

Withholding Tax under Income Tax Act, 1961

Part A: Legal update

Finance Act 2016 has made lot of amendments in TDS law which is discussed below for ready reference:

Sl. No	Sections	Amendment in Brief
1.	Amendment of section 192A relating to payment of accumulated balance due to an employee . INR 30,000 to 50000/-	Under the existing provisions contained in the aforesaid section, no deduction of income-tax shall be made where the amount of income relating to accumulated balance due to an employee credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee does not exceed thirty thousand rupees . Finance Act 2016 amends the above section to enhance the said threshold limit from thirty thousand rupees to fifty thousand rupees. This amendment will take effect from 1st June, 2016.
2.	Amendment of section 194BB relating to winnings from horse race . INR 5,000 to 10,000/-	Under the existing provisions of the aforesaid section, any person responsible for paying to any person any income by way of winning from horse race in excess of five thousand rupees shall deduct income-tax on such payment at the rates in force. Finance Act 2016 amends the above section to enhance the said threshold limit from five thousand rupees to ten thousand rupees. This amendment will take effect from 1st June, 2016.
3.	Amendment of section 194C relating to payments to contractors INR 75,000 to 1,00,000/-	The proviso to sub-section (5) of the aforesaid section provides that the person responsible for paying the sums referred to in subsection (1) of the said section shall be liable to deduct income-tax, where the aggregate of the amounts of the sums credited or paid or likely to be credited or paid during the financial year exceeds seventy-five thousand rupees. Finance Act 2016 amends the above section to enhance the said threshold limit from seventy five thousand rupees to one lakh rupees for the aggregate transactions during the financial year. This amendment will take effect from 1st June, 2016.
4.	Amendment of section 194D relating to insurance commission . INR 20,000 to 15,000/-	Under the existing provisions contained in the aforesaid section, deduction of income tax at the rates in force shall be made in a case where the amount of such income, or the aggregate of the amount of the income, relating to remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business, credited or paid during the financial year to the account of, or to, the payee. However, the second proviso to the said section provides that no deduction of income-tax under that section shall be made if such amount does not exceed twenty thousand rupees . Finance Act 2016 amends the above section to reduce the said threshold limit from twenty thousand rupees to fifteen thousand rupees. This amendment will take effect from 1st June, 2016.
5.	Amendment of section	Under the existing provisions contained in the aforesaid section,

	194DA relating to payment in respect of life insurance policy. 2% to 1%	any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, which is not exempt under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax at the rate of two per cent., in case the aggregate amount of such payments exceeds one hundred thousand rupees during the financial year. Finance Act 2016 amends the above section to reduce the said rate of tax deduction from two per cent to one per cent This amendment will take effect from 1st June, 2016.
6.	Amendment of section 194EE relating to payments in respect of deposits under National Savings Scheme, etc. 20% to 10%	Under the existing provisions of the aforesaid section, any payment in respect of deposits under National Savings Scheme etc. shall be liable for tax deduction at the rate of twenty percent in case such amount exceeds two thousand five hundred rupees. Finance Act 2016 amends the above section to reduce the said rate of tax deduction from twenty percent to ten percent. This amendment will take effect from 1st June, 2016.
7.	Amendment of section 194G relating to commission, etc., on the sale of lottery tickets. 10% to 5%	Under the existing provisions contained in the aforesaid section, deduction of income-tax at the rate of ten per cent. shall be made in a case where, the amount of income exceeding one thousand rupees relating to stocking, distribution, purchase or sale of lottery tickets, whether by way of commission or remuneration or prize is credited to the account of the payee or at the time of payment of such income in cash or by the issue of cheque or a draft or by any other mode, whichever is earlier during the financial year. Finance Act 2016 amends the above section to reduce the said rate of tax deduction from ten percent to five per cent. It is further proposed to increase the said threshold limit from one thousand rupees to fifteen thousand rupees. These amendments will take effect from 1st June, 2016
8.	Amendment of section 194H relating to commission or brokerage. 10% to 5%	Under the existing provisions contained in the aforesaid section, deduction of income-tax at the rate of ten per cent. shall be made in a case where the amount of income, of the aggregate of the amounts of income relating to commission or brokerage, credited or paid or likely to be credited or paid during the financial year, to the account of, or to, the payee exceed five thousand rupees. Finance Act 2016 amends the above section to reduce the said rate of tax deduction from ten per cent to five per cent. It is further proposed to increase the said threshold limit from five thousand rupees to fifteen thousand rupees. These amendments will take effect from 1st June, 2016.
9.	Omission of sections 194K and 194L	Finance Act 2016 amends the above section to omit section 194K relating to income in respect of units and section 194L relating to payment of compensation on acquisition of capital asset, of the Income-tax Act with effect from 1st June, 2016.
10.	Amendment of section 194LA relating to payment of compensation on acquisition	The existing provisions of the aforesaid section, <i>inter alia</i>, provide that no deduction shall be made in case where the amount of compensation or aggregate of such sum relating to acquisition of immovable property (other than agricultural land), credited or paid or likely to be credited or

	of certain immovable property INR 200000 to 250000/-	paid during the financial year to the account of, or to, the payee does not exceed two hundred thousand rupees. Finance Act 2016 amends the above section to enhance the said threshold limit from two hundred thousand rupees to two lakh and fifty thousand rupees. This amendment will take effect from 1st June, 2016.
11.	Amendment of section 194LBA relating to certain income from units of a business trust	Finance Act 2016 amends sub-sections (1) and (2) of the said section so as to give the reference of sub-clause (a) of clause (23FC) of section 10 in the said sub-sections. The said amendment is consequential in nature. This amendment will take effect from 1st June, 2016.
12.	Amendment of section 194LBB relating to income in respect of units of investment fund	The aforesaid section provides that where any income other than that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10, is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the <i>Explanation 1</i> to section 115UB, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent. Finance Act 2016 amends the said section so as to provide that the income-tax on such payment shall be deducted— ✓ At the rate of ten per cent. in a case where the payee is a resident; ✓ At the rates in force in a case where the payee is a non-resident (not being a company) or a foreign company. This amendment will take effect from 1st June, 2016.
13.	Insertion of new section 194LBC relating to income in respect of investment in securitisation trust	Sub-section (1) seeks to provide that where any income is payable to an investor, being a resident, in respect of an investment in a securitisation trust specified in clause (d) of the <i>Explanation</i> to section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rate of— (i) Twenty-five per cent., if the payee is an individual or a Hindu undivided family; (ii) Thirty per cent., if the payee is any other person. Sub-section (2) seeks to provide that where any income is payable to an investor, being a non-resident (not being a company) or a foreign company, in respect of an investment in a securitisation trust specified in clause (d) of the <i>Explanation</i> to section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rates in force. It also provides an <i>Explanation</i> to provide that the term “investor”

		shall have the meaning assigned to it in clause (a) of the <i>Explanation</i> to section 115 TCA; and also that where any income referred to in the proposed section is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly. These amendments will take effect from 1st June, 2016.
14.	Amendment of section 197 relating to certificate for deduction at lower rate.	Finance Act 2016 amends sub-section (1) of the said section to provide that where, in the case of any income of any person or sum payable to any person, the income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment under the provisions of section 194LBB and section 194LBC the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall on an application made by the assessee in this behalf, give to him such certificate as may be appropriate. This amendment will take effect from 1st June, 2016.
15.	Amendment of section 197A relating to no deduction to be made in certain cases. Refer Circular 26/2016	Sub-sections (1A) and (1C) of the aforesaid section provide that no deduction of tax shall be made under the sections referred to in the said sub-sections, if the individuals referred to in the said subsections furnish to the persons responsible for paying any income of the nature referred to in specified sections, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be <i>nil</i>. Finance Act 2016 amends the said sub-sections to give reference of section 194-I therein so as to provide that payments in the nature of rent may be allowed to be received without deduction of tax. This amendment will take effect from 1st June, 2016.
16.	Amendment of section 206AA relating to requirement to furnish Permanent Account Number Rule 37BC (Refer Notification no 53/2016 below)	The aforesaid section, <i>inter alia</i>, provides that any person who is entitled to receive any sum or income or amount on which tax is deductible at source under Chapter XVII shall furnish his Permanent Account Number to the deductor, failing which tax shall be deducted at the rate mentioned in the relevant provisions of the Act or at the rate in force or at the rate of twenty per cent., whichever is higher. Finance Act 2016 substitutes sub-section (7) of the said section so as to provide that the provisions of the said section shall also not apply to a non-resident, not being a company, or to a foreign company, in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed. This amendment will take effect from 1st June, 2016.
17.	Amendment of section 206C relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc	The aforesaid section, <i>inter alia</i>, provides that the seller shall collect tax at source at specified rate from the buyer at the time of sale of certain goods specified under the said section. Finance Act 2016 amends aforesaid section to provide that the seller shall collect the tax at the rate of one per cent. on the sale of motor

	Refer Circulars as follows : 22/2016 23/2016	vehicle of the value exceeding ten lakh rupees in cash or by the issue of a cheque or draft or by any other mode or for sale of any other goods (other than bullion and jewellery) or providing any service in cash exceeding two hundred thousand rupees. It further inserts a proviso under sub-section (1D) of the said section so as to provide that no tax shall be collected at source on any amount on which tax has been deducted by the payer under Chapter XVII-B of the Act. It also inserts a new sub-section after sub-section (1D) so as to provide that nothing contained in sub-section (1D) in relation to sale of any goods (other than bullion or jewellery) or services shall apply to such classes of buyers who fulfils such conditions, as may be prescribed. These amendments will take effect from 1st June, 2016.
18.	Amendment of section 211 relating to instalments of advance tax and due dates.	As per the existing provisions of sub-section (1) of the aforesaid section, the advance tax payment schedule for a company is fifteen per cent., forty-five per cent., seventy-five per cent and hundred per cent. of tax payable on the current income by 15th June, 15th September, 15th December and 15th March, respectively. For assesseees (other than companies), the advance tax payment schedule is thirty per cent., sixty per cent and hundred per cent. of tax payable on current income by 15th September, 15th December and 15th March, respectively. Finance Act 2016 amends the advance tax payment schedule for assesseees (other than companies) and bring it in consonance with the existing advance tax payment schedule applicable for a company. It further provides that an eligible assessee in respect of eligible business referred to in section 44AD opting for computation of profits or gains of business on presumptive basis, shall be required to pay advance tax of the whole amount in one instalment on or before the 15th March of the financial year. These amendments will take effect from 1st June, 2016.
19.	Amendment of section 220 relating to when tax payable and when assessee is deemed in default.	The aforesaid section provides for an assessee to be deemed to be in default and its consequences in case of failure on the part of the assessee to pay the amount of tax due. Sub-section (2) of the said section provides for levy of interest at the rate of one percent for every month or part of month for the period during which the default continues. Sub-section (2A) of the said section, <i>inter alia</i>, empowers the Principal Chief Commissioner, Chief Commissioner, Principal Commissioner or Commissioner to reduce or waive the amount of interest paid or payable under sub-section (2) of the said section. Finance Act 2016 amends sub-section (2A) of the said section so as to provide that an order accepting or rejecting the application of an assessee shall be passed by the concerned Principal Chief Commissioner, Chief Commissioner, Principal Commissioner or Commissioner within a period of twelve months from the end of the month in which such application is received.

		It further provides that no order shall be passed without giving the assessee an opportunity of being heard. However, in respect of the applications pending as on 1st day of June, 2016, the order shall be passed on or before 31st May, 2017. These amendments will take effect from 1st June, 2016.
20.	Amendment of section 234C relating to interest for deferment of advance tax. 15th June -- 15% 15th Sept -- 45% 15th Dec -- 75% 1% Per month for 3 months (If shortfall) 15th Mar – 100% (1% till Payment) No Interest if 12% & 36% paid in 1st & 2nd Instalments	Finance Act 2016 brings consequential amendments in sub-section (1) of section 234C, in view of the amendments made in section 211, so as to levy interest on deferment of advance tax, in the same manner as applicable to the company, to an assessee (other than company) also. Further, with regard to an eligible assessee referred to in section 44AD, it is proposed to provide that interest shall be levied, if the advance tax paid on or before the 15th day of March is less than the tax due on the returned income. Finance Act 2016 amends the said section so as to provide that nothing contained in the said sub-section (1) shall apply to any shortfall in the payment of the tax due on the returned income where such shortfall is on account of under-estimate or failure to estimate income under the head “Profits and gains of business or profession” in cases where the income accrues or arises under the said head for the first time. These amendments will take effect from 1st June, 2016.

Part B: Key Changes in Brief

Present Section	Heads	Existing Threshold Limit (Rs)	Proposed Threshold Limit (Rs)
194A	Payment of accumulated balance due to an employee in EPF	30000	50000
194BB	Winnings from Horse Race	5000	10000
194C	Payments to Contractors	Aggregate annual limit of 75,000	Aggregate annual limit of 1,00,000
194LA	Payment of Compensation on acquisition of certain Immovable Property	200000	250000
194D	Insurance commission	20000	15000
194G	Commission on sale of lottery tickets	1000	15000
194H	Commission or brokerage	5000	15000

Present Section	Heads	Existing Rate of TDS (%)	Proposed Rate of TDS (%)
194DA	Payment in respect of Life Insurance Policy	2%	1%
194EE	Payments in respect of NSS Deposits	20%	10%
194D	Insurance commission	10%	5%
194G	Commission on sale of lottery tickets	10%	5%
194H	Commission or brokerage	10%	5%
194K	Income in respect of Units		To be omitted w.e.f 01.06.2016

194L	Payment of Compensation on acquisition of Capital Asset		To be omitted w.e.f 01.06.2016
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- It is proposed to amend **section 206AA** of the Income-tax Act so as to provide that TDS shall not be deducted at a higher rate in case of non-residents not having PAN, subject to prescribed condition
- It is proposed to extend DTAA benefits by allowing for rate in force being applicable for withholding tax purposes in respect of distribution by Category-I and II Alternate Investment Funds to the non-resident investors. It is also proposed to provide that the investors may seek certificate of lower deduction or nil deduction of tax.
- The regime for taxation of Securitisation Trusts and their investors is proposed to be modified. It is proposed to provide complete pass through to securitisation trust and the income is to be taxed in the hands of investor in same manner and to the same extent as it would have been taxed, if the investor had made underlying investments directly and not through trust. It is also proposed to provide that the income of securitisation trust shall be exempt and that the securitisation trust shall effect tax deduction at source
- It is also proposed to provide that upon self-certification, no tax will be deducted on rental payments if the income of the payee does not exceed the maximum amount not chargeable to tax

[Notification No 30/2016 dated April 29, 2016](#)

CBDT has come up with the notification no. 30//2016 dated April 29, 2016 to amend the provisions of income tax rules' 1962.

Gist of relevant amendment which is applicable from June 01, 2016 is as under:

✓ **Form 12BB notifies for deduction claim from salary by employees**

At present, salaried employees furnish a declaration to their employer for availing the income tax deduction eligible as per the various provisions of the Act along with their supporting. There is no standard format for submitting the details of deductions in current practices. Now CBDT has prescribed Form No.12BB for the purpose of declaring the particular of claims of the employee along with their evidences.

✓ **Changes in due date of filling of TDS statements**

For the purpose of bringing uniformity and to give deductors sufficient time in filling TDS statements, CBDT has revised the due dates of filling the TDS statements which are as under:

S. No.	Quarter of financial year ending	Present Due dates	Revised Due dates applicable w.e.f. June 01, 2016
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1	30th June	15th July of the financial year	31st July of the financial year
2	30th September	15th October of the financial year	31st October of the financial year
3	31st December	15th January of the financial year	31st January of the financial year
4	31st March	15th May of the financial year immediately following the financial year in which the deduction is made	31st May of the financial year immediately following the financial year in which the deduction is made

✓ **Property TDS under section 194-IA: Payment due date extended to 30 days**

CBDT has extended the due date for payment of TDS on transfer of immovable proper us 194IA to 30 days instead of 7 days from the end of the month in which the deduction is made.

Notification No: 53/2016 dated 25th June 2016 (Refer 206AA amendment above)

The Central Board of Direct Taxes (CBDT) has notified a new Rule 37BC specifying the conditions to be fulfilled by non-resident deductees to obtain relaxation from higher withholding tax rate under section 206AA of the Income-tax Act, 1961 (the Act) in the absence of Permanent Account Number (PAN) in India.

Rule 37BC of the Rules provides that the provisions of section 206AA of the Act shall not apply on following payments made to non-resident deductees who do not have PAN in India:

- 1) Interest;
- 2) Royalty;
- 3) Fee for Technical Services; and
- 4) Payments on transfer of any capital asset

• In respect of the above specified payments, the non-resident deductee shall be required to furnish following details and documents:

- 1) Name, e-mail id, contact number;
- 2) Address in the country of residence;
- 3) Tax Residency Certificate (TRC), if the law of country of residence provides for such certificate; and
- 4) Tax Identification Number (TIN) in the country of residence. Where TIN is not available, a unique identification number is required to be furnished through which the deductee is identified in the country of residence.

• To capture and report the details specified in the notification, corresponding changes have also been made in the quarterly withholding tax return (i.e. Form 27Q) applicable for reporting withholding tax on payments made to non-resident deductees.

Most of the details required are already being furnished by non-resident deductees in TRC/ Form 10F, which is a prerequisite to avail beneficial treaty provisions. The notification will provide much relief to non-resident recipients and will encourage non-residents to enter into transactions in India without much hassle or fear of higher withholding tax or providing any cumbersome information, particularly for one-off transactions.

[Circular 35/2016 dated: 13th October 2016](#)

The Circular is issued to clarify that in case of lump sum lease premium paid for long term lease:

6. In view of the above, it is clarified that lump sum lease premium or one-time upfront lease charges, which are not adjustable against periodic rent, paid or payable for acquisition of long-term leasehold rights over land or any other property are not payments in the nature of rent within the meaning of section 194-I of the Act. Therefore, such payments are not liable for TDS under section 194-I of the Act.

Part C: Finance Act 2015

Finance Act 2015 had also provided various amendments in TDS law which are also discussed below for ready reference :

Sl.no	Amendments	Amendments in Brief
1.	Amendment of section 192 relating to TDS on Salaries	Under the existing provisions contained in sub-section (1) of the aforesaid section, any person responsible for paying any income chargeable under the head “Salaries” shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made on the estimated income of the assessee under the head “Salaries” for that financial year. Sub-section (2D) was inserted in the said section to provide that the person responsible for making the payment referred to in sub-section (1) of the said section shall, for the purposes of estimating income of the assessee or computing tax deductible under sub-section (1), obtain from the assessee the evidence or proof or particulars of prescribed claims (including claim for set-off of loss) under the provisions of the Act in such form and manner as may be prescribed. This amendment is effective from 1st June, 2015
2.	Insertion of new section 192A	Payment of accumulated balance due to an employee It provides that notwithstanding anything contained in any other provisions of this Act, the trustees of the Employees’ Provident Fund Scheme, 1952 framed under section 5 of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, or any person authorised under the scheme to

		make payment of accumulated balance due to employees, shall, in a case where the accumulated balance due to an employee participating in a recognised provident fund is includible in his total income owing to the provisions of rule 8 of Part A of the Fourth Schedule not being applicable, at the time of payment of accumulated balance due to the employee, deduct <u>income-tax thereon at the rate of ten per cent.</u> It further provides that no deduction under the aforesaid section shall be made where the amount of such payment or, as the case may be; the aggregate amount of such payment to the payee is less than thirty thousand rupees. It is further proposed to provide that any person entitled to receive any amount on which tax is deductible under this section shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the maximum marginal rate. This amendment is effective from 1st June, 2015
3.	Amendment of section 194A relating to interest other than interest on securities	Under the existing provisions contained in the proviso to clause (i) of sub-section (3) of the aforesaid section, income credited or paid in respect of time deposits with a banking company or cooperative society or deposits with a public company, as the case may be, shall be computed with reference to the branch of the banking company or co-operative society or public company, as the case may be. <u>One more proviso was inserted</u> after the existing proviso to the said clause (i) of sub-section (3) so as to provide that the amount referred to in the first proviso shall be computed with reference to the income credited or paid by the banking company or the co-operative society or the public company, as the case may be, where such banking company or the co-operative society or the public company has adopted core banking solutions. The existing provisions of clause (v) of sub-section (3) of the aforesaid section provide that the provisions of sub-section (1) of the aforesaid section shall not apply to income credited or paid by a co-operative society to a member thereof or to any other cooperative society. <u>The said sub-clause was amended</u> so as to provide that the provisions of sub-section (1) of section 194A shall not apply to income credited or paid by a co-operative society (<u>other than a co-operative bank</u>) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society. <u>One explanation was inserted</u> below clause (v) of sub-section (3) of aforesaid section 194A to define the expression “co-operative bank”.

		The existing provisions of clause (ix) of sub-section (3) of section 194A provides that the provisions of sub-section (1) of section 194A shall not apply to income credited or paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees. The aforesaid clause was substituted so as to provide that the provisions of sub-section (1) of section 194A shall not apply to income credited by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal. A new clause was also inserted (clause (ixa)) in sub-section (3) of section 194A to provide that the provisions of sub-section (1) of section 194A shall not apply to income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees. Explanation 1 to sub-section (3) of the aforesaid section defines the expression 'time deposits' for the purposes of clauses (i), (vii) and (viia) of the said sub-section (3) as deposits (excluding recurring deposits) repayable on the expiry of fixed periods. The said definition was also amended of 'time deposits' so as to provide that for the purposes of said clauses the expression 'time deposits' <u>shall not exclude but include recurring deposits.</u> These amendments is effective from 1st June, 2015
4.	Amendment of section 194C relating to payments to contractors	Under the existing provisions contained in sub-section (6) of the aforesaid section, no deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, on furnishing of his Permanent Account Number, to the person paying or crediting such sum. Sub-section (6) of the said section was amended so as to provide that no deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less than ten goods carriages at any time during the previous year and furnishes a declaration to that effect along with his Permanent Account Number, to the person paying or

		crediting such sum. This amendment is effective from 1st June, 2015
5.	Amendment of section 194-I	The aforesaid section provides for deduction of tax at source on payment of any income by way of rent to a resident. A proviso was inserted to provide that no deduction shall be made under the section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause (23FCA) of section 10, owned directly by such business trust. This amendment is effective from 1st June, 2015.
6.	Amendment of section 194LBA	Sub-section (1) of the aforesaid section was amended to provide that where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder being a resident, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, <u>deduct income-tax thereon at the rates of ten per cent.</u> It was further amended to provide that where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder, being a non-resident (not being a company), or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, <u>deduct income-tax thereon at the rates in force.</u> This amendment is effective from 1st June, 2015.
7.	Insertion of new section 194LBB	Income in respect of units of investment fund The new section seeks to provide that where any income other than that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10, is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the Explanation 1 to section 115UB, the person responsible for making the payment shall, at the time of credit of such income to the account of payee, or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, <u>deduct income-tax thereon at the rate of ten per cent.</u> This section is effective from 1st June, 2015
8.	Amendment of section 195	The existing provisions contained in sub-section (6) of the aforesaid section provide that the person referred to in sub-

		section (1) shall furnish the information relating to payment of any sum in such form and manner as may be prescribed by the Board. sub-section (6) of the aforesaid section was substituted so as to provide that the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall furnish the information relating to payment of such sum, in such form and manner, as may be prescribed. This amendment is effective from 1st June, 2015.
9.	Amendment of section 197A	The existing provisions contained in sub-sections (1A) and (1C) of the aforesaid section provide that no deduction of tax shall be made under the sections referred to in the said sub-sections in the case of a person specified therein, if such person furnishes to the persons responsible for paying any income of the nature referred to in specified sections, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be nil. Sub-section (1A) and sub-section (1C) of the said section was amended so as to give the reference of section 192A and section 194DA also in the said sub-sections. This amendment is effective from 1st June, 2015.
10.	Amendment of section 194LD	Under the existing provisions contained in sub-section (2) of the aforesaid section, the interest income eligible for lower withholding tax rate of five per cent as provided in sub-section (1) has been specified to be the interest payable on or after the 1st day of June, 2013 but before the 1st day of June, 2015. Sub-section (2) was amended to provide that the concessional rate of five per cent. Withholding tax on interest payment in respect of investments in Government securities and rupee denominated corporate bonds shall now be available on interest payable before the 1st day of July, 2017. This amendment is effective from 1st June, 2015
11.	Amendment of section 200	The existing provisions contained in sub-section (1) of the aforesaid section provide that any person deducting any sum in accordance with the provisions of Chapter XVII shall pay within the prescribed time the sum so deducted to the credit of the Central Government or as the Board directs. The existing provisions contained in sub-section (2) of the said section provide that the employer referred to in sub-section (1A) of section 192 shall pay within the prescribed time, the tax to the credit of the Central Government or as the Board directs.

		Sub-section (2A) was inserted in the said section to provide that in case of an office of the Government, where the sum deducted in accordance with the foregoing provisions of this Chapter or tax referred to in sub-section (1A) of section 192 has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called, who is responsible for crediting such sum or tax to the credit of the Central Government, shall <u>deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.</u> This amendment is effective from 1st June, 2015
12.	Amendment of section 200A relating to processing of statements of tax deducted at source	The existing provisions contained in sub-section (1) of the aforesaid section provide that statement of tax deduction at source or a correction statement made under section 200 shall be processed in the manner specified therein. sub-section (1) was amended to provide that statement of tax deduction at source or correction statement made under section 200 shall be processed and sum deductible under Chapter XVII shall be computed after also taking into account the fee, if any, payable in accordance with the provisions of section 234E. The sum payable or refundable shall be determined after adjusting the aforesaid computed sum against any amount paid under section 200 or section 201 or section 234E and any amount paid otherwise by way of tax or interest or fee. This amendment is effective from 1st June, 2015.
13.	Amendment of section 203A relating to tax deduction and collection account number.	Under the existing provisions contained in sub-section (1) of the aforesaid section, every person deducting or collecting tax in accordance with Chapter XVII, who has not been allotted a “tax deduction account number” or, as the case may be, a “tax collection account number”, is required to apply for “tax deduction and collection account number”. Sub-section (2) of the said section provides that a person, to whom “tax deduction account number” or, as the case may be, “tax collection account number” or “tax deduction and collection account number” is allotted, is required to quote such number in the challans, certificates, statements, returns or documents as specified in clauses (a) to (d) of the said sub-section. Sub-section (3) was inserted in the said section so as to provide that the provisions of the said section shall not apply to a person notified by the Central Government in this behalf. This amendment is effective from 1st June, 2015.

14.	Amendment of section 206C relating to profit and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.	The existing provisions contained in sub-section (3) of the aforesaid section provide that any person collecting any amount under sub-section (1) or sub-section (1C) or sub-section (1D) shall pay within the prescribed time, the amount so collected to the credit of the Central Government or as the Board directs. Sub-section (3A) was inserted in the said section to provide that in case of an office of the Government, where the amount collected under sub-section (1) or sub-section (1C) or sub-section (1D) has been paid to the credit of the Central Government without the production of a challan by the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever name called, who is responsible for crediting such tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed. The existing provisions contained in the proviso to sub-section (3) of the said section provide that any person collecting tax on or after 1st April, 2005 in accordance with the provisions of the said section shall, after paying the tax collected to the credit of the Central Government within the prescribed time, prepare such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed authority, or to the person authorised by such authority, such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed. Sub-section (3B) was inserted in the said section so as to provide that the person referred to in proviso to sub-section (3) may also deliver to the prescribed authority under the said proviso, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the said proviso in such form and verified in such manner, as may be specified by the authority. This amendment is effective from 1st June, 2015
15.	Insertion of new section 206CB relating to processing of statements of tax collected at source	The existing provisions contained in the Income-tax Act provide the method of processing of statements of tax deducted at source. Since there is no procedure specified with respect to the processing of tax collected at source A new section 206CB was inserted relating to processing of statements of tax collected at source and the said section provide that statement of tax collection at source or a correction statement made under section 206C shall be processed in the manner specified therein. This amendment is effective from 1st June, 2015

Author's Brief Profile



Saurabh Chhabra, an Independent Tax Professional, brings more than 5 years into tax compliance and consulting experience to his role as a Tax expert.

Client Focus

He is dedicated to helping clients achieve business success by helping them establish practical and sound tax compliance processes. Focused on services for small to medium sized businesses, he is committed to delivering tax filing services that meet each client's unique objectives.

Professional Experience

Saurabh has gained extensive tax compliance experience through Tax Analyst roles for a variety of companies and CA firms located in the Delhi/NCR.

Currently he is associated with LexisNexis (A leading publisher on Tax laws in India) as Content Specialist (Tax)

Professional Qualification

He is a semi qualified, Chartered Accountant and Delhi university graduate. He has recently qualified CA-Final (first group). He is well vested with six sigma concepts & implemented green belt projects in his previous organisations.

He is a frequent writer on Tax policies & contributed lot of articles through his blogs & social media; he has recently started a new blog www.taxfileindia.com to assist tax professionals in tax filings under Income Tax Law & the proposed GST regime. You can connect with him on LinkedIn at www.linkedin.com/in/saurabhchhabratax for all tax updates.