

Modalities for implementing revised guidelines for processing project proposals received from companies in the Ministry of Agriculture & Farmers Welfare for granting prior approval u/s 35CCC of Income Tax Act 1961.

Introduction: In order to attract private investment in Agricultural Extension, Central Board of Direct Taxes (CBDT), Ministry of Finance issued a notification no. 1236 dated 30.05.2013 for availing 150% weighted income tax benefit under section 35CCC of Income Tax Act 1961 for the expenditure incurred on the agricultural extension projects. The applicant and eligible company would undertake Agricultural Extension Projects for training, education and guidance of farmers. The applicant company shall not be eligible for deduction under section 35CCC if gets any direct or indirect benefits from the notified agricultural extension project/s. The prior approval of Ministry of Agriculture & Farmers Welfare (MoA&FW) is essential for notifying any project with CBDT. During 2017-18, Sectoral Group of Secretaries (GoSs) recommended that companies availing benefits under 35CCC may invest for agriculture extension through ATMA Scheme. Accordingly, Guidelines/ procedure have been revised for approval of agricultural extension projects by the Ministry of Agriculture & Farmers Welfare and the same have been vetted by the CBDT on 25th September, 2018. Revised Guidelines and modalities for project approval under section 35CCC are available in public domain (vide department's website www.agricoop.nic.in). These may be renewed & modified on need basis by DAC&FW in consultation with CBDT. As per the revised Guidelines, the applicant companies shall submit the project proposals in format of ATMA cafeteria activities. The approved cafeteria of activities is available at *Annexure-III(a)* of ATMA Guidelines uploaded on Ministry's website(www.agricoop.nic.in). The relevant portion of the cafeteria activities are also brought out as *Annexure -II* of the modalities.

The following procedure shall be followed for consideration of private proposals for agriculture extension projects for prior approval of the Ministry of Agriculture & Farmers Welfare for further consideration under 35CCC of Income Tax Act 1961:

1. Submission of application by applicant:

- a) Application will be submitted **in triplicate** in prescribed formats alongwith the required documents. Application formats are given in **Annexure I to II**.
- (b) Application shall be submitted with the recommendation letter of the State Nodal Officer (ATMA) of the concerned State Government. The template of recommendation letter is attached as **Annexure III**.

2. Documents to be submitted with application:

- a) Application with relevant details and documents.
- b) Memorandum & Article of association of the company and bylaws of company.
- c) Audited annual accounts for last 3 years
- d) Income tax return for last 3 years
- e) PAN/TAN / GSTN of company
- f) CIN certificate
- g) SNO, ATMA recommendation letter
- h) Experience certificate if any.
- i) Details of Agricultural Extension Projects undertaken last five years and their brief outcomes. (**Annexure-IV**)
- j) Details of on-going Agricultural Extension Projects. (**Annexure-IV**)
- k) Copy of awards if any for exemplary extension work.

3. **Eligibility Conditions and Evaluations:** Eligibility criteria and evaluation for consideration of project include:

3.1 (a) **Eligibility Criteria**

- (i) The project proposals costing more than Rs. 25.00 lakh would be eligible under these provisions.
- (ii) The project proposals would be eligible which are expected to invest in ATMA scheme to carry out extension activities such as Farmers Training, Domestic Exposure Visit of Farmers, Demonstration, Kisan Mela, Kisan Gosthis, Famers-Scientist Interaction, Farm Schools etc. in project mode for training, guidance and education of farmers are liable to consider for eligible projects.

3.2 DAC&FW has nominated a Screening Committee under the chairmanship of Additional Secretary (Extension) for evaluation of projects. Composition of the committee is as under:

1. Additional Secretary	-	Chairperson
2. Commissioner (Agriculture)	-	Member
3. Commissioner (Horticulture)	-	Member
4. Joint Secretary (Extension)	-	Member
5. Joint Secretary (Seeds)	-	Member
6. Joint Secretary (Crops)	-	Member
7. Joint Secretary (PP)	-	Member
8. Joint Secretary (M&T)	-	Member
8. Joint Secretary (INM)	-	Member
9. Director (CBDT)	-	Member
10. DDG(Extension)	-	Member
11. DDG(Crops)	-	Member
12. Director (Extension)	-	Convener

The screening committee shall evaluate the projects based on documents submitted by the companies.

3.3 The Scrutinized companies shall make a brief presentation on proposed activities before the committee in the Ministry of Agriculture & Farmers Welfare.

4. Other Conditions:-

- (i) Any ongoing project of any organization with no measurable outcome in relation to extension shall not be considered under 35CCC.
- (ii) In order to ensure compliance with the stipulation that organizations may not derive direct or indirect benefits from the project, they may be asked to submit an undertaking to the effect that they shall not promote their own products or services while providing extension services to farmers. In case they are noticed to be promoting their own products any time during the project period, their notification is liable to be cancelled and Income Tax benefits availed of or accrued earlier will be withdrawn.
- (iii) Salary component and other incidental expenses of employee/ staff who are entirely dedicated to the extension activities of the project only may be considered while recommending the case for notification. Salary component of regular employees (both administrative & technical) should not be considered while computing the total amount of the project.
- (iv) While submitting the proposal for more than 1 year, if activities and beneficiaries remain same an increase in project cost equivalent to average annual inflation (on WPI) for the previous year shall be allowed.
- (v) Expenditure in the nature of cost of any land or building whether owned or leased will not be recommended for benefit under 35CCC.

(vi) Expenditure incurred by Companies through NGOs/ Societies/ Trust even after signing an MOU with them shall not be considered under 35CCC.

5. Final recommendations of the Screening Committee and forwarding of the successful cases to CBDT for notification.

6. Issue of Genuineness Certificate:

- (i) Company/ agency shall furnish year-wise beneficiary (Male/ Female, General/ SC/ST/OBC/ Minority) and expenditure details.
- (ii) State Nodal Office of ATMA shall certify the completion of ATMA activities as provided by the applicant company. The format of Annual Completion/ Verification Report is given at annexure-V.
- (iii) Verification of activities by representative of Government of India on sample basis, if need to be.

Application form for submitting the proposal to Ministry of Agriculture and Farmers Welfare for prior approval of the Agriculture Extension Project for the purpose 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 applicant -
- (iii) PAN of the applicant -
- (IV) GSTIN of applicant -
- (v) Date of incorporation of the company/ partnership firm/proprietary concern -
- (vi) Enclose a copy of the Memorandum, Articles of Association -
- (vii) If the agricultural extension project of the company was notified earlier under sub-section (I) of section 35CCC, mention the notification number and date of the latest notification and furnish a copy of the same -
- (viii) Nature of business -
- (ix) If notification issued under sub-section (I) 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)] -
2. Purpose of the agricultural extension Project - write-up describing the following -
 - (i) Objective/ Scope of the Project -
 - (ii) State/ District / Area for implementation -
 - (iii) Requirement of the Project in the proposed Area / Region
 - (iv) Total Project cost with year-wise breakup (details to be enclosed in ATMA Cafeteria as per **Annexure II**)
 - (v) Implementation Stages & Schedule -
 - (vi) Expected Date of Commencement -
 - (vii) Expected Date of Completion -
 - (viii) Stakeholders involved in the Project -
 - (ix) Expected no. of beneficiaries (year-wise) -

- (x) Technologies proposed to be adopted -
- (xi) Specific Outcomes with quantifiable deliverables with their means/ways of measurement -
- (xii) Proposed mechanism of impact evaluation -
- (xiii) Mechanism for sharing the final result/outcome of the Project with the Ministry of Agriculture and Farmers Welfare. -
- 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 applicant 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.

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

Assessment Year	Turnover/Gross receipts	Total Income	Turnover of Agriculture Extension related projects	Tax payable as per return	Tax paid	Assessed Income Details

- 8. Enclose copy of audited annual accounts of the applicant/accounts and income tax return of the applicant for the last three years.
- 9. I certify that –
 - (i) I shall adhere to the specified cost norms as furnished in the ATMA cafeteria (Annexure III (a) of the Guidelines for “Support to State Extension Programmes for Extension Reforms”) under ATMA scheme.
 - (ii) I shall not accept from any beneficiary any amount exceeding the amount approved under the proposed agriculture extension project for training, education, guidance or for any material distributed for the purpose of such training, education or guidance.
 - (iii) I certify that the proposed project is not part of CSR activity of company

(iv) I shall not seek nor reap any direct or indirect benefit from the proposed agriculture extension project except the deduction of eligible expenditure in accordance with the provisions of section 35 CCC of the Act, rule 6AAD and the Income-tax (Fourth Amendment) rules, 2013.

(v) I will share and report any information, papers, data or details related to the proposed agriculture extension project that is sought or required by State Department of Agriculture/ ATMA/ Ministry of Agriculture and Farmers Welfare.

(vi) Our company has not been blacklisted or any penalty imposed by any Government / PSU/ Other agency.

(vii) I am submitting letter of SNO, ATMA of the State alongwith application form.

(viii) The project would be open for inspection / monitoring to verify the implementation by State/ Central Government officials.

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

Place:
Date:

Signature

Designation

Full Address

Annexure-II

ATMA CAFETERIA - LIST OF ACTIVITIES ELIGIBLE UNDER THE SCHEME 'SUPPORT TO STATE EXTENSION PROGRAMMES FOR EXTENSION REFORMS' AND ASSOCIATED COST NORMS

State:.....

Districts:.....

(Amount Rs. in Lakh)

Sr. No.	Sub Sr. No.	Indicative Activities to be Undertaken	Activities proposed year wise				Basis of calculation as per ATMA cost norms	
			Year 1		Year 2			----
			Phy.	Fin.	Phy.	Fin.		
B. DISTRICT LEVEL ACTIVITIES								
I. Farmer oriented activities:								
<u>B.1</u>		Not Required						
B.2		Training of farmers						
	a.	Inter-State						
	b.	Within State						
	c.	Within District level						
B.3		Organizing Demonstrations						
	a.	Demonstration (Agri.)						
	b.	Demonstration (allied sector)						
B.4		Exposure visit of farmers						

	a.	Inter State							
	b.	Within the State							
	c.	Within District							
B.5		Mobilization of farmer groups							
	a.	Their capacity building, skill development and support services							
	b.	Seed money / revolving fund							
	c.	Food Security Groups							
B.6			Not Required						
B.7			Not Required						
		II. Farm Information dissemination							
B.8		District level exhibitions, kisan melas, fruits/ vegetable shows.							
B.9	a.	Information dissemination through, printed leaflets etc and local advertisements.							
	b.	low cost publication							
B.10		Development of technology packages							
		III. Agricultural Technology Refinement, Validation and Adoption:							
B.11	a.	Farmer Scientist Interactions							
B.12		Organization of Kisan Gothhis							

B.13	Not Required									
IV. Administrative / Capital expenses at District and Block level for Extension Activities / Extension Staff only										
B.14	<u>RECURRING</u>									
	a.	Salary, TA/ DA and Operational expenses at District level								
	b.	Hiring of vehicles and Petroleum, Oil and Lubricant (POL)								
	c.	Operational Expenses at Block level								
B.15		Farm School								

Dated -----

To

Director (Extension)
Department of Agriculture, Cooperation & Farmers Welfare
Ministry of Agriculture & Farmers Welfare
Krishi Bhawan, New Delhi-110001

**Subject: Recommendation for the project titled "-----"
proposed to be implemented in -----districts of -----State for
tax rebate under 35CCC of Income Tax Act, 1961.**

Sir,

I am pleased to forward herewith project proposal on [Project title] to be implemented by [name of company] under ATMA Scheme for seeking tax rebate under 35CCC of Income Tax Act, 1961. The following are broad observations / recommendations about the proposed Agricultural Extension Activities in the above said project:

- (i) The proposed project proposal by the applicant company is an agriculture extension project framed / formulated for training, education and guidance to farmers.
- (ii) The proposed extension activities are as per cost norms specified under ATMA Scheme the approved ATMA cafeteria of activities.
- (iii) The proposed project would ensure private investment in ATMA Scheme and does not constitute any duplication.
- (iv) If this project finally considered as an eligible project and approved under 35CCC of Income Tax Act, 1961, State would verify the implementation during the currency of project and will submit verification report within four months of the end of relevant years to Ministry of Agriculture & Farmers Welfare for further necessary action.

Government of -----is recommending the project [title] to be considered for giving prior approval at the end of Ministry of Agriculture & Farmers Welfare under 35CCC of Income Tax Act, 1961.

Yours faithfully,

(SNO, ATMA),
Govt. of -----

Signature with Rubber Stamp

Annexure- IV

Format for submitting last 5 years and ongoing project details on Agricultural Extension Activities undertaken by Applicant Company

Year-----

(Rs. in lakh)

Sr. No.	Activities undertaken	Area of implementation	Achievement		No. of Farmer Beneficiaries (with data on male, female, Gen, ST, SC, OBC, Minority)	Outcomes
			Physical	Financial		

* Separate sheet to be submitted for every year

Authorized Signatory

Dated -----

To

Director (Extension)
Department of Agriculture, Cooperation & Farmers Welfare
Ministry of Agriculture & Farmers Welfare
Krishi Bhawan, New Delhi-110001

**Subject: Verification Report of project titled "-----
"implemented by [Name of Company] in [Name of districts] of
[Name of State] State for tax rebate under 35CCC of Income
Tax Act, 1961.**

Sir,

In reference to the CBDT notification no. ----- dated -----
for the Agricultural Extension project [Title] implemented by [name of
company] under ATMA Scheme for seeking tax rebate under 35CCC of
Income Tax Act, 1961, please find hereby the project verification report. The
following are major outcomes of the project:

- (i) The project implemented by the applicant company for training, education and guidance to farmers.
- (ii) The implemented extension activities are as per the approved ATMA Scheme.
- (iii) The major activities are undertaken by the company are [Name of activities].
- (iv) The company has incurred a total expenditure of [Amount in lakh] for the financial year..... as per enclosed details [ATMA format]
- (v) The beneficiary (male/female, Gen/SC/ST/OBC / minority) details are enclosed.
- (vi) The undersigned is fully satisfied with the project activities undertaken by the applicant company.

Government of -----is forwarding verification of the project [title] to be considered for giving genuineness certificate at the end of Ministry of Agriculture & Farmers Welfare under 35CCC of Income Tax Act, 1961.

Yours faithfully,

(SNO, ATMA),

Govt. of -----

Signature with Rubber stamp