

Rule-5D, Income-tax Rules

[Conditions subject to which approval is to be granted to a research association under clause (ii) or clause (iii) of sub-section (1) of section 35.]

5D. (1) The sole object of the applicant research association shall be to undertake scientific research or research in social science or statistical research, as the case may be.

(2) The applicant research association shall carry on the research activity by itself.

(3) The research association seeking approval under clause (ii) or clause (iii) of sub-section (1) of section 35 shall maintain books of account and get such books audited by an accountant as defined in the *Explanation* to sub-section (2) of section 288 and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under sub-section (1) of section 139.

(4) The research association shall maintain a separate statement of donations received and amount applied for scientific research or research in social science or statistical research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to in sub-rule (3).

(5) The research association shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing—

(i) a detailed note on the research work undertaken by it during the previous year;

(ii) a summary of research articles published in national or international journals during the year;

(iii) any patent or other similar rights applied for or registered during the year;

(iv) a programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

(6) If the Commissioner of Income-tax or the Director of Income-tax is satisfied that the research association,—

(a) is not maintaining books of account, or

(b) has failed to furnish its audit report, or

(c) has not furnished its statement of the sums received and the sums applied for scientific research or research in social science or statistical research or a statement referred to in sub-rule (5), or

(d) has ceased to carry on its research activities, or its activities are not genuine, or

(e) is not fulfilling the conditions subject to which approval was granted to it,

he may after making appropriate enquiries furnish a report on the circumstances referred to in clauses (a) to (e) above to the Central Government within six months from the date of furnishing the return of income under sub-section (1) of section 139.]