

NOTIFICATION NO 38/2013

Dated: May 30, 2013

In exercise of the powers conferred by section 295 read with sub-section (1) of section 35CCC of the income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income-tax **(Fourth Amendment) Rules, 2013**.

(2) They shall come into force on the date of their publication in the *Official Gazette*.

2. In the Income-tax Rules, 1962, (hereinafter referred to as the "said rules"), after rule 6AAC, the following rules shall be inserted, namely:-

"6AAD. Guidelines for approval of agricultural extension project under section 35CCC.

(1) The agricultural extension project shall be considered for notification if it fulfills all of the following conditions namely:-

(i) the project shall be undertaken by an assessee for training, education and guidance of farmers;

(ii) the project shall have prior approval of the Ministry of Agriculture, Government of India; and

(iii) the expenditure (not being expenditure in the nature of cost of any land or building) exceeding an amount of twenty-five lakh rupees is expected to be incurred for the project. he may after making appropriate inquiries, furnish a report on the circumstances referred to in clause (a) to (e) to the CBDT for appropriate action as per the provisions of sub-rule (13) of rule 6AAD."

3. In Appendix - II of the said rules, after Form No. 3CN, the following forms shall be inserted, namely:-

"FORM NO. 3C-O

[See rule 6AAD]

**Application form for approval under sub-section (1) of section
35CCC of the Income-tax Act, 1961**

1. (i) Name and address of the applicant.

(ii) Address of the principal place of business / registered office of the assessee.

- (iii) PAN of the assessee
- (iv) Date of incorporation of the company / partnership firm / proprietary concern.
- (v) Enclose a copy of the Memorandum, Articles of Association.
- (vi) If the agricultural extension project of the company was notified earlier under sub-section (1) of section 35CCC, mention the notification number and date of the latest notification and furnish a copy of the same.
- (vii) Nature of business
- (viii) If notification issued under sub-section (1) of section 35CCC was rescinded in the past, mention reasons on account of which the notification was rescinded.

[Enclose a copy of the Order (s) rescinding notification (s)]

- (ix) Date from which notification of agricultural extension project is requested for.
 - (x) Expected date of completion of project.
2. Purpose of the agricultural extension project (Give a brief write up on the requirement of agricultural extension project indicating the objectives of the project, stages of implementation, expected results and usefulness of the Project.)
 3. Details of expenses (other than land or building) expected to be incurred for agricultural extension project
 4. Amount, if any, proposed to be charged from each beneficiary of agricultural extension project.
 5. Agricultural extension projects undertaken by the applicant:

(i) agricultural extension projects undertaken by the assessee during last five years, if any along with their current status.

(ii) Details of agricultural extension projects which have been taken up in past and which are underway on the date of filing of application.

6. Whether the agricultural extension project approved by Ministry of Agriculture, Government of India.

(Enclose a copy of letter obtained from the Ministry of Agriculture, Government of India)

7. Details of Return of Income filed for the last three assessment years:

Assessment Year	Turnover/ Gross receipts	Total Income	Tax Payable as per return	Tax Paid	Assessed Income Details

8. Enclose copy of audited annual accounts of the assessee / accounts of the assessee for the last three years.
9. Whether any Penalty under section 271(1)(c) was levied on the assessee during the last five years and details thereof.
10. Whether any tax demand is outstanding. on the date of filing application.

Certified that the above information is true to the best of my knowledge and belief.

Place :

Date:

Signature

Designation

Full Address

(2) An assessee, before undertaking any agricultural extension project, shall make an application for notification of such project under sub-section (1) of section 35CCC, in duplicate, in Form No. 3C-O, to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the assessee.

(3) The assessee shall also send a copy of the application in Form No.3C-O to the Member (IT), Central Board of Direct Taxes (hereinafter referred to as the CBDT) accompanied by the acknowledgement receipt, as evidence of having furnished the application form in duplicate, in the office of the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the case.

(4) The application shall be accompanied by the following, namely :-

(a) a detailed note on the agricultural extension project to be undertaken by the assessee;

(b) details of the expenditure expected to be incurred on the project and expected date of completion of the project; and

(c) a letter approving the project and specifying the amount of expenditure expected to be incurred on the project from the Ministry of Agriculture, Government of India.

(5) If any defect is noticed in the application referred to in sub-rule (2) or if any relevant document is not attached thereto, the Commissioner of Income-tax or the Director of Income-tax, as the case may be, shall, before the expiry of one month from the date of receipt of the application in his office, intimate the defect to the applicant for its rectification.

(6) The applicant shall remove the defect within a period of fifteen days from the date of such intimation or within such further period which, on an application made in this behalf, as may be extended by the Commissioner of Income-tax or the Director of Income-tax, as the case may be, so however, that the total period for removal of defect does not exceed thirty days, and if the applicant fails to remove the defect within such period so allowed, the Commissioner of Income-tax or the Director of Income-tax, as the case may be, shall send his recommendation for treating the application as invalid to the CBDT.

(7) On receipt of recommendation of the Commissioner of Income-tax or the Director of Income-tax, as the case may be, under sub-rule (6), the CBDT, if satisfied, may pass an order treating the application as invalid.

(8) If the application form is complete in all respects, the Commissioner of Income-tax or the Director of Income-tax, as the case may be, may make such inquiry or call for such documents from the assessee as he may consider necessary for satisfying himself regarding the genuineness of the current and proposed activities of the assessee, and send his

recommendation to the CBDT for grant of approval or rejection of the application before the expiry of the period of two months to be reckoned from the end of the month in which the application form complete in all respects was received in his office.

(9) The CBDT may, before notifying an agricultural extension project under section 35CCC, call for such documents from the assessee, as it considers necessary, and may also get any inquiry made for verification of the genuineness of the activities of the assessee.

(10) The CBDT may, within a period of three months from the end of the month in which it receives the report referred to in sub-rule (8) from the Commissioner of Income-tax or the Director of Income-tax, as the case may be, under sub-section (1) of section 35CCC, issue a notification in Form No. 3CP to be published in the Official Gazette specifying the agricultural extension project subject to conditions mentioned in rule 6AAE or such other conditions, as it may deem fit. to be effective for such period not exceeding three assessment years or pass an order rejecting the application.

(11) If the CBDT is satisfied with the activities of the agricultural extension project during the period of notification, it may notify the said project for a further period.

(12) A copy of the notification issued under sub-rule (10) or sub-rule (11) shall be 'sent to the applicant, Ministry of Agriculture, Government of India, the Commissioner of Income-tax or the Director of Income-tax, as the case may be, the Department of Agriculture of the concerned State, and the Agricultural Technology Management Agency (ATMA) of the concerned District(s).

(13) The CBDT may rescind the notification issued under sub-rule (10) or . sub-rule (11) at any time, if it is satisfied that the assessee has ceased its activities or its activities are not genuine or are not being carried out in accordance with all or any of the relevant provisions of the Act or this rule or rule 6AAE or are not being carried out in accordance with all or any of the conditions subject to which the notification was issued.

(14) An order treating the application as invalid or rejecting or rescinding the notification shall not be passed unless the assessee has been given an opportunity of being heard in the matter.

(15) A copy of any order invalidating or rejecting the application or rescinding the notification shall be sent to the applicant. Ministry of Agriculture, Government of India, the Commissioner of Income-tax or the Director of Income-tax, as the case may be, the Department of Agriculture of the concerned State, and the Agricultural Technology Management Agency (ATMA) of the concerned District(s).

6AAE. Conditions subject to which an agricultural extension project is to be notified under section 35CCC.

(1) The assessee undertaking agricultural extension project shall maintain separate books of account of the agricultural extension project notified under sub-section(1) of section

35CCC, and get such books of account audited by an accountant as defined in the Explanation below sub-section (2) of section 288.

(2) The audit report referred to in sub-rule (1) shall include the comments of the auditor on the true and fair view of the books of account maintained for agricultural extension project, the genuineness of the activities of the agricultural extension project and fulfillment of the conditions specified in the relevant provisions of the Act or the rules or the conditions mentioned in the notification issued under sub-rule (10) or sub-rule (11) of rule 6AAD.

(3) The assessee shall not accept an amount exceeding the amount as approved in the notification from the beneficiary under the eligible agricultural extension project for training, education, guidance or any material distributed for the purposes of such training, education or guidance.

(4) The assessee shall not get any direct or indirect benefit from the notified agricultural extension project except the deduction of the eligible expenditure in accordance with the provisions of section 35 CCC of the Act, rule 6AAD and this rule.

(5) All expenses (not being expenditure in the nature of cost of any land or building), as reduced by the amount received from beneficiary, if any, incurred wholly and exclusively for undertaking an eligible agricultural extension project shall be eligible for deduction under section 35CCC :

Provided that any expenditure incurred on the agricultural extension project which is reimbursed or reimbursable to the assessee by any person, whether directly or indirectly, shall not be eligible for deduction under section 35CCC.

(6) The assessee shall, on or before the due date of furnishing the return of income under sub-section (1) of section 139, furnish the following to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, namely:-

(a) the audited statement of accounts of the agricultural extension projects for the previous year along with the audit report and amount of deduction claimed under sub-section (1) of section 35CCC;

(b) a note on the agricultural extension project undertaken by it during the previous year and the programme of agricultural extension project to be undertaken during the current year and the financial allocation for such programme; and

(c) a certificate from the Ministry of Agriculture, Government of India, regarding the genuineness of the agricultural extension project undertaken by the assessee during the previous year.

(7) If the Commissioner of Income-tax or the Director of Income-tax, as the case may be, is satisfied that the,---

(a) assessee has not maintained separate books of account for the agricultural extension project or has not got such books of account audited by an accountant in accordance with sub-rule (1);

(b) assessee has not furnished the documents referred to in sub-rule (6);

(c) assessee has ceased to carry out activities of agricultural extension project;

(d) activities of agricultural extension project of the assessee are not genuine; or

(e) activities of the agricultural extension project are not being carried out in accordance with the relevant provisions of the Act or the rules or the conditions subject to which the notification was issued,

FORM NO.3CP
[See rule 6AAD]

Form for notification of agricultural extension project under sub-section (1) of section 35CCC of the Income-tax Act, 1961

1. Name, address and PAN of the applicant
2. Title of the agricultural extension project
3. Purpose of the agricultural extension project
4. Reference No. and date of the application
5. Date of commencement of the agricultural extension project
6. Duration of the agricultural extension project in months
7. Assessment year(s) for which the agricultural extension project is being notified (not exceeding three years)
8. Total expenses likely to be incurred for the agricultural extension project (other than cost of land or building)
9. Amount, if any, to be charged from each beneficiary of agricultural extension project
10. Conditions, if any, subject to which agricultural extension project is notified.

Place:

Date:

(Signature)

(Name and Designation)

F.No.142/30/2012-SO(TPL)]

(Rajesh Kumar Bhoot)
Director (TPL-III)

Note: The principal rules were published in the *Gazette of India* vide notification number S.O. 969(E), dated the 26 March, 1962 and last amended vide notification number S.O. 1111 (E), dated 1st May, 2013