

(TO BE PUBLISHED IN PART II, SUB-SECTION (ii) OF SECTION 3 OF THE GAZETTE OF INDIA)

**Government of India
Ministry of Finance
(Department of Revenue)
(Central Board of Direct Taxes)**

New Delhi, the 26th October, 2009

Notification

S.O. It is hereby notified for general information that the organization **Vittal Mallya Scientific Research Foundation, Bangalore**, has been approved by the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), **from Assessment year 2007-08 onwards** in the category of 'other Institution', partly engaged in research activities subject to the following conditions, namely:-

- (i) The sums paid to the approved organization shall be utilized for scientific research;
- (ii) The approved organization shall carry out scientific research through its faculty members or its enrolled students;
- (iii) The approved organization shall maintain **separate books of accounts** in respect of the sums received by it for scientific research, reflect therein the amounts used for carrying out research, get such books audited by an accountant as defined in the explanation to sub-section (2) of section 288 of the said Act 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 of the said Act;
- (iv) The approved organization shall maintain a **separate statement of donations** received and amounts applied for scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.

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2. The Central Government shall withdraw the approval if the approved organization:-

- (a) fails to maintain **separate books of accounts** referred to in sub-paragraph (iii) of paragraph 1; or
- (b) fails to furnish its audit report referred to in sub-paragraph (iii) of paragraph 1; or
- (c) fails to furnish its statement of the donations received and sums applied for scientific research referred to in sub-paragraph (iv) of paragraph 1; or
- (d) ceases to carry on its research activities or its research activities are not found to be genuine; or
- (e) ceases to conform to and comply with the provisions of clause (ii) of sub-section (1) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

Sd/
(Dr. Sanjay Kumar Lal)
Under Secretary to the Govt. of India

Notification No. 79

(F.No.203/109/2008/ITA-II)

To

The Manager,
Govt. of India Press,
Mayapuri, New Delhi

Copy forwarded to:

1. The applicant organization.
2. The Director General of Income Tax (Exemptions), New Delhi
3. Comptroller & Auditor General of India.
4. DIT(E), Bangalore
5. Concerned File
6. Ministry of Law & Justice (Correction Section), New Delhi.
7. DIT(Systems), New Delhi, for placing on the website incometaxindia.gov.in
8. Guard file.
9. ITCC, CBDT (4 copies)

Sd/
(Dr. Sanjay Kumar Lal)
Under Secretary to the Govt. of India

Subject:- Application for approval u/s 35(1)(ii) of the Income tax Act, 1961, in the case of M/s P.S.G. & Sons Charities, Coimbatore, for the period from 1.4.2007 onwards - regarding.

Under consideration in this file is application in Form 3CF-I dated 12.3.2008 (p.9-25/cor.), seeking approval u/s 35(1)(ii) of the Income-tax Act, 1961, for the period from 1.4.2007 onwards, in the case of M/s P.S.G. & Sons Charities, Coimbatore.

2. A detailed note considering the application filed was submitted on p.2-5/NS ante. In this context, the file has been received back with the following observations:-

“MOS(R) desires to know if the papers mentioned on p.3/ns qualify as ‘research’ in line with the objectives sought to be achieved”.

3. In this context, it is submitted that the objectives of the applicant are mentioned at p.145-147/cor. These objectives are broadly in three distinct heads:

- A. Religious Charities.
- B. Educational Charities
- C. General Charities

Research and development is one of the several objectives that falls under the head ‘Educational Charities’ and is discussed at Para B (ix) at p.146/cor.

4. As per the provisions of Rule 5D(1) of the IT Rules, 1962, approval u/s 35(1)(ii) is given to a ‘Scientific Research Association’ when the sole objective of the applicant is to undertake scientific research.

Further, as per the provisions of Rule 5E(1) of the IT Rules, 1962, approval is granted to an applicant u/s 35(1)(ii) / (iii) of the Income tax Act under the category ‘university, college or other institution’ when the sum paid to such institution is utilized for scientific / social or statistical research. Thus, research is not the sole objective of such institutions and is only one of the objective. Approval under this category of ‘other institution’ is accorded when the applicant has several diverse objectives, with research being only one of them.

Since the applicant M/s P.S.G. & Sons Charities has research as one of the objectives, the case of the applicant has been recommended under the category ‘other institution’.

5. Previously, in certain cases, the issue of what would constitute research has been decided in discussions with the erstwhile Finance Minister, Shri P. Chidambaram. It had been held that studies claimed to be research would have to have the essential elements of research, namely, a hypothesis, methodology, collection of data needed to establish the hypothesis, analysis of data, conclusion as to whether the hypothesis is proved or disproved, acceptance of the conclusion by an established ‘institution / peer group / scientific body’ etc.

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The papers mentioned at p.3/NS ante have the above mentioned elements and have been accepted and published in reputed journals.

6. In view of the above, it is submitted that the papers submitted by the applicant appear to be in the nature of 'research' publications. Since, research is only one of the objectives, the case of the applicant has been recommended in the category of 'other institution'.

Submitted for kind consideration.

(Dr. Sanjay Kumar Lal)
US (ITA.II)

CIT(ITA)

Member (IT)

Chairman (DT)

Secy.(R)

MOS(R)

F.M.

