 65 is an Income tax form used by eligible resident taxpayers to **opt for a concessional tax rate of 10% on income earned by way of royalty from a patent developed and registered in India** as provided by Section 194(1) (Table: Sl.No. 2) of the Income-Tax Act, 2025.

2. What is the purpose of Form 65 ?

Ans: The primary purpose of filing **Form 65** is to:

- **Claim a lower tax rate:** By default, royalty income might be taxed at normal slab rates. Filing this form allows the eligible assessee to be taxed at a special, lower flat rate of 10% (plus surcharge and cess) on the gross amount of the royalty income.
- **Opt into the "Patent Box Regime":** This section encourages indigenous research and development by providing tax incentives for patents developed and registered in India.
- **Forgo other deductions:** A key condition of opting for this concessional rate is that no expenditure or allowance is allowed as a deduction against this royalty income.
- **Commit to the regime:** Once this option is exercised, the taxpayer must adhere to this taxation method for the next five Tax years; failing to do so makes them ineligible for the regime for the five years following the year of default.

3. Who needs to file Form 65 ?

Ans: Any resident in India (individual, firm, company, etc.) who earns income by way of royalty on a patent developed and registered in India and wishes to benefit from the concessional 10% tax rate must file this Form.

4. When should Form 65 be filed?

Ans: Form 65 must be filed on or before the due date for furnishing the return of income for the relevant Tax year under Section 263(1).

5. What are the documents required for filing Form 65 ?

Ans:

- Self-certified copy of the Patent grant certificate.
- Proof of identity and address: PAN card and Aadhaar card.
- Audited annual accounts: Particularly if you are a business or association.
- Bank statements: To verify income and expenses.
- Form 26AS: To reconcile any tax deducted at source.

6. What is the process flow of filing Form 65 ?

Ans:

- i. **Log in to the e-Filing Portal:** Access the official Income Tax Department website at www.incometax.gov.in using your user ID (PAN) and password.
- ii. **Navigate to the Forms Section:** Go to the "e-File" menu and select "Income Tax Forms" or "Prepare and Submit Online Form (Other than ITR)".
- iii. **Select Form 65 :** Choose " **Form 65** " from the list of available forms and select the relevant Tax Year.
- iv. **Fill the Form:** Provide all required details in the form, which typically include:
 - a. Full name, address, and PAN/Aadhaar number of the assessee.
 - b. Nature of business or activities.
 - c. Details of the patent, including number and date of grant.
 - d. Amount and nature of royalty income earned during the Tax year.
 - e. Details of any expenditure incurred on the patent in India

- f. Details of total expenditure incurred
- v. **Submit Electronically: Form 65** is filed electronically.
- vi. **Verify the Form:** The final step involves verifying the form using either digital signature or electronic verification code.

7. Can Form 65 be filed offline?

Ans: No, **Form 65** can only be submitted online through the Income Tax e-Filing portal.

8. Can Form 65 be revised or withdrawn?

Ans: No, once **FORM 65** is validly filed for a relevant Tax year, it cannot be revised or withdrawn for that year.

9. What is the frequency for filing Form 65 ?

Ans: **Form 65** is an **application form** to opt into a specific tax regime under the Income Tax Act, 1961. It is generally filed once when the taxpayer decides to exercise this option.

10. Which category of taxpayers are eligible for availing for benefitting from the concessional tax regime?

Ans: The concessional tax treatment is only available to taxpayers who are **residents** in India. Non-resident individuals or entities are ineligible.

11. Is there any lock -in period, once the tax payer opts for the tax regime by filing Form 65 ?

Ans: Once a taxpayer opts for Section 194(1) (Table: Sl.No. 2), it is generally required to continue with this regime for the next five Tax years. If the taxpayer chooses not to be governed by this section in any of those subsequent years, they become ineligible to opt for the regime again for the five Tax years following the year they opted out.

12. Does the 5-year "lock-in" reset or carries over to the new Section 194 regime under the Income Tax Act 2025?

Ans: The 5-year "lock-in" carries over to the new Section 194 regime under the Income Tax Act, 2025.

13. Which patents are eligible for availing for benefitting from the concessional tax regime?

Ans:

- i. The patent must be registered under the Indian Patents Act, 1970. "Patent" has the same meaning as assigned to it in section 2(1)(m) of the Patents Act.
- ii. The patent must be developed in India. The patent is only considered "developed in India" if at least **75% of the total expenditure** for the invention was incurred in India by the eligible assessee.

14. Which category of patentees are eligible for claiming benefit under Section 194(1) (Table: Sl.No. 2)?

Ans:

The "**true and first inventor**" whose name is entered on the patent register, only, is eligible for availing benefit under Section 194(1) (Table: Sl.No. 2) and it includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee.

"True and first inventor" shall have the same meaning as assigned to it in section 2(1)(y) of the Patents Act.