

INCOME TAX SPECIAL

**TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED
(ACCOUNTS BRANCH)**

From
K.Sundaravadhanam, B.Sc., ACA., ACS.,
Chief Financial Controller/General,
144, Anna Salai,
Chennai-600 002.

To
All Superintending Engineers,
All Financial Controllers
(2 copies each for Accounts and
Administrative Branch)
TANGEDCO Circles

Circular Letter No.CFC/GL/FC/ACCTS/DFC/AO/TAXATION/D.32/2018, dt.22.06.2018.

Sir,

Sub: Income-Tax – Certain amendments made to the Act through Finance Bill 2018 – Rates of Income Tax to be deducted at source from Salaries and charts for Deduction (TDS) and Collection (TCS) of Tax during the Financial Year 2018-19 – Communication of – Reg.

Ref: 1) Circular Letter No.CFC/GL/FC/ACCTS/DFC/TAXATION/D.53/2017, dt.27.06.2017.
2) Finance Bill 2018.

Kindly refer the Circular cited above, wherein Rates of Income Tax to be deducted at Source from Salaries and the Charts for TDS and TCS during the Financial Year 2017-18 were communicated. The following are the updation for Financial Year 2018-19 :-

I. TDS ON SALARY :

(i) TDS rate on payment of Salary and Wages :

TDS is to be deducted if estimated income of the Employee exceeds taxable income.

(ii) TDS rate :

Calculate income tax payable as per income tax rates applicable on the estimated income of the employee for the year and to be deducted proportionately at the end of every month.

(iii) Amendments in Finance Act 2018 :

The following amendments are made to the Provisions of Income Tax Act 1961 through Finance Bill 2018.

A. Rate of Income Tax to be deducted at Source on Salaries for Financial Year 2018-19 :

(i) The basic exemption limit is Rs.2.5 Lakh (as previously communicated for the Financial Year 2017-18) for the Individual other than Senior Citizen and the rate of Income Tax is as furnished below:

- | | | |
|--|---|---|
| (1) Where the total income does not exceed
Rs.2,50,000 | : | Nil |
| (2) Where the total income exceeds Rs.2,50,000
But does not exceed Rs.5,00,000 | : | 5 per cent of the amount by which
the total income exceeds Rs.2,50,000 |
| (3) Where the total income exceeds Rs.5,00,000
But does not exceed Rs.10,00,000 | : | Rs.12,500 plus 20 percent of the amount
by which the total income exceeds
Rs.5,00,000 |
| (4) Where the total income exceeds
Rs.10,00,000 | : | Rs.1,12,500 plus 30 per cent of the
amount by which the total income
exceeds Rs.10,00,000 |

(ii) Rate of Tax to be deducted at Source on individual who is of the age of 60 years or more but less than eighty years:-

- | | | |
|--|---|---|
| (1) Where the total income does not exceed
Rs.3,00,000 | : | Nil |
| (2) Where the total income exceeds Rs.3,00,000
But does not exceed Rs.5,00,000 | : | 5 per cent of the amount by which
the total income exceeds Rs.3,00,000 |
| (3) Where the total income exceeds Rs.5,00,000
But does not exceed Rs.10,00,000 | : | Rs.10,000 plus 20 percent of the amount
by which the total income exceeds
Rs.5,00,000 |
| (4) Where the total income exceeds
Rs.10,00,000 | : | Rs.1,10,000 plus 30 per cent of the
amount by which the total income
exceeds Rs.10,00,000 |

(iii) Rate of Tax to be deducted at Source on individual who is of the age of 80 years or more :-

- | | | |
|--|---|---|
| (1) Where the total income does not exceed
Rs.5,00,000 | : | Nil |
| (2) Where the total income exceeds Rs.5,00,000
But does not exceed Rs.10,00,000 | : | 20 percent of the amount
by which the total income exceeds
Rs.5,00,000 |
| (3) Where the total income exceeds
Rs.10,00,000 | : | Rs.1,00,000 plus 30 per cent of the
amount by which the total income
exceeds Rs.10,00,000 |

- (a) Surcharge : Surcharge on Income Tax is applicable @ 10% if total income exceeds Rs.50 lakhs and not more than Rs.1 crore and 15% of total income exceeds Rs.1 crore.
- (b) Education Cess : Education Cess on Income Tax and Secondary and Higher education Cess on Income-Tax has been replaced with "Health and Education Cess" and shall be levied at the rate of four percent (4%) of income-tax in the case of deductions on payment of salary.

B. Standard Deduction :-

A standard deduction of Rs 40,000 has been introduced for all salaried individuals for transportation or medical reimbursement purposes. However, exemption will not be available for medical reimbursement of Rs.15,000/- and transport allowance of Rs.1,600/- per month. The transport allowance exemption at enhanced rate of Rs.3,200/- per month shall continue to be allowed to differently abled persons. The standard deduction will be reduced directly from the Gross salary, and there is no need to submit investment proof or bills to avail of the benefit of standard deduction.

C. Deduction u/s.80CCE :-

The aggregate Deductions under sections 80C, 80CCC, 80CCD(1) has remain unchanged, i.e. Rs.1.5 Lakhs.

D. Rate of Income Tax in case of certain individuals (u/s 87A) :-

The rebate under section 87A Rs.2,500/- will be available if the total income (taxable income) of the resident individual does not exceed Rs.3,50,000/- and the same rebate continues for Financial Year 2018-19.

E. Tax advantages for Senior Citizens :-

Though these clauses for Senior Citizens may not be applicable for present employees, for Pensioners, the following clauses are provided:-

1. As per the provisions of Sec 80TTB, deduction upto Rs.50,000/- will be allowed to senior citizens who have interest income from deposits with banks or post office or co-operative banks. Interest on saving and fixed deposit, both shall be eligible for deduction under this provision. Further, the threshold limit for deduction of tax at source on interest income (Section 194A) for senior citizens is hiked from Rs.10,000/- to Rs.50,000/-.
2. The income tax exemption under section 80D of the income tax act, allowed for payment of health insurance premium, preventive health check up and medical expenditure, has also been raised from the current limit of Rs. 30,000 to Rs. 50,000 for senior citizens.
3. Exemption for Medical treatment of senior citizens for specific critical illnesses u/s.80DDB has been raised to Rs. one lakh. Earlier the limit was Rs. 60,000 and Rs. 80,000 for senior citizens and very senior citizens, respectively.

F. Enhanced tax benefit on gratuity :-

The tax exemption allowed on gratuity has been increased to Rs.20 lakhs. The Employees receiving gratuity on or after 1st April 2018 can avail the increased tax benefit on gratuity.

G. Furnishing Form 12BB :-

Further, as per Notification No.30/2016, dt.26.04.2016 issued by CBDT every employee shall furnish Form 12BB as under:-

The employee shall furnish to the person responsible for making payment of salary, the evidence for the purpose of estimating his/her income for computing TDS.

Nature of claim	Evidence
HRA	Name, address and PAN of landlord where aggregate rent paid during previous year exceeds Rs.1 lakh
Deduction of interest under Income from House property	Name, address and PAN of the banker
Deduction under Chapter VIA	Evidence of expenditure

H. Fee for Default in furnishing return of income :-

A new Section 234F has been inserted in Income Tax Act 1961 with effect from Assessment Year 2018-19 (Financial Year 2017-18). As per this Section, Fee (Penalty) is levied if the Income Tax Return is not filed within the due date, the fee (Penalty) will be as follows:-

Total Income	Return filed	Fee (Penalty)
Exceeds Rs. 5 Lakh	On or before 31st December of Assessment Year	Rs. 5,000/-
	In any other case	Rs. 10,000/-
Upto Rs. 5 Lakh	After due date	Rs. 1,000/-

The due date of filing Income Tax Returns for Financial Year 2017-18 (Assessment Year 2018-19) is 31.07.2018 for TANGEDCO Employees.

II. TDS ON PAYMENTS OTHER THAN SALARY :-

TDS rates on payments other than salary to resident and Non-resident are enclosed in the Annexure.

III. TCS ON SALE OF SCRAP :-

In order to strengthen the PAN mechanism, section 206CC has been inserted with effect from April 1, 2017 itself. The provisions of Section 206CC are given below:

- Tax collection at higher rate – The buyer of scrap has to furnish PAN to TANGEDCO. If PAN is not intimated, tax shall be collected at twice the normal rate or at the rate of 5 percent, whichever is higher. This may be noted while placing sales order itself.

- PAN to be quoted in all correspondence – The collectee shall furnish his PAN to the Collector (TANGEDCO) and both shall indicate the same in all correspondence, bills and vouchers exchanged between them.
- Invalid PAN – Where the PAN provided by the collectee is invalid or it does not belong to the collectee, it shall be deemed that PAN has not been furnished to the collector. Thus, all such new PANs shall be verified in website, before processing of tender, sales order etc.
- Not applicable if collectee is non-resident – The above provisions of section 206CC shall not apply in the case of a non-resident collectee who does not have any permanent establishment in India.

IV) POINT OF DEDUCTION OF TDS :

- Salary : At the time of payment
- Other payment : when expense is paid or credited including credit to 'payable' or 'suspense' Account.

TDS at a higher rate of 20% or TDS rate, whichever is higher has to be deducted if the deductee does not provide PAN to TANGEDCO. In case of salary where PAN is not provided TDS is to be deducted at maximum rate.

ii) Due date for depositing TDS :

Month	Salary	Other payments
April to February	7 th of next month	7 th of next month
March	30 th April	30 th April

iii) Consequences of failure to deduct TDS :

Interest : Interest @ 1% per month from the date when TDS was deductible till date of actual deduction.

Penalty u/s.271C : Failure to deduct TDS, Penalty equal to the amount of tax which such person failed to deduct or pay.

iv) Consequences of failure to deposit Tax/Late payment : Interest @ 1½% per month from date of deduction till date of actual payment.

v) Due date for filing Quarterly TDS & TCS statements :

Quarter ending	Due Date
30 th June	31 st July of Financial Year
30 th September	31 st October of Financial Year
31 st December	31 st January of Financial Year
31 st March	31 st May of immediately following Financial Year

vi) Penal provisions for default in submitting returns :

Section 234 E	Failure to file TDS return in time	Fine of Rs.200/- every day during which failure continues subject to the maximum of TDS amount
Section 271H	Defaults for more than 1 year in filing TDS statements, furnishes incorrect PAN, TDS amount, Challan particulars etc.	Penalty shall not be less than 10,000/- but which extend upto Rs.1,00,000/-.

vii) Avoidance of TDS default :

Detailed instructions were already issued on the nature of TDS defaults persists in Circles, Penalty involved in the past years, Rectification measures to be initiated etc. It has been specifically instructed that those TDS defaults shall not be continued from April 2018 onwards. Thus, utmost care shall be taken while filing e-TDS returns every quarter, monitoring the errors in returns for immediate rectification, avoidance of delay in remittance, return filing etc.

Periodical review of TDS defaults in your Circle has to be conducted for rectification at an early stage (i.e.) in next quarter itself.

A copy of Charts showing the rates of TDS and TCS (Tax Deduction at Source and Tax Collection at Source), the due date for remittance, the due date for filing Quarterly e-return application for the Financial Year 2018-19 (Assessment year 2019-20) are communicated herewith for reference and strict adherence.

Receipt of this circular letter shall be acknowledged by e-mail only to dfctaxation@tnebn.org.

Yours faithfully,

CHIEF FINANCIAL CONTROLLER/GL.

Encl.: TDS and TCS Charts in 11 pages.

Copy to All Chief Engineers.

Copy to All Drawing and Disbursing Officers at Head Quarters.

Copy to the Director General of Police's Table.

Copy to the Secretary/BOSB/TANGEDCO, Chennai.

Copy to the Executive Engineer/Director (Distribution)'s Office, TANGEDCO, Chennai.

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Copy to the Executive Assistant to Director (Finance), TANGEDCO, Chennai.

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Copy to the Chief Financial Controller/General, Revenue & Regulatory Cell of TANGEDCO, Chennai.

Copy to the Chief Financial Controller/TANTRANSCO/Chennai.

Copy to the Chief Internal Audit Officer/BOAB, TANGEDCO, Chennai.

Copy to the Resident Audit Officer, TANGEDCO, Chennai.

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CHART FOR DEDUCTION OF TAX AT SOURCE
[In respect of payments to resident assessee during the Financial year 2018-19]

Sec. of I.T. Act & Nature of Income/ payment	When to deduct tax at source	At what rate tax is to be deducted at source	When to deposit tax deducted (as per Col. 3) in Government account §§	PRESCRIBED FORM & DUE DATE FOR FURNISHING/ISSUE OF STATEMENT OF TAX DEDUCTED	TDS CERTIFICATE	
					Prescribed Form No.	Due date for issue of certificate
1	2	3	4	5	6	7
192*: Salary	Monthly at the time of payment where estimated taxable salary p.m. exceeds Rs. 25,000 (Sr. Citizen)/Rs. 41,667 (V. Sr. Citizen)/Rs. 20,833 (Others)	At the rates prescribed in Part III of the First Schedule to the Finance Act & salary tables on pp. 282-285	On or before 7 days from the end of the month in which the deduction is made [Refer note 1]	Quarterly statement of deduction of tax u/s. 200(3) in Form No. 24Q [in respect of tax deducted u/s. 192]; and Form No. 26Q [in respect of tax deducted by all other deductors other than deductors u/s. 192], is to be delivered by the person deducting tax under Chapter XVII-B. Said quarterly statement is to be delivered, to the Director General of Income-tax (Systems) [DGIS] or the person authorised by the DGIS. Due date for furnishing statement is 31-7-2018, 31-10-2018, 31-1-2019 & 31-5-2019, in respect of the quarter ending on 30-6-2018, 30-9-2018, 31-12-2018 & 31-3-2019, respectively	Form No. 16	15-6-2019
193*: Interest on securities	At the time of credit or payment, whichever is earlier. For no deduction of tax in certain cases where the interest on debenture does not exceed Rs. 5,000§ refer page 185 [Refer note 3 & 4]	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A	15-8-2018, 15-11-2018, 15-2-2019 & 15-6-2019, in respect of quarter ending 30-6-2018, 30-9-2018, 31-12-2018 & 31-3-2019, respectively
194*: Dividends§	Before making payment to resident shareholder. For no deduction of tax in certain cases, refer 1st proviso to section 194 [Refer note 3]	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A	
194A*: Interest other than "Interest on securities" payable by persons other than individual/HUF**	At the time of credit or payment, whichever is earlier, when the aggregate sums payable during the financial year exceeds Rs. 5000† [Refer note 3 & 4]	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 1 & 2]		Form No. 16A	
194B*: Winnings from lottery or cross-word puzzle or card game & other game	At the time of payment when it exceeds Rs. 10,000	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 30% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A	
194BB*: Winnings from horse race	At the time of payment when it exceeds Rs. 10,000	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 30% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A	
194C*: Payments to contractors/sub-contractors [payable by persons other than individual/HUF**]	At the time of credit or payment, whichever is earlier, where the amount of sum credited or paid exceeds Rs. 30,000‡ <i>(Aggregate Deducted Rs. 1,00,000)</i>	In the case of payment made to contractor/sub-contractor— 1. being an individual/HUF, @ 1% as I.T.†, 2. being a person other than an individual/HUF, @ 2% as I.T.†	On or before 7 days from the end day of the month in which the deduction is made [Refer note 2]		Form No. 16A	

For notes, refer page 352.

* Read with rules 30, 31 & 31A of the Income-tax Rules, 1962.

§ § In the case of an office of the Government where the tax is paid without production of an income-tax challan, tax is to be deposited in the Central Government account on the same day.

§ Tax is not required to be deducted at source on any interest payable on any security: (1) of the Central/State Government; & (2) issued by a company, where such security is dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. However, interest exceeding Rs. 10,000 payable on 8% Savings (Taxable) Bonds, 2003/7.75% Savings (Taxable) Bonds, 2018 are subject to deduction of tax at source.

† Refer † marked footnote on page 352.

‡ Tax is not required to be deducted at source in respect of any dividends, referred to in section 115-O, declared, distributed or paid.

** Refer ** marked footnote on page 352.

†† Tax is also required to be deducted at source on payment/credit of income by way of interest exceeding: (1) Rs. 10,000 on time deposits [i.e., fixed deposits including recurring deposits], with a bank including a co-operative bank (other than a co-op. land mortgage bank or a co-op. land development bank), and (2) Rs. 5,000 on deposits with an Indian public co. with the main object of carrying on the business of providing long-term finance for purchase/construction of residential houses in India. The said limit of Rs. 10,000/Rs. 5,000 is to be computed with reference to the income credited or paid by a branch of the bank/co-op. bank/public co. [1st proviso to section 194A(3)(i)]. The amount referred to in 1st proviso to section 194A(3)(i) is to be computed with reference to income credited/paid by the bank/co-op. bank/public co. [1st proviso to section 194A(3)(i)]. The amount [2nd proviso to section 194A(3)(i)]. Tax is also required to be deducted at source on interest payable exceeding Rs. 10,000 on any deposit with post office under any notified scheme. For the notes on 3rd proviso inserted in section 194A(3)(i) by the Finance Bill, 2018 as passed by the both Houses of Parliament, refer item (2) on page 36.

‡ If the aggregate amounts of such sums credited or paid or likely to be credited or paid during the financial year exceeds Rs. 1,00,000, tax deduction @ source is also required to be made.

CHART FOR DEDUCTION OF TAX AT SOURCE—(Contd.)

1	2	3	4§§	5	6	7
194D*: Insurance commission	At the time of credit or payment, whichever is earlier, when the aggregate sums payable during the financial year exceeds Rs. 15,000 [Refer note 3 & 4]	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @5% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 1 & 2]	Quarterly statement of deduction of tax u/s. 200(3) in Form No. 24Q [in respect of tax deducted u/s. 192]; and Form No. 26Q [in respect of tax deducted by all other deductors other than deductors u/s. 192], is to be delivered by the person deducting tax under Chapter XVII-B. Said quarterly statement is to be delivered, to the Director General of Income-tax (Systems) [DGIS] or the person authorised by the DGIS. Due date for furnishing statement is 31-7-2018, 31-10-2018, 31-1-2019 & 31-5-2019, in respect of the quarter ending on 30-6-2018, 30-9-2018, 31-12-2018 & 31-3-2019, respectively	Form No. 16A	15-8-2018, 15-11-2018, 15-2-2019 & 15-6-2019, in respect of quarter ending 30-6-2018, 30-9-2018, 31-12-2018 & 31-3-2019, respectively
194DA*: Payment in res. of life ins. policy [other than an amount exempt u/s. 10(10D)]	At the time of payment, when the aggregate amount of payments in a financial year exceeds Rs. 1,00,000 or more [Refer note 3 & 4]	At the rate of 1% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A	
194EE*: Payments out of deposits under National Savings Scheme ref. to in sec. 80CCA	At the time of payment when the aggregate sums is Rs. 2,500 or more in a financial year. No deduction, if paid to heirs of the depositor [Refer note 3]	At the rate of 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made		Form No. 16A	
194F*: Payments on account of repurchase of units referred to in sec. 80CCB	At the time of payment of any amount referred to in sec. 80CCB(2)	At the rate of 20% as I.T.†	On or before 7 days from end of month in which the deduction is made [Ref. note 2]		Form No. 16A	
194G*: Commission, etc. on sale of lottery tickets	At the time of credit or payment, whichever is earlier, where it exceeds Rs. 15,000	At the rate of 5% as I.T.†	On or before 7 days from end of month in which deduction is made [Ref. note 2]		Form No. 16A	
194H*: Commission or brokerage, payable by persons other than individual/ HUF**	At the time of credit or payment, whichever is earlier, when aggregate sums credited/paid during the financial year exceeds Rs. 15,000	At the rate of 5% as I.T.†	On or before 7 days from end of month in which the deduction is made [Ref. note 1 & 2]		Form No. 16A	
194-I*: Rent payable by persons other than individual/ HUF**	At the time of credit or payment, whichever is earlier, when aggregate sums credited or paid during the financial year exceeds Rs. 1,80,000	At the rate specified in footnote††	On or before 7 days from end of month in which deduction is made [Ref. note 2]		Form No. 16A	
194J*: (1) Fees for professional or technical services; or (2) royalty; or (3) any sum ref. to in sec. 28(va) [payable by persons other than individual/ HUF**]§	At the time of credit or payment, whichever is earlier, when the aggregate sums credited/paid during the financial year exceeds Rs. 30,000, in any of the case	At the rate of 10% as I.T.†. W.e.f. 1-6-2017, at the rate of 2% as I.T. † in the case of a payee, engaged only in the business of operation of call centre	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A	
194LA*: Payment of compensation/ enhanced compn. on acquisition of land (other than agricultural land)/ building	At the time of payment in cash/cheque/draft where the aggregate payment during the financial year exceeds Rs. 2,50,000. For no deduction of tax refer proviso to sec. 194LA	At the rate of 10% as I.T.†;	On or before 7 days from the end of the month in which the deduction is made		Form No. 16A	
194-IA*: Payment of consideration on transfer of land or building (other than agricultural land)	At the time of credit or payment, whichever is earlier, where the consideration exceeds Rs. 50,00,000	At the rate of 1% as I.T. †	On or before 30 days from the end of the month in which deduction is made		Challan-cum-statement in Form No. 26QB is to be delivered to \$ \$	
194-IB*: Rent payable by individual or HUF [other than those ref. to in 2nd proviso to sec. 194-I]	At the time of credit or payment, whichever is earlier, rent exceeding Rs. 50,000 for a month or part of a month	At the rate of 5% as I.T. †	On or before 30 days from the end of the month in which deduction is made	Challan-cum-statement in Form No. 26QC is to be delivered to ‡	Form No. 16C	Within 15 days from the due date of furnishing the challan-cum-statement in Form No. 26QC

For §§, refer footnote marked §§ on page 350.

For †, ††, \$, \$ \$, ‡, † & **, refer †, ††, \$, \$ \$, ‡, † & ** on page 352.

- Notes: 1. The Assessing Officer may, with the prior approval of the Joint Commissioner, permit quarterly payment of tax deducted under section 192[Salary] or section 194A [Interest other than interest on securities] or section 194D [Insurance commission] or section 194H [Commission or brokerage] for quarter ending on 30-6-2018, 30-9-2018, 31-12-2018 & 31-3-2019, date for quarterly payment is 7-7-2018, 7-10-2018, 7-1-2019 & 30-4-2019, respectively [Refer rule 30(3) of the I.T. Rules].
2. All the sums deducted in accordance with the provisions of Chapter XVII-B [i.e., sections 192 to 196D] by a deductor, other than an office of the Government, shall be paid to the credit of the Central Government on or before 30-4-2019 where the income or amount is credited or paid in the month of March, 2019 [Refer rule 30(2)(a) of the I.T. Rules].
Where the tax is to be deposited, by persons referred to rule 125(1), the amount deducted shall be electronically remitted into the Reserve Bank of India or the State Bank of India or any authorised bank accompanied by an electronic income-tax challan. The amount shall be construed as electronically remitted to the said bank, if the amount is remitted by way of: (a) internet banking facility of such bank; or (b) debit card [Refer rule 30(6)(ii)/(7) of the I.T. Rules].
3. In the case of a resident individual, tax is not to be deducted u/s. 194 and 194EE, if such an individual furnishes to the payer a declaration in paper form or electronically in the prescribed Form No. 15G¹ [Refer section 197A(1)/read with rule 29C(1)/(2) of the I.T. Rules].
In the case of a resident who is a senior citizen, tax is not to be deducted u/s. 192A or 193 or 194 or 194A or 194DA or 194EE or 194-I or, w.e.f. 1-6-2017, 194D, if such an individual furnishes to the payee a declaration in paper form or electronically in the prescribed Form No. 15H¹ [Refer section 197A(1C) read with the rule 29C(1)/(2) of the I.T. Rules].
4. In the case of a person (not being a company or a firm), tax is not to be deducted u/s. 192A or 193 or 194A or 194DA or 194-I or, w.e.f. 1-6-2017, 194D, if such person furnishes to the payer a declaration in paper form or electronically in the prescribed Form No. 15G¹ [Refer section 197A(1A) read with the rule 29C(1) of the I.T. Rules].
5. A person responsible for paying salary (i.e., employer) is required to furnish to the employee to whom such payment is made, a statement giving correct and complete particulars of perquisites and/or profits in lieu of salary provided to him and the value thereof in the prescribed Form No. 12BA² (if the amount of salary paid or payable to the employee is more than Rs. 1,50,000)/Form No. 16 (if the amount of salary paid or payable to the employee is not more than Rs. 1,50,000). For failure to furnish such statement will attract penalty of Rs. 100 for every day during which the failure continues vide section 272A(2)(i) [Refer section 192(2C) read with rule 26A(2) of the I.T. Rules].
6. For failure to deduct correct tax @ source on due dates, interest u/s. 201(1A) is leviable [Refer Interest Chart on page 218]. Similarly, penalty is also leviable u/s. 271C, 272A(2)(c) & 272A(2)(g) [Refer Penalty Chart on pp. 220-222].
7. Section 206(2) provides that a person responsible for TDS under Chapter XVII-B desires to file [principal officer in the case of every person being a company and prescribed person in the case of every office of Government has to file] any return/statement referred to in rule 37 on a computer media, he shall deliver such return/statement within time specified in rule 37 and is accompanied with Form No. 27A furnishing the information specified therein in accordance with the scheme specified [i.e., Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003: 263 ITR (St.)14] (Refer rule 37B). Also refer sub-item O of item 9 on page 328.
For the notes in respect of every branch of a banking company, which is required to make a quarterly return u/s. 206A(1) in respect of interest on time deposits without deduction of tax at source, refer Note 8 on page 378 of the ITRR 2017-18 [79th Year of Publication].

FOR THE NOTES ON COLLECTION OF TAX AT SOURCE U/S. 206C, REFER PAGE 356.

1. The payer of the income has to deliver one copy of such declaration to the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or the Commissioner within 7 days of the month next following the month in which the declaration is furnished to him [sec. 197A(2)].
2. Form No. 12BA should accompany the return of income of the employee.
* Read with rules 30, 31 & 31A of the Income-tax Rules, 1962.
- †† Specified rates : (1) for the use of any machinery or plant or equipment, is at the rate of 2% as I.T.†; & (2) for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings, is at the rate of 10% as I.T.†. Tax is not to be deducted at source, if payee is a real investment trust.
- § Existing provisions of section 194(1) [except proviso thereto i.e., without ceiling limit of Rs. 30,000], are applicable to any remuneration or fees or commission, other than those on which tax is deductible u/s. 192, to a director of a company.
- § § The Director General Income-tax (systems) (DGIS) or the person authorised by the DGIS, within 30 days from the end of the month in which deduction is made.
- ‡ The Principal Director General of Income-tax (Systems) [PDGIS] or Director General of Income-tax (Systems) [DGIS] or the person authorised by PDGIS, or DGIS, within 30 days from the end of the month in which deduction is made.
- † 1. Rate of surcharge on income-tax:
(a) in the case of resident individual, HUF, AOP and BOI, artificial juridical person referred to in section 2(31)(vii), firm and domestic company, S.C. on I.T. is **not deductible at source** in respect of payment of income referred to in sections given in the chart [Vide clause 2(5)/(6) read with Part-II of First Schedule to the Finance Bill, 2018 as passed by the both Houses of Parliament];
(b) in the case of company other than domestic company (i.e., a foreign company), the rate of S.C. is @ 2% of I.T./5% of I.T., where the income or the aggregate of such incomes (i.e., referred to in sections given in the chart) paid or likely to be paid and subject to the deduction exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000/exceeds Rs. 10,00,00,000. In the case of a non-resident, where the income or the aggregate of such incomes paid or likely to be paid and subject to deduction exceeds: (a) Rs. 50,00,000 but does not exceed Rs. 1,00,00,000, rate of S.C. is 10% of I.T.; (b) Rs. 1,00,00,000, rate of S.C. is 15% of I.T.
2. Additional surcharge (i.e., Health & Education Cess) at the rate of 4% is **not required to be deducted** in respect of income subjected to deduction of tax at source is paid to a domestic company and any other person who is resident in India [Vide proviso to clause 2(13) of the Finance Bill, 2018 as passed by the both Houses of Parliament]. However, where the tax is deducted and paid to a non-resident or a foreign company, the amount of income-tax and surcharge on income-tax, if any, so deducted shall be increased by an additional surcharge (i.e., Health & Education Cess) at the rate of 4% of such I.T. & S.C., if any [Refer clause 2(13) of the said Bill].
- ** In the case of an individual or a HUF or an association of persons or a body of individuals, whether incorporated or not other than those falling under any of the clauses (a) to (k) of the Explanation (i) to section 194C, is liable to tax audit u/s. 44AB(a)/(b) during the financial year immediately preceding the financial year in which such sum is credited or paid, shall be liable to deduct income-tax u/s. 194C. In the case of an individual or a HUF, is liable to tax audit u/s. 44AB(a)/(b) during the financial year immediately preceding the financial year in which such sum is credited or paid, shall be liable to deduct income-tax u/s. 194A(1) or 194H or 194-I or 194(1), as the case may be. It may be noted that, provisions of section 194C/194(1) will not apply in the circumstances as explained, where the payments to contractor/payment of fees for professional services, is for personal purposes of such individual or any member of HUF.

IMPORTANT PRESCRIBED FORMS UNDER THE INCOME-TAX RULES, 1962: (Contd.):

Subject	Prescribed Form No.	Refer I.T. Rules
(h) Application for allotment of a permanent account number u/s. 139A(1)/(1A)/(2)/(3)† ..	49A ⁴⁰¹	114(1)†
Form of declaration to be filed by a person who does not have a PAN No. & who enters into any transaction specified in rule 114B	60	2nd Pro. to 114B
Statement containing particulars of declaration received in Form No. 60	61	114D(1)(i)
(i) Statement of Reportable Account required to be furnished u/s. 285BA(1)	61B	114G(8)
Statement of specified Financial transactions required to be furnished u/s. 285BA(1) ..	61A	114E(1)
(j) Information to be furnished for payments to a non-resident/foreign company	15CA	37BB
VIII. Payment of advance tax:		
(a) Notice of demand u/s. 156 to be served upon the assessee in pursuance of an order u/s. 210(3)/(4)	28	38
(b) Intimation which an assessee has to send to the Assessing Officer u/s. 210(5) in pursuance of an order received u/s. 210(3)/(4)	28A	39
IX. Refunds:		
A claim for refund of tax under section 239	30	41(1)
X. Appeals:		
(a) to the Commissioner (Appeals) [in duplicate] electronically	35	45(1)
(b) to the Appellate Tribunal [in triplicate] (with challan for fees paid)	36	47(1)
(c) a memorandum of cross-objections u/s. 253(4) to the Appellate Tribunal [in triplicate] ..	36A	47(2)
(d) an application u/s. 256(1) requiring the Appellate Tribunal to refer to the High Court any question of law [in triplicate]	37	48
XI. Tax clearance certificate:		
Undertaking to be furnished to the prescribed authority [referred to in rule 42(1)] by a person not domiciled in India from the persons referred to in section 230(1)(i)/(ii)	30A	43(1)
No objection certificate to be issued by the said prescribed authority u/s. 230(1)	30B	43(2)
Information to be furnished to the prescribed authority [referred to in rule 42(2)] by a person domiciled in India [i.e., u/s. 230(1A)]	30C	43(3)
Application for certificate to the Assessing Officer under 1st proviso to section 230(1A)	31	43(4)
Tax clearance certificate to be issued by the AO under 1st proviso to section 230(1A)	33	43(5)

COLLECTION OF TAX AT SOURCE [SECTIONS 206C & 206CC]

[In respect of collection of tax from buyer or licensee or lessee during the financial year 2018-19]

Section 206C(1) provides that, every person being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from buyer, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table on page 357, a sum equal to the percentage specified in column (3) of the said Table, of such amount as income-tax as increased by a surcharge at the rate in force and also additional surcharge on the aggregate of I.T. & S.C.⁴⁰².

† Application referred to in rule 114(1) shall be accompanied by the documentary proof of identity and address of the applicant as mentioned in the Table below rule 114(4) [Vide rule 114(4)].

401. In the case of individuals not being a citizen of India; LLP/Company, registered outside India; Firm/AOP (Trusts)/AOP/BOI/LA/artificial juridical person/any other entity, formed/registered outside, application for allotment of PAN shall be in Form No. 49AA and shall be accompanied by documentary proof of identity and address of the applicant as mentioned in the Table below rule 114(4) [Vide rule 114(4)].

402. Where the goods referred to above are to be utilised by the buyer for the purposes of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes, and buyer gives a declaration in writing in duplicate in the prescribed Form No. 27C to the seller, then, the tax is not to be collected by the seller. The seller is required to deliver one copy of such declaration to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner within 7 days of the month next following the month in which the declaration is furnished to him [Sec. 206C(1A)/(1B) read with rule 37C].

TABLE

S. No. (1)	Nature of goods (2)	Percentage to be collected from the buyer as I.T. (3)
1	Alcoholic liquor for human consumption	1.00%
2	Tendu leaves	5.00%
3	Timber obtained under a forest lease	2.50%
4	Timber obtained by any mode other than a forest lease	2.50%
5	Any other forest produce not being timber or tendu leaves	2.50%
6	Scrap	1.00%
7	Minerals, being coal or lignite or iron ore	1.00%

Surcharge on I.T. and additional S.C. on I.T. & S.C. is not collectable from buyer who is a domestic company or any other person who is resident in India [Vide clause 2(8) and proviso to clause 2(11)/2(12) of the Finance Bill, 2018 as passed by the both Houses of Parliament].

Section 206C(1C) provides that, every person, who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest in any parking lot or toll plaza or mine or quarry⁴⁰³, to another person, other than a public sector company (hereafter referred to as "licensee or lessee") for the use of such parking lot or toll plaza or mine or quarry⁴⁰³ for the purpose of business shall, at the time of debiting of the amount payable by the licensee or lessee to the account of the licensee or lessee or at the time of receipt of such amount from the licensee or lessee, whichever is earlier, collect from the licensee or lessee of any such licence, contract or lease, a sum equal to 2% of such amount as I.T. It may be noted that, S.C. and also addl. S.C. on the aggregate of I.T. & S.C., if any, is not collectable from licensee or lessee who is a domestic company or any other person who is resident in India [Vide clause 2(8) & proviso to clause 2(11)/2(12) of the Finance Bill, 2018 as passed by the both Houses of Parliament].

Section 206C(1F) provides that seller of a motor vehicle, value exceeding Rs. 10,00,000 has to collect from the buyer, a sum equal to 1% of the sale consideration as income-tax. Buyer is defined to mean a person who obtains in any sale of a motor vehicle referred to in section 206C(1F), but does not include: (a) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and trade representation of a foreign State; or (b) a local authority as defined in Explanation to section 10(20), or (c) a public sector company which is engaged in the business of carrying passengers.

The amount so collected u/s. 206C(1)/206C(1C)/206C(1F) shall be paid to the credit of the Central Government within 1 week⁴⁰⁴ from the last day of the month in which collection is made [Vide Rule 37CA(2)]. Person collecting the tax is required to prepare quarterly statement in the prescribed Form No. 27EQ⁴⁰⁵ to be delivered to the Director General of Income-tax (Systems) [DGIS] or the person authorised by the DGIS, on or before 31-7-2018, 31-10-2018, 31-1-2019 & 31-5-2019, in respect of quarter ending on 30-6-2018, 30-9-2018, 31-12-2018 & 31-3-2019, respectively [Proviso to section 206C(3) read with rule 31AA(1)/(2)]. Credit for tax so collected will be given to buyer or licensee or lessee on the basis of a certificate (Form No. 27D) given by the person collecting tax [Section 206C(5)]. If the person responsible for collecting the tax u/s. 206C, fails to collect the tax or after collecting the tax fails to pay it to the credit of the Central Government within period specified, then, he/it shall be liable to pay simple interest at the rate of 1% per month or part thereof on the amount of such tax from the date on which tax was collectable to the date on which the tax was actually paid and such interest shall be paid before furnishing the quarterly statement for each quarter in accordance with section 206C(3) [Section 206C(7)]. In addition, the said person is liable to pay the tax to the credit of the Central Government even though he/it has failed to collect the tax [Section 206C(6)]. Further, section 276BB provides that, if a person fails to pay to the credit of the Central Government the tax collected by him under the provisions of section 206C, he shall be punishable with rigorous imprisonment for a term which shall not be less than 3 months but which may extend to 7 years and with fine. Every person collecting tax u/s. 206C, shall, within the time prescribed in the Rule 114A has to apply to the AO for allotment of tax deduction and collection account number in Form 49B (in duplicate) [Section 203A].

Section 206CC provides that any person paying any sum or amount, on which tax is collectable at source under Chapter XVII-BB (i.e., collectee) is required to furnish his Permanent Account Number (PAN) to the collector of tax. If the PAN is not furnished, tax shall be collected: (a) at twice the rate specified in the relevant provision of the Income-tax Act; or (b) at the rate of 5%, whichever is higher of (a) or (b) [Section 206CC(1)]. The declaration filed u/s. 206C(1A) shall be invalid if the person filing the declaration does not furnish his PAN in such declaration [Section 206CC(2)]. If the declaration becomes invalid u/s. 206CC(2), the collector shall collect the tax at source in accordance with the provisions of section 206CC(1). Assessing Officer (AO) shall not grant certificate for collection at lower rate u/s. 206C(1)/(1C)/(1D) if the application made to AO does not contain PAN of the applicant [Section 206CC(4)]. The collectee is required to furnish his PAN to the collector and both shall indicate the same in all correspondence, bills, vouchers and other documents which are sent to each other [Section 206CC(5)]. Where PAN provided to the collector is invalid or does not belong to the collectee, then, it shall be deemed that the collectee has not furnished his PAN to the collector and tax shall be collected in accordance with section 206CC(1) [Section 206CC(6)]. The provisions of section 206CC will not apply to a non-resident who does not have permanent establishment in India as defined in the Explanation to section 206CC [Section 206CC(7)].

403. 'mining and quarrying' shall not include mining and quarrying of mineral oil. 'mineral oil' includes petroleum and natural gas [Explanation 1 & 2 to section 206C(1C)].

404. In the case of office of the Government: (a) where the tax collected is paid without production of an income-tax challan, the tax is to be deposited in the Central Government account on the same day; (b) where the tax collected is paid with production of an income-tax challan, the tax is to be paid in the Central Government account on or before 7 days from the end of the month in which the collection is made [Vide rule 37CA(1)].

405. Where a person responsible for collecting tax is required to file quarterly statement on computer media, such person shall deliver such statement in accordance with the procedures, formats and standards specified by the Director General of Income-tax (Systems) alongwith the verification of the statement in Form No. 27A [Vide rule 31AA(3)(i)(b)/(5)].

Category B - When recipient is non-resident or foreign company

Aggregate payment or credit subject to TDS during the financial year 2018-19 →	If recipient is non-resident individual/HUF/AOP/BOI/ artificial juridical person			If recipient is non-resident co-operative society/firm		If recipient is non-domestic company		
	Rs. 50 lakh or less	More than Rs. 50 lakh but not more than Rs. 1 crore	More than Rs. 1 crore	Rs. 1 crore or less	More than Rs. 1 crore	Rs. 1 crore or less	More than Rs. 1 crore but not more than Rs. 10 crore	More than Rs. 10 crore
<i>Nature of payment</i>	TDS (inclusive of SC: Nil, HEC : 4%)	TDS (inclusive of SC: 10%, HEC 4%):	TDS (inclusive of SC : 15%,: HEC : 4%)	TDS(inclusive of SC : Nil, HEC : 4%)	TDS (inclusive of SC : 12%,: HEC : 4%)	TDS (inclusive of SC : Nil, HEC : 4%)	TDS (inclusive of SC : 2%, HEC : 4%)	TDS (inclusive of SC : 5%, HEC 4%):
• Sec. 192 - Payment of salary [normal tax rates are applicable – SC : 10% (if total income exceeds Rs. 50 lakh but does not exceed Rs. 1 crore), 15% (if total income exceeds Rs. 1 crore), HEC : 4%]	-	-	-	-	-	-	-	-
• Sec. 192A - Payment of taxable accumulated balance of provident fund	10.4	11.44	11.96	-	-	-	-	-
• Sec. 194B - Winnings from lottery or crossword puzzle or card game or other game of any sort	31.2	34.32	35.88	31.2	34.944	31.2	31.824	32.76
• Sec. 194BB - Winnings from horse races	31.2	34.32	35.88	31.2	34.944	31.2	31.824	32.76
• Sec. 194E - Payment to a non-resident foreign citizen sportsman/entertainer or non-resident sports association	20.8	22.88	23.92	20.8	23.296	20.8	21.216	21.84
• Sec. 194EE - Payment in respect of deposits under National Saving Scheme, 1987	10.4	11.44	11.96	NA	NA	NA	NA	NA
• Sec. 194F -	20.8	22.88	23.92	NA	NA	NA	NA	NA

Re-purchase of units of MF or UTI								
• Sec. 194G - Commission on sale of lottery tickets	5.2	5.72	5.98	5.2	5.824	5.2	5.304	5.46
• Sec. 194LB - Payment/credit by way of interest by infrastructure debt fund	5.2	5.72	5.98	5.2	5.824	5.2	5.304	5.46
• Sec. 194LBA(2) - Payment of the nature referred to in section 10(23FC) or section 10(23FC)(a) by business trust to unit holders	5.2	5.72	5.98	5.2	5.824	5.2	5.304	5.46
• Sec. 194LBA(3) - Payment of the nature referred to in section 10(23FCA) by business trust to unit holders	31.2	34.32	35.88	31.2	34.944	41.6	42.432	43.68
• Sec. 194LBB - Payment in respect of units of investment fund specified in section 115UB	31.2	34.32	35.88	31.2	34.944	41.6	42.432	43.68
• Sec. 194LBC(2) - Payment in respect of an investment in a securitisation trust specified in clause (d) of the <i>Explanation</i> occurring after section 115TCA	31.2	34.32	35.88	31.2	34.944	41.6	42.432	43.68
• Sec. 194LC - Payment/credit of interest by an Indian specified company on foreign currency approved loan/long-term bonds from out-side India	5.2	5.72	5.98	5.2	5.824	5.2	5.304	5.46
• Sec. 194LD - Interest on a rupee denominated bond of an Indian company or Government security	5.2	5.72	5.98	5.2	5.824	5.2	5.304	5.46

- When recipient is non-resident or foreign company

Aggregate payment or credit subject to TDS during the financial year 2018-19 →	If recipient is non-resident individual/HUF/AOP/BOI/artificial juridical person			If recipient is non-resident co-operative society/firm		If recipient is non-domestic company		
	Rs. 50 lakh or less	More than Rs. 50 lakh but not more than Rs. 1 crore	More than Rs. 1 crore	Rs. 1 crore or less	More than Rs. 1 crore	Rs. 1 crore or less	More than Rs. 1 crore but not more than Rs. 10 crore	More than Rs. 10 crore
Nature of payment	TDS (inclusive of SC: Nil, HEC : 4%)	TDS (inclusive of SC: 10%, HEC 4%):	TDS (inclusive of SC 15%,: HEC : 4%)	TDS(inclusive of SC : Nil, HEC : 4%)	TDS (inclusive of SC 12%,: HEC : 4%)	TDS (inclusive of SC : Nil, HEC : 4%)	TDS (inclusive of SC : 2%, HEC : 4%)	TDS (inclusive of SC : 5%, HEC 4%):
• Sec. 195 - Payment/credit of other sum to a non-resident—								
a. income of foreign exchange assets payable to an Indian citizen	20.8	22.88	23.92	NA	NA	NA	NA	NA
b. income by way of long-term capital gains referred to in section 115E or section 112(1)(c)(iii)	10.4	11.44	11.96	10.4	11.648	10.4	10.608	10.92
c. income by way of long-term capital gains referred to in section 112A	10.4	11.44	11.96	10.4	11.648	10.4	10.608	10.92
d. short-term capital gains under section 111A	15.6	17.16	17.94	15.6	17.472	15.6	15.912	16.38
e. any other long-term capital gains [not being covered by sections 10(33), 10(36) and 112A]	20.8	22.88	23.92	20.8	23.296	20.8	21.216	21.84
f. income by way of interest payable by	20.8	22.88	23.92	20.8	23.296	20.8	21.216	21.84

	Government/Indian concern on money borrowed or debt incurred by Government or Indian concern in foreign currency (not being interest referred to in section 194LB or 194LC)								
<i>g.</i>	royalty [<i>see</i> Note 5]	10.4	11.44	11.96	10.4	11.648	10.4	10.608	10.92
<i>h.</i>	royalty [not being royalty of the nature referred to in (<i>f</i>) <i>supra</i>] [<i>see</i> Note 6] –								
	<input type="checkbox"/> where the agreement is made after March 31, 1961 but before April 1, 1976	10.4	11.44	11.96	10.4	11.648	52	53.04	54.6
	<input type="checkbox"/> where the agreement is made on or after April 1, 1976	10.4	11.44	11.96	10.4	11.648	10.4	10.608	10.92
<i>i.</i>	fees for technical services [<i>see</i> Note 7]—								
	<input type="checkbox"/> where the agreement is made after February 29, 1964 but before April 1, 1976	10.4	11.44	11.96	10.4	11.648	52	53.04	54.6
	<input type="checkbox"/> where the agreement	10.4	11.44	11.96	10.4	11.648	10.4	10.608	10.92

		is made on or after April 1, 1976								
<i>j.</i>	any other income		31.2	34.32	35.88	31.2	34.944	41.6	42.432	43.68
	• Sec. 196B - Payment/credit of income from units (including long-term capital gains on transfer of such units) to an offshore fund		10.4	11.44	11.96	10.4	11.648	10.4	10.608	10.92
	• Sec. 196C - Payment/credit of interest of foreign currency bonds or GDR (including long-term capital gains on transfer of such bonds) (not being dividend referred to in section 115-O)		10.4	11.44	11.96	10.4	11.648	10.4	10.608	10.92
	• Sec. 196D - Payment/credit of income from securities (not being dividend, short-term or long-term capital gain) to Foreign Institutional Investors		20.8	22.88	23.92	20.8	23.296	20.8	21.216	21.84

Notes :

1. Under section 192 tax is deductible from salary. The payer shall calculate salary taxable in the hands of recipient. The amount so determined is subject to tax deduction under section 192. Under section 192A, tax is deductible on taxable accumulated balance of provident fund. Under section 195, tax is deductible only if income is taxable in the hands of recipient in India. In any other case, gross payment or credit (without GST, if GST is shown separately) is subject to tax deduction.
2. In *Category B*, tax is deductible at the above rates or the rates specified in ADT agreements entered into by the Central Government under section 90 (whichever is lower) [section 2(37A)(iii)] .
3. Tax is not deductible under section 192A, 193, 194, 194A, 194D, 194DA, 194-I, or 194EE if the recipient makes a declaration in Form No. 15G/15H under the provisions of section 197A.
4. Under section 197 the recipient can apply the Assessing Officer in Form No. 13 to get a certificate of lower/no tax deduction. This benefit is, however, not available if tax is deductible under section 192A, 194B, 194BB, 194E, 194EE, 194F, 194-IA, 194LB, 194LBA, 194LC, 196B, 196C or 196D.
5. Royalty payable by Government or an Indian concern in pursuance of an agreement made by non-resident with the Government or the Indian concern after March 31, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to section 115A(1A) to the Indian concern or in respect of computer software referred to in the second proviso to section 115(1A), to a

person resident in India.

6. Not being royalty of the nature referred to above, payable by Government or an Indian concern in pursuance of an agreement made by non-resident with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to matter included in the industrial policy, the agreement is in accordance with that policy.

7. Fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by non-resident with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to matter included in the industrial policy, the agreement is in accordance with that policy.

‡ However, this rule is subject to following modifications –

- ❑ *Case 1* - The provisions of section 206AA are not applicable in respect of payment of interest on long-term bonds to a non-resident under section 194LC.
- ❑ *Case 2* - Where tax is deductible on the strength of the provisions of DTAA's which is lower than 20 per cent, the provisions of section 206AA cannot be invoked (to compel the assessee to deduct tax at the rate of 20 per cent) even if the recipient does not have PAN – *DIT v. Serum Institute of India Ltd.* [2015] 56 taxmann.com 1 (Pune - Trib.), *CIT (International Taxation) v. Infosys BPO Ltd.* [2015] 60 taxmann.com 465 (Bang.).
- ❑ *Case 3* - If the recipient does not furnish PAN, tax will be deducted under section 192A at the maximum marginal rate of tax (*i.e.*, 35.88 per cent) and not at the rate of 20 per cent given by section 206AA.
- ❑ *Case 4* - The provisions of section 206AA are not be applicable, if a few conditions prescribed by rule 37BC^s are satisfied. Under this rule, the deductee is required to submit the following to deductor (to avoid application of section 206AA) – (a) name, e-mail id, contact number; (b) address in the foreign country; (c) tax residency certificate issued by the foreign Government; and (d) Tax Identification Number issued by the foreign country.