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390. Deduction or collection at source and advance payment.

(1) The tax on income shall be payable as per this Chapter by way of—

(a) deduction or collection at source; or

(b) advance payment; or

(c) payment under section 392(2)(a).

(2) The tax referred to in sub-section (1) shall be payable as per the provisions of this Chapter, irrespective of the fact that the assessment in respect of such income is to be made in a later tax year.

(3) Nothing contained in this section, shall affect the charge of tax on such income under section 4(1).

(4) The payment of tax referred to in sub-section (1) shall be in addition to any other mode of tax recovery to discharge the liability in respect of income assessed for a tax year.



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**(5) The tax deducted at source or collected at source or sum referred to in section 392(2)(a) under this Chapter and paid to the Central Government shall be treated as payment of tax on behalf of the person—**

**(a) from whose income such tax has been deducted; or**

**(b) from whom such tax has been collected; or**

**(c) in respect of whose income such tax has been paid.**

**(6) The Board may make rules for—**

**(a) giving credit of tax deducted or collected or paid to a person referred to in sub-section (5) and also a person other than the person referred to in the said sub-section;**

**(b) the tax year for which the credit may be given.**

**391. Direct payment.**

**(1) The income-tax on any income shall be payable directly by the assessee if—**

**(a) there is no provision under this Chapter to deduct income-tax on such income at the time of payment; or**

**(b) income-tax has not been deducted as per the provisions of this Chapter.**

**(2) If an assessee has any income of the nature as specified in section 17(1)(d) and such specified security or sweat equity shares are allotted or transferred directly or indirectly by the current employer which is an eligible start-up referred to in section 140, then direct payment of tax for the purposes of sub-section (1) shall be made in accordance with in section 289(3).**

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**(3) Where any person, including the principal officer of the company,—**

**(a) who is required to deduct any sum as per the provisions of this Act; or**

**(b) referred to in section 392(2)(a), being an employer,**

**does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, apart from any other consequences that he may incur, be deemed to be an assessee in default within the meaning of section 398(1), in respect of such tax.**

**392. Salary and accumulated balance due to an employee.**

**(1) Any person responsible for paying any income chargeable under the head “Salaries” shall deduct income-tax on the amount payable and this deduction shall be made at the time of such payment at the average rate of income-tax computed on the basis of the rates in force for the tax year in which the payment is made, on the estimated income of the assessee under this head for such year.**

**(2)(a) Without prejudice to the provisions of sub-section (1), the person responsible for paying any income in the nature of a non-monetary perquisite chargeable to tax under section 17(1), may pay, at his option, tax on the whole or part of such income without making any deduction therefrom, at the time when such tax was deductible under sub-section (1);**

**(b) the tax under clause (a) shall be determined at the average rate as per sub-section (1), on the income chargeable**

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**under the head “Salaries” including the income referred to in the said clause, and shall be construed as if it were a tax deductible at source from the income under the head “Salaries”, and be subject to the provisions of this Chapter.**

**(3) Any person, being an eligible start-up referred to in section 140, responsible for paying any income of the nature specified in section 17(1)(d) in any tax year, shall deduct or pay, as the case may be, tax on such income, on the basis of rates in force for the tax year in which the specified security or sweat equity share is allotted or transferred, within the time as specified for the payee in section 289(3).**

**(4)(a) The person responsible for making payment under sub-section (1), shall take into account the following particulars furnished by the assessee, at his option, in such form and verified in such manner as may be prescribed, for the purpose of making deduction under the said sub-section and such particulars shall have an effect of increasing or decreasing the tax to be deducted:—**

**(i) any income under the head “Salaries” due or received by the assessee, from any other employer or employers during the tax year;**

**(ii) any relief allowable under section 157, where the assessee being a Government servant, or an employee in a company, co-operative society, local authority, university, institution, association or body is entitled for such relief;**

**(iii) any loss under the head “Income from house property” for the same tax year;**

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(iv) any income chargeable under any other head of income, not being a loss under any such head other than the loss specified in sub-clause (iii) for the same tax year;

(v) any tax deducted or collected at source under this Chapter for the same tax year;

(b) the tax deductible from income under the head “Salaries” shall not be reduced in any case, except on account of—

(i) loss under the head “Income from house property”; and

(ii) the tax deducted and collected as per other provisions of this Chapter.

(5) The person responsible for paying any income chargeable under the head “Salaries” to the assessee—

(a) shall furnish a statement in such form and manner, as may be prescribed, with correct and complete particulars of perquisites or profits in lieu of salary paid, along with their value, to the assessee;

(b) 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 this Act in such form and manner, as may be prescribed; and

(c) may, increase or reduce the amount to be deducted under this section for adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the tax year.

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(6)(a) The trustees of a recognised provident fund, or any person authorised by the regulations of the fund to make payment of the accumulated balances due to employees shall, in cases where paragraph 9 of Part A of Schedule XI applies, at the time an accumulated balance due to an employee is paid, make there from the deduction provided in paragraph 10 of Part A of Schedule XI;

(b) where any contribution made by an employer, including interest on such contributions, if any, in an approved superannuation fund is paid to the employee, tax on the amount so paid shall be deducted by the trustees of the fund to the extent provided in paragraph 7 of Part B of Schedule XI.

(7)(a) Irrespective of anything contained in this Act, the trustees of the Employees' Provident Funds Scheme, 1952, made under section 5 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; or

(b) any person authorised under such scheme to make payment of accumulated balance due to employees, shall at the time of payment of accumulated balance due to the employee participating in a recognised provident fund, deduct income-tax thereon at the rate of 10%, where the aggregate amount of such payment is Rs 50000 or more, and such accumulated balance is includible in his total income owing to the provisions of paragraph 8 of Part A of Schedule XI not being applicable.

(8) For the purposes of deduction of tax on salary payable in foreign currency, the value in rupees of such salary shall be calculated at such rate of exchange as may be prescribed.

393. Tax to be deducted at source.

(1) Where any income or sum of the nature specified in column B of the Table below, is credited or paid or distributed by the person specified in column C during the tax year, to a resident, the person responsible for paying such income or sum shall deduct income-tax,—

(a) on the entire amount of such income or sum, where the amount or aggregate of amounts exceeds the threshold limit specified in column D, or on sum as per Note 1 for serial number 8(ii), as the case may be;

(b) at the rate specified in column D;

(c) at the time of credit of such income or sum to the account of the payee or at the time of its payment in cash or by way of a cheque or a draft or by any other mode, whichever is earlier; and

(d) subject to the provisions of sub-sections (4), (5), (6), (8) and (9).

Table

For payments to resident

Sl. No.	Nature of Income or sum	Payer	Rate
			Threshold limit
A	B	C	D
1. Commission or brokerage			
	(i) Any income by way of	Any person.	Rate: Rates



	<p>remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance or procuring insurance business (including business relating to the continuance, renewal or revival of insurance policies).</p>		<p>in force.</p> <p>_____</p> <p>Threshold limit: Rs 20,000.</p>
	<p>(ii) Any income by way of commission [not being insurance commission referred to in serial number 1(i)] or brokerage.</p>	<p>Specified person.</p>	<p>Rate: 2%</p> <p>_____</p> <p>Threshold limit: Rs 20,000.</p>
<p>2. Rent</p>			
	<p>(i) Any income by way of rent.</p>	<p>Person other than specified person.</p>	<p>Rate: 2%</p> <p>_____</p> <p>Threshold limit: Rs 50,000 for a month or</p>





			part of a month.
	(ii) Any income by way of rent.	Specified person.	<p>Rate: (a) 2%, for the use of any machinery or plant or equipment; and</p> <p>(b) 10%, for the use of any land, or building (including factory building), or land appurtenant to a building (including factory building), or furniture, or fittings.</p> <p>_____</p> <p>Threshold limit [for (a) and (b)]: Rs 50,000 for a month or part of a month.</p>
Note 1.—In serial number 2(i), the tax shall be deducted on such			





income at the time of—

(a) credit of rent to the account of the payee; or

(b) payment thereof in cash or by way of a cheque or a draft or any other mode, whichever is earlier, for the last month of the tax year or the last month of tenancy.

3. Payment on transfer of certain immovable property other than agricultural land

	<p>(i) Any consideration for transfer of any immovable property (other than agricultural land).</p>	<p>Person [other than the person who are required to deduct tax under serial number 3(iii)].</p>	<p>Rate: 1% of—</p> <p>(a) consideration for transfer of the immovable property; or</p> <p>(b) stamp duty value of such property, whichever is higher.</p> <p>_____</p> <p>Threshold limit: Fifty lakh rupees and as per Note 3.</p>
	<p>(ii) Any consideration, not being consideration in</p>	<p>Any person.</p>	<p>Rate: 10%</p> <p>_____</p> <p>Threshold</p>





	kind, under the agreement referred to in section 67(14).		limit: Nil.
	(iii) Any sum, being in the nature of— (a) compensation or the enhanced compensation; or (b) consideration or the enhanced consideration, on account of compulsory acquisition, under any law for the time being in force, of any immovable property (other than agricultural land).	Any person.	Rate: 10% _____ Threshold limit: Rs 5,00,000.

Note 1.—Consideration for transfer of any immovable property under serial number 3(i) shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property for the purposes of the threshold limit mentioned in column D.

Note 2.—In case of consideration on which provisions of both serial numbers 3(i) and 3(ii) are applicable, tax shall be deducted under 3(ii) only.

Note 3.—For the purposes of serial number 3(iii), the income-tax shall be deducted where consideration for transfer of any



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| immovable property or the stamp duty value of such property, is equal to or greater than fifty lakh rupees. |                                                                                                                                                                                                                                                                                     |                                         |                                                                                |
| <b>4. Income from capital market</b>                                                                        |                                                                                                                                                                                                                                                                                     |                                         |                                                                                |
|                                                                                                             | <p><b>(i) Any income in respect of—</b></p> <p><b>(a) units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21); or</b></p> <p><b>(b) units from the Administrator of the specified undertaking; or</b></p> <p><b>(c) units from the specified company.</b></p> | <b>Any person.</b>                      | <p><b>Rate: 10%</b></p> <p>_____</p> <p><b>Threshold limit: Rs 10,000.</b></p> |
|                                                                                                             | <p><b>(ii) Any distributed income referred to in section 223, being of the nature referred to in Schedule V (Table: Sl. Nos. 3 and 4), payable to a unitholder of a Business Trust.</b></p>                                                                                         | <b>Any Business Trust.</b>              | <p><b>Rate: 10%</b></p> <p>_____</p> <p><b>Threshold limit: Nil.</b></p>       |
|                                                                                                             | <p><b>(iii) Any income, other than that proportion of income which is</b></p>                                                                                                                                                                                                       | <b>Any Investment fund specified in</b> | <p><b>Rate: 10%</b></p> <p>_____</p> <p><b>Threshold</b></p>                   |

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	<p>exempt under Schedule V (Table: Sl. No. 2), in respect of units of an investment fund specified in section 224, payable to its unitholder.</p>	<p>section 224.</p>	<p>limit: Nil.</p>
	<p>(iv) Any income, in respect of an investment in a securitisation trust specified in section 221 to an investor.</p>	<p>Any securitisation trust specified in section 221.</p>	<p>Rate: 10% _____ Threshold limit: Nil.</p>
<p>5. Interest income.</p>			
	<p>(i) Any income by way of Interest on securities.</p>	<p>Any person.</p>	<p>Rate: Rates in force. _____ Threshold limit: Rs 10,000.</p>
	<p>(ii) Any income by way of interest other than interest on securities.</p>	<p>(a) A banking company; or (b) a co-operative society carrying on the business of banking;</p>	<p>Rate: Rates in force. _____ Threshold limit: (a) Rs 1,00,000 in the case of a senior citizen;</p>

		or (c) a post office for a deposit made under a scheme notified by the Central Government.	(b) Rs 50,000 in case of person other than senior citizen.
	(iii) Any income being interest other than interest on securities.	Specified person [other than person in Sl. No. 5(ii).C].	Rate: Rates in force. _____ Threshold limit: Rs. 10,000.

Note 1.—In serial number 5(ii) and (iii), where the interest income credited or paid is in respect of—

- (a) time deposits with a banking company; or**
- (b) time deposits with a co-operative society engaged in carrying on the business of banking; or**
- (c) deposits with a public company formed and registered in India with the main object of carrying on business of long-term finance for construction or purchase of houses in India for residential purposes and is eligible for deduction under section 32(e), and the person mentioned in column C has not adopted core banking solutions, the threshold limit in column D shall be computed with reference to the income**



credited or paid by a branch of such person.

Note 2.—The person responsible for making the payment referred to in serial number 5(ii) and (iii) of this Table, may at the time of making any deduction, increase or reduce the amount to be deducted for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the tax year.

6. Payments to contractors, fees for professional and technical services, etc.

	<p>(i) Any sum for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a designated person.</p>	<p>Any designated person.</p>	<p>Rate: (a) 1%, if contractor is individual or Hindu undivided family;</p> <p>(b) 2%, if contractor is a person other than the person mentioned in (a).</p> <p>_____</p> <p>Threshold limit:</p>
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|  |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                          | <p><b>[for (a) and (b)]</b></p> <p><b>(a) Rs 30000; for any such sum; and</b></p> <p><b>(b) Rs 100000 in case of aggregate of such sums.</b></p> |
|  | <p><b>(ii) Any sum—</b><br/>—</p> <p><b>(a) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract; or</b></p> <p><b>(b) by way of fees for professional services; or</b></p> <p><b>(c) by way of commission [not being insurance</b></p> | <p><b>Any person, being an individual or Hindu undivided family [other than those required to deduct income-tax as per Sl. No. 6(i) and (iii) or Sl. No. 1(ii)].</b></p> | <p><b>Rate: 2%</b></p> <p>_____</p> <p><b>Threshold limit: Fifty lakh rupees.</b></p>                                                            |

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	<p>commission referred to in serial number 1(i)] or brokerage.</p>		
	<p>(iii) Any sum by way of— (a) fees for professional services; or (b) fees for technical services; or (c) remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 392, to a director of a company; or (d) royalty;</p>	<p>Specified person.</p>	<p>Rate: (a) 2% of such sum in case of— (i) fees for technical services (not being a professional services); or (ii) royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films; or (iii) payee, engaged only in the business of operation of call centre; (b) 10% of such sum in cases</p>

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|  | <p><b>or</b></p> <p><b>(e) any sum referred to in section 26(2)(h).</b></p> |  | <p><b>other than (a).</b></p> <p>_____</p> <p><b>Threshold limit:</b></p> <p><b>(i) for (a), (b), (d) and (e) of Col. B: Rs 50,000.</b></p> <p><b>(ii) for (c) of Col. B: Nil.</b></p> |
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**Note.—In serial number 6 (i), if any sum is paid or credited for carrying out any work specified in section 402(47)(e), tax shall be deducted at source—**

**(a) on the invoice value excluding the value of material, if such value is specified separately in the invoice; or**

**(b) on the whole of the invoice value, if the value of material is not specified separately in the invoice.**

**7. Dividend**

|  |                                                                                |                                     |                                                                          |
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|  | <p><b>Any dividend (including dividend on preference shares) declared.</b></p> | <p><b>Any domestic company.</b></p> | <p><b>Rate: 10%</b></p> <p>_____</p> <p><b>Threshold limit: Nil.</b></p> |
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Note.—The tax shall be deducted at source before making any distribution or payment of dividend.

8. Other cases

	<p>(i) Any sum under a life insurance policy, including the sum allocated as bonus on such policy, other than the amount not includible in the total income under Schedule II (Table: Sl. No. 2).</p>	<p>Any person.</p>	<p>Rate: 2% on income comprised in such sum.</p> <p>—</p> <p>Threshold limit: Rs. 1,00,000.</p>
	<p>(ii) Any sum exceeding</p>	<p>Any person, being a</p>	<p>Rate: 0.1%</p>



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|  | <b>fifty lakh rupees for purchase of any goods.</b>                                                                                                           | <b>buyer.</b>            | <p>_____</p> <p><b>Threshold limit: As per Note 1.</b></p>                                                                                    |
|  | <b>(iii) Total income of a specified senior citizen after giving effect to deduction allowable under Chapter VIII and rebate allowable under section 156.</b> | <b>Specified bank.</b>   | <p><b>Rate: Rates in force.</b></p> <p>_____</p> <p><b>Threshold limit: As applicable.</b></p>                                                |
|  | <b>(iv) Any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession of</b>                        | <b>Specified person.</b> | <p><b>Rate: 10% of value or aggregate of values of such benefit or perquisite.</b></p> <p>_____</p> <p><b>Threshold limit: Rs 20,000.</b></p> |

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|  | <b>any resident.</b>                                                                                                                                                                                |                                 |                                                                                                                  |
|  | <b>(v) Any sum on account of sale of goods or provision of services by an e-commerce participant, facilitated by an e-commerce operator through its digital or electronic facility or platform.</b> | <b>Any e-commerce operator.</b> | <b>Rate: 0.1% of gross amount of such sale or services or both.</b><br><br>_____<br><b>Threshold limit: Nil.</b> |
|  | <b>(vi) Any sum by way of consideration for transfer of a virtual digital asset.</b>                                                                                                                | <b>Any person.</b>              | <b>Rate: 1%</b><br><br>_____<br><b>Threshold limit: Nil.</b>                                                     |

**Note 1.—(a) The deduction of tax under serial number 8(ii) shall not apply to a transaction on which tax is deductible or collectible under any of the provisions of the Act.**

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**(b) The tax shall be deducted on the sum exceeding fifty lakh rupees.**

**Note 2.—The provisions of serial number 8(iv) shall also apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind, provided to a resident and before providing such benefit or perquisite, as the case may be, the person responsible for providing such benefit or perquisite shall ensure that tax has been deducted.**

**Note 3.—In respect of serial number 8(v)—**

- (a) for deduction of tax, the provisions thereof shall take precedence over any other provisions of this Chapter;**
- (b) any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and this amount shall be included in the gross amount of such sale or services for the purposes of deduction of income-tax under this serial number;**
- (c) e-commerce operator shall be deemed to be the person responsible for paying to e-commerce participant;**

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**(d) irrespective of anything contained in this Chapter,
if—**

**(i) tax has been deducted on a transaction under this
serial number; or**

**(ii) a transaction is not liable for tax deduction as
provided in section 393(4) (Table: Sl. No. 11),**

**then tax shall not be deducted on such transaction
under any other provision of this Chapter;**

**(e) clause (d) shall not apply to any amount or
aggregate of amounts received or receivable by an e-
commerce operator for—**

(i) hosting advertisements; or

**(ii) providing any other services, which are not in
connection with the sale or services referred to in this
serial number.**

**Note 4.—In case of a transaction on which provisions of
serial number 8(v) are applicable along with the
provisions of serial number 8(vi) for deduction of tax,
then irrespective of anything contained in Note 3, tax on
such transaction shall be deducted only under the
provisions of serial number 8(vi).**

**Note 5.—The provisions of serial number 8(iii) shall
take precedence over any other provisions of this
Chapter and tax shall be deducted under this provision.**

Note 6.—For serial numbers 8(iv) and (vi),—

**(a) where the consideration or, benefit or perquisite
provided, as the case may be,—**

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**(i) is in exchange of another virtual digital asset where there is no part in cash, in respect of serial number 8(iv); or**

**(ii) is wholly in kind; or**

**(iii) is partly in kind and partly in cash, but such part in cash is not sufficient to meet the liability of deduction of tax in respect of the whole of such payment or benefit or perquisite,**

**the person responsible for paying or providing shall ensure that the tax required to be deducted has been paid, before releasing such consideration or providing such benefit or perquisite, as the case may be;**

**(b) “person responsible for providing” means the person providing such benefit or perquisite, or in case of a company, the company itself including the principal officer thereof.**

**(2) Where any income or sum of the nature specified in column B of the Table below, is credited or paid by the person specified in column D during the tax year, to a non-resident specified in column C, the person responsible for paying shall such income or sum shall deduct income-tax on the amount of such income or sum,—**

**(a) at the rate specified in column E;**

**(b) at the time of credit of income or sum to the account of the payee or at the time of its payment in cash or by way of a cheque or a draft or by any other mode, whichever is earlier; and**

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(c) subject to the provisions of sub-sections (4), (8) and (9).

Table

Sl. No.	Nature of income or sum	Payee	Payer	Rate
A	B	C	D	E
1.	Any income referred to in section 211.	(a) A non-resident sportsman (including an athlete) or an entertainer , who is not a citizen of India; or (b) a non-resident sports association or institution.	Any person.	20%
2.	Any income be way of interest	Any non-resident (not being a	Any Indian company or a	5%



	<p>payable in respect of moneys borrowed in foreign source outside India,—</p> <p>(a) under a loan agreement or issue of long-term infrastructure bond on or after the 1st July, 2012 but before the 1st July, 2023;</p> <p>or</p> <p>(b) byway of issue of any long-term bond on or after the 1st October, 2014 but</p>	<p>company) or a foreign company.</p>	<p>business trust.</p>	
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	<p>before the 1st July, 2023,</p> <p>which is approved by the Central Government in this behalf.</p>			
3.	<p>Any income by way of interest payable in respect of moneys borrowed from a source outside India by way of issue or rupee denominated bond before the 1st July, 2023.</p>	<p>Any non-resident (not being a company) or a foreign company.</p>	<p>Any Indian company or a business trust.</p>	5%

4.	<p>Any income by way of interest payable in respect of moneys borrowed from a source outside India by way of issue of any long-term bond or rupee denominated bond, which is listed only on a recognised stock exchange located in any International Financial Services</p>	<p>Any non-resident (not being a company) or a foreign company.</p>	<p>Any Indian company or a business trust.</p>	<p>(a) 4%, where such bonds are issued on or after the 1st April, 2020 but before the 1st July, 2023; or</p> <p>(b) 9%, where such bonds are issued on or after the 1st July, 2023.</p>
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	Centre.			
5.	Any income by way of interest.	Any non-resident (not being a company) or a foreign company.	Any infrastructure debt fund referred to in Schedule VII (Table: Sl. No. 46).	5%
6.	Any distributed income referred to in section 223, being of the nature referred to in Schedule V (Table: Sl. No. 3).	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any business trust.	(a) 5%, in case of income of the nature referred to in Schedule V [table: Sl. No. 3. B(a)]; and (b) 10%, in case of income of the nature referred



				to in Schedule V [Table: Sl. No. 3. B(b)].
7.	Any distributed income referred to in section 223, being of the nature referred to in Schedule V (Table: Sl. No. 4).	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any business trust.	Rates in force.
8.	Any income, other than that proportion of income which is exempt under Schedule V (Table:	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any investment fund specified in section 224.	Rates in force.



	Sl. No.2), in respect of units of an investment fund specified in section 224.			
9.	Any income in respect of an investment in a securitisa on trust specified in section 221.	Any investor, being a non- resident (not being a company) or a foreign company.	Any securitisa tion trust specified in section 221.	Rates in force.
10.	Any income— (a) in respect of units of a Mutual Fund specified under Schedule	Any non- resident (not being a company) or a foreign company.	Any person.	As per Note 2.

	VII (Table: Sl. No. 20 or 21); or (b) in respect of units from the specified company.			
11.	Any income in respect of units referred to in section 208.	Any offshore fund.	Any person.	10%
12.	Any income by way of long-term capital gains arising from the transfer of units referred to in section 208;	Any offshore fund.	Any person.	12.5%

13.	Any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 209.	Any non-resident.	Any person.	10%
14.	Any income by way of long-term capital gains arising from the transfer of bonds or Global Depository Receipts referred to in section 209.	Any non-resident.	Any person.	12.5%
15.	Any	Any	Any	As per

	income in respect of securities referred to in section 210(1) (Table: Sl. No. 1).	Foreign Institutional Investor.	person.	Note 2.
16.	Any income in respect of securities referred to in section 210(1) (Table: Sl. No. 1).	A specified fund referred to in Schedule VI [Note 1(g)].	Any person	10%
17.	Any interest (not being interest referred to against serial numbers 2, 3, 4 and 5) or any other sum chargeable under the	Any non-resident (not being a company) or a foreign company.	Any person.	Rates in force.



	<p>provisions of this Act, not being income chargeable under the head “Salaries”.</p>			
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Note 1.—For serial numbers. 2, 3 and 4, the interest payable shall be income to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment.

Note 2.—For serial numbers. 10 and 15, tax shall be deducted at the rate of—

(a) 20%; or

(b) where an agreement referred to in section 159(1) or 159(2) applies to the payee and if the payee has furnished a certificate referred to in section 159(8), as the case may be, then, income-tax shall be deducted at the rate or rates of income-tax provided in such agreement for such income, if such rate is lower than 20%.

Note 3.— For serial number. 17,—

(a) if interest is payable by the Government or a public sector bank or a public financial institution within the meaning of Schedule VII (Note 3), deduction of tax shall be made only at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode;



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(b) the obligation to deduct tax at source and comply with the provisions of this serial number extend to all persons resident or non-resident, whether or not, the non-resident person has—

(i) a residence or place of business or business connection in India; or

(ii) any other presence in any manner whatsoever in India.

(3) Where any income or sum of the nature specified in column B of the Table below, is credited or paid by the person specified in column C during the tax year, to any person, the person responsible for making payment of such income or sum, shall deduct income-tax—

(a) on the entire amount of such income or sum, where the amount or aggregate of amounts exceed the threshold limit specified in column D, or on net winnings as per Note 1 of the Table;

(b) at the rate specified in column D;

(c) at the time of payment thereof in cash or by way of a cheque or a draft or by any other mode, or as specified therein; and

(d) subject to the provisions of sub-sections (4), (5), (6), (8) and (9).

Table  
FOR PAYMENT TO ANY PERSON

| Sl. No. | Nature of Income or sum                                                                                                                               | Payer      | Rate<br>Threshold limit                                                                                 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------|
| A       | B                                                                                                                                                     | C          | D                                                                                                       |
| 1.      | Any income by way of winnings (other than winnings from online games as referred to in serial number 2) from—<br>(a) any lottery; or<br>(b) crossword | Any person | <i>Rate:</i> Rates in force.<br>—<br><i>Threshold limit:</i> Rs 10,000 in case of a single transaction. |

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	puzzle; or (c) card game and other game of any sort; or (d) gambling or betting of any form or nature whatsoever.		
2.	Any income by way of winnings from online game.	Any person.	Rate: Rates in force. — Threshold limit: As per Note 1.
3.	Any income by way of winnings from any horse race.	Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course of for arranging for wagering or betting in any race course.	Rate: Rates in force. — Threshold limit: Rs 10,000 in cases of a single transaction.
4.	Any income, credited or paid to a person, who is or has been stocking, distributing, purchasing or selling lottery tickets, by way of commission, remuneration or prize (by whatever name called) on such tickets.	Any person.	Rate: 2% — Threshold limit: Rs 20,000.
5.	Any sum, paid in case, from one or more accounts maintained by any	Any person, being,— (a) a banking company;	Rate: 2% — Threshold limit: (a) three crore

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|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
|    | person (herein referred to as recipient.                                                                                                                           | (b) a co-operative society engaged in carrying on the business of banking; or<br>(c) a post office. | rupees in case of recipient being, a co-operative society; or<br>(b) one crore rupees in person other than a co-operative society. |
| 6. | Any amount referred to in section 80CCA(2) (a) of the Income-tax Act, 1961 (43 of 1961).                                                                           | Any person.                                                                                         | Rate: 10%<br>—<br>Threshold limit: Rs 2,500.                                                                                       |
| 7. | Any sum in the nature of salary, remuneration, commission, bonus or interest paid to a partner of the firm or credited to his account (including capital account). | Any person, being a firm.                                                                           | Rate: 10%<br>—<br>Threshold limit: Rs 20,000.                                                                                      |

Note 1.—For serial number 2, tax shall be deducted—

(a) on net winnings in the user account of the payee at the end of the tax year;

(b) where there is any withdrawal from user account during the tax year, the tax shall be deducted at the time of such withdrawal on the net winnings comprised in such withdrawal as well as on the remaining amount of net winnings in user account at the end of the tax year,

where the net winnings in each case is computed in the such manner as may be prescribed

Note 2.—For serial numbers 1 and 2, where the winnings or net winnings, as the case may be,—

(a) is wholly in kind; or

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(b) is partly in kind and partly in cash, but such part in cash is not sufficient to meet the liability of deduction of tax in respect of the whole of such winnings, then, the person responsible for paying shall ensure that the tax required to be deducted has been paid, before releasing the winnings.

Note 3.—For serial number 4, the person responsible for making the payment shall deduct tax at the time of credit of such sum or at the time of payment of such sum in cash or by issue of a cheque or a draft or by any other mode, whichever is earlier.

(4) The deduction of tax at source shall not be made under the provisions referred to in column B of the Table below, in respect of the income or sum along with the conditions, specified in column C:

Table
FOR NO DEDUCTION AT SOURCE

Sl. No.	Provisions for tax deduction at source	Condition for no deduction on income or sum
A	B	C
1.	Commission or Brokerage referred to in section 393 (1) [Table: Sl. No. 1(ii)].	Commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.
2.	Rent referred to in section 393(1) [Table: Sl. No. 2(ii)].	Income by way of rent credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in Schedule V (Table: Sl. No. 4), owned directly by such business trust.
3.	Compensation on acquisition of certain immovable property referred to in section 393 (1) [Table: Sl. No. 3(iii)].	Income by way of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, rehabilitation and Resettlement Act, 2013 (30 of 2013).
4.	Income in respect of	If income is of the nature of

	units referred to in section 393(1) [Table: Sl. No. 4(i)].	capital gain.
5.	Income from units of a business trust referred to in section 393(1) [Table: Sl. No. 4(ii)].	Income of the nature referred to in Schedule V [Table: Sl. No. 3.B(b)], if the special purpose vehicle referred to in the said serial number has not exercised the option under section 200.
6.	Interest on securities referred to in section 393(1) [Table: Sl. No. 5(i)].	<p>(a) Interest payable on—</p> <p>(i) National Development Bonds;</p> <p>(ii) such debentures, issued by such institution or authority or any other person as the Central Government may, by notification, specify in this behalf;</p> <p>(iii) any security of the Central Government or a State Government, other than—</p> <p>(A) 8% Saving (Taxable) Bonds, 2003; or</p> <p>(B) 7.75% Saving (Taxable) Bonds, 2018; or</p> <p>(C) Floating Rate Savings Bonds, 2020 (Taxable); or</p> <p>(D) any other security of the Central Government or State Government as the Central Government may, by notification, specify in this behalf;</p> <p>(b) interest payable to—</p> <p>(i) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any securities owned by it or in which it has full beneficial interest; or</p> <p>(ii) the General Insurance Corporation of India or to any of the four companies, formed by</p>

		<p>virtue of the schemes made under section 16(1) of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any securities owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest; or</p> <p>(iii) any other insurer in respect of any securities owned by it or in which it has full beneficial interest; or</p> <p>(iv) a “business trust” , as defined in section 2(21), in respect of any securities, by a special purpose vehicle referred to in Schedule V (Table: Sl. No. 3).</p>
7.	<p>Interest other than interest on securities referred to in section 393 (1) [Table: Sl. No. 5(ii) and 5(iii)].</p>	<p>(a) Interest income credited or paid to—</p> <p>(i) any banking company; or</p> <p>(ii) any financial corporation established by or under a Central Act or State Act or Provincial Act; or</p> <p>(iii) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956); or</p> <p>(iv) the Unit Trust of India; or</p> <p>(v) any company or co-operative society carrying on the business of insurance; or</p> <p>(vi) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notified in this behalf before the 1st April, 2020;</p> <p>(b) interest income credited or</p>

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|  | <p>paid—</p> <p>(i) by a co-operative society other than a co-operative bank, to a member thereof; or</p> <p>(ii) by a co-operative society to any other co-operative society; or</p> <p>(iii) in respect of deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank; or</p> <p>(iv) in respect of deposits (other than time deposits made on or after the 1st July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (iii), engaged in the business of banking,</p> <p>Except when,—</p> <p>(a) where the total sales, gross receipts or turnover of the co-operative society exceed fifty crore rupees during the tax year immediately preceding the tax year in which such interest is credited or paid;</p> <p>(b) the amount or aggregate of amounts of interest credit or paid exceeds the threshold limit mentioned in section 393(1) (Table: Sl. No. 5(ii)D); and</p> <p>(c) interest income credited or paid—</p> <p>(i) by the Central Government under any provision of this Act or the Income-tax Act, 1961 (43 of 1961), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), the Companies (Profits) Surtax Act, 1964 (7 of 1964), or the Interest-tax Act,</p> |
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|           |                                                                                     | <p>1974 (45 of 1974);<br/>                 (ii) in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf;<br/>                 (iii) in respect of deposits (other than time deposits made on or after the 1st July, 1995) with a banking company;<br/>                 (iv) by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, the aggregate of the amounts of such income does not exceed Rs 50,000 during the tax year;<br/>                 (v) or payable by an infrastructure capital company; or infrastructure capital fund; or infrastructure debt fund; or a public sector company; or scheduled bank in relation to a zero coupon bond issued on or after the 1st June, 2005 by such company or fund or public sector company or scheduled bank;<br/>                 (vi) as referred to in Schedule V (Table: Sl. No. 3);<br/>                 (vii) by a firm to a partner of the firm.</p> |
| <p>8.</p> | <p>Payments to contractors referred to in section 393(1) [Table: Sl. No. 6(i)].</p> | <p>(a) Where—<br/>                 (i) any sum credited or paid or likely to be credited or paid during the tax year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages; and<br/>                 (ii) that contractor owns ten or less goods carriages at any time during the tax year; and<br/>                 (iii) furnishes a declaration to that effect along with his Permanent Account Number to</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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|-----|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                                                    | <p>the person paying or crediting the sum; and</p> <p>(iv) the person responsible for paying to the contractor furnishes to the prescribed income-tax authority the particulars in such form and within such as may be prescribed;</p> <p>(b) where such sum is credited or paid by individual or Hindu undivided family exclusively for personal purposes of such individual or any member of Hindu undivided family.</p>                                                                                                                                                                                                                                                                                                             |
| 9.  | Fees for professional or technical services referred to in section 393(1) [Table: Sl. No. 6(iii)]. | Where such sum is credited or paid by individual or Hindu undivided family exclusively for personal purposes of such individual or any member of Hindu undivided family.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 10. | Dividend referred to in section 393(1) (Table: Sl. No. 7).                                         | <p>Dividend income credited or paid to—</p> <p>(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any shares owned by it or in which it has full beneficial interest;</p> <p>(b) the General Insurance Corporation of India or to any of the four companies, formed by virtue of the schemes made under section 16(1) of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest;</p> <p>(c) any other insurer in respect of any shares owned by it or in which it has full beneficial</p> |

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		<p>interest;</p> <p>(d) a “business trust”, as defined in section 2(21), by a special purpose vehicle referred to in Schedule V (Note 2);</p> <p>(e) any other person as may be notified by the Central Government in this behalf;</p> <p>(f) a shareholder, being an individual, if—</p> <p>(I) the dividend is paid by the company by any mode other than cash; and</p> <p>(II) amount or aggregate of amounts of such dividend distributed or paid or likely to be distributed or paid during the tax year does not exceed Rs 10,000.</p>
11.	Payment by e-commerce operator to e-commerce participant referred to in section 393(1) [Table: Sl. No. 8(v)].	<p>Where the amount is credited or paid or likely to be credited or paid during the tax year to the account of an e-commerce participant, which is—</p> <p>(a) an individual or Hindu undivided family; and</p> <p>(b) the gross amount of the sales or services or both during the tax year does not exceed Rs 500000; and</p> <p>(c) the e-commerce participant has furnished the Permanent Account Number or Aadhaar number to the e-commerce operator.</p>
12.	Payment on transfer of virtual digital asset referred to in section 393(1) [Table: Sl. No. 8(vi)].	<p>Where value or aggregate value of such consideration during the tax year does not exceed—</p> <p>(a) Rs 50000, when payable by an individual or a Hindu undivided family,—</p> <p>(i) whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case of business or fifty lakh</p>

		<p>rupees in case of profession, during the tax year immediately preceding the tax year in which such virtual digital asset is transferred;</p> <p>(ii) not having any income under the head “Profits and gains of business or profession”;</p> <p>(b) Rs 10000, when payable by any person other than the person referred to in clause (a).</p>
13.	Income from units of a business from units of a business trust referred to in section 393(2) (Table: Sl. No. 6).	Income of the nature referred to in Schedule V [Table: Sl. No. 3.B(b)], if the special purpose vehicle referred to in the said clause has not exercised the option under section 200.
14.	Income in respect of units of investment fund referred to in section 393(2) (Table: Sl. No. 8).	Income that is not chargeable to tax under the provisions of this Act.
15.	Income in respect of units of non-residents referred to in section 393(2)(Table: Sl. No. 10).	Income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, subject to prescribed conditions.
16.	Income of Foreign Institutional Investors from securities referred to in section 393(2) (Table: Sl. No. 15).	Income, by way of capital gains arising from the transfer of securities referred to in section 210, if payable to a Foreign Institutional Investor.
17.	Income of Specified Fund from securities referred to in section 393(2) (Table: Sl. No. 16).	Income is exempt as per Schedule VI (Table: Sl. Nos. 1 to 4).
18.	Payment of certain amounts in cash referred to in section 393(3) (Table: Sl. No. 5).	<p>Payment made to—</p> <p>(a) the Government;</p> <p>(b) any banking company or co-operative society engaged in carrying on the business of banking or a post office;</p> <p>(c) any business correspondent</p>

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|-----|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                                                                       | of a banking company or co-operative society engaged in carrying on the business of banking, as per the guidelines issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 (2 of 1934);<br>(d) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, as per the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act 2007 (51 of 2007). |
| 19. | Payment in respect of deposits under National Savings Scheme, etc., referred to in section 393(3) (Table: Sl. No. 6). | Payment made to heirs of an assessee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

(5) Irrespective of anything contained in this Chapter, the tax shall not be deducted by any person from any amount payable to—

(a) the Government; or

(b) the Reserve Bank of India; or

(c) a corporation established by or under a Central Act which is, under any law in force, exempt from income-tax on its income; or

(d) a Mutual fund as specified at Schedule VII (Table: Sl. No. 20 or 21), where such amount is payable to it by way of—

(A) interest; or

(B) dividend in respect of any securities or shares owned by it or in which it has full beneficial interest; or

(C) any other income accruing or arising to it.

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(6) The deduction of tax shall not be made under provisions referred to in column C of the Table below, in the case of a person as specified in column B, if such person furnishes to the person responsible for paying any income or sum of the nature referred to in such provisions, a written declaration in duplicate in such form and manner as may be prescribed that the tax on such person's estimated total income of the tax year in which such income or sum is to be included in computing his total income shall be *nil*.

Table
DECLARATION FOR NO DEDUCTION AT SOURCE

Sl. No.	Person	Provisions for tax deduction at source
A	B	C
1.	An individual being a resident.	a) Payment of accumulated balance due to an employee referred to in section 392(7); b) Insurance Commission referred to in section 393(1) [Table: Sl. No. 1(i)]; c) Rent referred to in section 393(1) [Table: Sl. No. 2(ii)]; d) Income in respect of units referred to in section 393(1) [Table: Sl. No. 4(i)]; e) Interest referred to in section 393(1) [Table: Sl. No. 5(i), (ii) and (iii)]; f) Payment in respect of life insurance policy referred to in section 393(1) [Table: Sl. No. 8(i)]. g) Dividend referred to in section 393(1) (Table: Sl. No. 7).
2.	Any person not being a company or a firm or an individual covered in Sl. No. (1).	Sl. No. (1).C(a) to (f).

Note.—The provisions of this sub-section shall not apply in case of a person referred to in column B of the Table, other than an

individual being a resident who is of the age of sixty years or more at any time during the tax year, if the aggregate of amounts of any income or sum of the nature referred to in provision mentioned in column C of this Table, is credited or paid or likely to be credited or paid during the relevant tax year in which such income or sum is to be included, exceeds the maximum amount not chargeable to tax.

(7) The person responsible for paying any income or sum of the nature referred in sub-section (6) shall deliver or cause to be delivered, one copy of the declaration referred therein, received from the person to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, on or before the seventh day of the month following the month in which the declaration is furnished to him.

(8) Irrespective of anything contained in sub-section (6), the deduction of tax shall not be made from the interest paid by an Offshore Banking Unit on borrowing from or deposit made on or after 1st April, 2005, by a non-resident or a person not ordinarily resident in India.

(9) Irrespective of anything contained in this Chapter, the deduction of tax shall not be made from any payment to a person for, or on behalf of, the New Pension System Trust referred to in Schedule VII (Table: Sl. No. 41).

(10) In a case other than that referred to in section 392(2)(a), where under an agreement or an arrangement, if the tax chargeable on any income of the recipient referred to in this Chapter is to be borne by the payer, then, for the purposes of deduction of tax, the income shall be increased to an amount which after deduction of tax as per provisions of this Chapter becomes equal to the net amount payable under such agreement or arrangement.

(11) The credit of any income or sum 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 or sum, shall be deemed to be the credit of such income or sum to the account of the payee and the provisions of this Chapter shall apply accordingly.

394. Collection of tax at source.

(1) Every person, as specified in column C of the Table below shall collect tax—

(a) on receipts specified in column B;

(b) at the rate as specified in column D; and

(c) at the time of debiting of the amount payable by the buyer or licensee or lessee to the account of the buyer or licensee or lessee or at the time of receipt of such amount from the said buyer or licensee or lessee in cash or by way of a cheque or a draft or any other mode, whichever is earlier.

Table
TAX COLLECTION AT SOURCE

Sl. No.	Nature of receipt	Person	Rate of Tax Collected at Source
A	B	C	D
1.	Sale of alcoholic liquor for human consumption	Seller.	1%
2.	Sale of tendu leaves.	Seller.	5%
3.	Sale of timber whether obtained under a forest lease or otherwise; or any other forest produce (not being timber or tendu leaves) obtained a forest lease.	Seller.	2%
4.	Sale of scrap	Seller.	1%
5.	Sale of minerals, being coal or lignite or iron ore.	Seller.	1%
6.	Sale consideration exceeding ten lakh rupees in case of— (a) motor vehicle; or (b) any other goods, as may be notified by the Central Government.	Seller.	1%
7.	Remittance under the Liberalised Remittance Scheme of an amount or aggregate to the amounts exceeding ten lakh rupees—	Authorised dealer.	(a) 5% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment.
8.	Sale of “overseas tour	Seller.	(a) 5% of

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|    |                                                                                                                                                                      |                     |                                                       |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------------------|
|    | programme package” including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure.                                    |                     | amount or aggregate of amounts up to ten lakh rupees; |
| 9. | Use of parking lot or roll plaza or mine or quarry for the purpose of business, excluding mining and quarrying of mineral oil (including petroleum and natural gas). | Licensor or Lessor. | 2%                                                    |

(2) Irrespective of anything contained in sub-section (1) (Table: Sl. Nos. 1 to 5), the collection of tax shall not be made in respect of receipts specified in sub-section (1) (Table: Sl. Nos. 1 to 5) in respect of the buyer, who is a resident in India, if he furnishes a written declaration in duplicate in such form and manner, as may be prescribed, to the person responsible for collecting tax, mentioning that such goods are to be utilised—

(a) for the purposes of manufacturing, processing or producing articles or things or for generating power; and

(b) not for trading purposes.

(3) Where no collection of tax is to be made under sub-section (2), the person responsible for collecting tax shall deliver or cause to be delivered, one copy of the declaration referred to in that sub-section, to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, on or before the seventh day of the month following the month of receipt of that declaration.

(4) The collection of tax shall not be made by the authorised dealer in respect of receipt specified in sub-section (1) (Table: Sl. No.7),—

(a) on such amount on which tax has been collected by the seller in respect of receipt referred to in sub-section (1) (Table: Sl. No.8);

(b) if the amount being remitted out is a loan obtained from any financial institution as defined in section 129(3)(b), for the purpose of pursuing any education.

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(5) The collection of tax shall not be made by the authorised dealer or seller, in respect of receipt specified in sub-section (1) (Table: Sl. Nos. 7 and 8), if the buyer is liable to deduct tax at source under any other provisions of this Act and he has deducted such tax.

(6) For the purposes of this sub-section, “forest produce” shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927.

**395. Certificates.**

(1) Where tax is required to be deducted on any income or sum under this Chapter, then subject to the rules made under this Act,—

(a) the payee may make an application before the Assessing Officer for deduction of income-tax at a lower rate or no deduction of income-tax, as the case may be; and

(b) the Assessing Officer on being satisfied that the total income of the payee justifies deduction of income-tax at a lower rate or no deduction of income-tax, as the case may be, shall issue to him a certificate as appropriate; and

(c) when a certificate is issued under clause (b), the person responsible for paying the income or sum shall deduct the tax at the rate specified in such certificate, or deduct no income-tax, as the case may be, till its validity.

(2)(a) The person responsible for paying to a non-resident any sum as mentioned in section 393(2) (Table: Sl. No. 17), may make an application to the Assessing Officer in such form and manner as may be prescribed, where he considers that the whole of such sum would not be chargeable in the case of the recipient;

(b) the application under clause (a) shall be for determination of the appropriate proportion of the sum chargeable to tax, by the Assessing Officer in the manner as may be prescribed; and

(c) when the determination is made by the Assessing Officer as per clause (b), the tax shall be deducted under section 393(2) (Table: Sl. No. 17) only on that proportion of sum which is chargeable to tax under the Act.

(3) Where tax is required to be collected on any amount under this Chapter, then subject to the rules made under this Act,—

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(a) the buyer or licensee or lessee may make an application before the Assessing Officer for collection of tax at a lower rate;

(b) the Assessing Officer on being satisfied that the total income of the buyer or licensee or lessee justifies collection of tax at a lower rate, shall issue to him a certificate as may be appropriate; and

(c) when a certificate is issued under clause (b), the person responsible for collecting tax shall collect it at the rates specified in such certificate till its validity.

(4)(a) Every person deducting or collecting tax shall issue a certificate to the deductee or collectee, as the case may be, specifying—

(i) the amount of tax that has been deducted or collected;

(ii) the rate at which tax has been deducted or collected; and

(iii) any other particulars, as may be prescribed, within such period as may be prescribed;

(b) an employer referred to in section 392(2)(a) shall issue a certificate to the employee, in respect of whose income payment of tax has been made by the employer, that the tax has been paid to the Central Government, and specify—

(i) the amount of tax so paid;

(ii) the rate at which tax has been paid; and

(iii) any other particulars, as may be prescribed, within such period, as may be prescribed.

(5) The Assessing Officer may cancel the certificate granted under sub-section (1) or (3) after giving reasonable opportunity to the applicant.

396. Tax deducted is income received.

The following sums shall be deemed as income received for the purposes of computing the income of an assessee—

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(a) sums deducted under this Chapter; and

(b) income-tax paid outside India by way of deduction in respect of which an assessee is allowed a credit against the tax payable under this Act, except tax paid under section 392(2)(a) and tax deducted as per section 393(3) (Table: Sl. No. 5).

**397. Compliance and reporting.**

(1)(a) Every person deducting or collecting tax shall apply for allotment of a tax deduction and collection account number to the Assessing Officer within such time as may be prescribed, if that person has not already been allotted such number;

(b) where a tax deduction and collection account number has been allotted to a person, such person shall quote such number in all challans, statements, certificates referred to in this Chapter, and in all documents pertaining to such transactions as may be prescribed in the interests of revenue;

(c) the provisions of clause (a) shall not apply—

(i) to a person who is required to deduct tax under provisions of section 393(1) [Table: Sl. No. 2(i), 3(i) and 6(ii)];

(ii) to a person referred to in section 393(4) [Table: Sl. No. 12.C(a)]; and

(iii) a person notified in this regard by the Central Government.

(2)(a) Irrespective of anything contained in any other provision of this Act, every person, entitled to receive any amount on which tax is deductible or, paying any amount on which tax is collectible, shall furnish his valid Permanent Account Number to the person responsible for deducting or collecting tax;

(b) in case of failure to comply with provisions of clause (a)—

(i) tax shall be deducted at the higher of the following rates:—

(A) at the rate specified in the relevant provision of this Act; or

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(B) at the rate or rates in force; or

(C) at the rate of 5% where tax is required to be deducted under section 393(1) [Table: Sl. No. 8(ii) or 8(v)]; or 20% in any other case;

(ii) tax shall be collected at the higher of the following rates, not exceeding 20%—

(A) at twice the rate specified in the relevant provision of this Act; or

(B) at the rate of 5%;

(c) the provisions of clause (b)(i) shall not apply to a non-resident, not being a company or a foreign company, in respect of—

(i) payment of interest on long-term bonds as specified in section 393(2) (Table: Sl. Nos. 2, 3 and 4); and

(ii) any other payment subject to such conditions, as may be prescribed;

(d) the provisions of clause (b)(ii) shall not apply to a non-resident who does not have permanent establishment in India (which includes a fixed place of business through which the business of the enterprise is wholly or partly carried on);

(e) in respect of rent specified in section 393(1) [Table: Sl. No. 2(i)], if the tax is required to be deducted as per clause (b)(i), then such deduction shall not exceed the amount of rent payable for the last month of the tax year or the last month of the tenancy, as the case may be;

(f) if a person does not furnish his valid Permanent Account Number in—

(i) any declaration under section 393(6) or 394(2), then such declaration becomes invalid;

(ii) any application made under provisions of section 395(1) or (3), then no certificate under such provisions shall be granted;

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(g) if any declaration becomes invalid under clause (f)(i), then the deductor or collector shall deduct or collect tax as per the provisions of clause (b)(i) or (ii) as the case may be;

(h) the deductee or collectee shall furnish his valid Permanent Account Number to the deductor or collector, as the case may be, and the same shall be indicated in all bills, vouchers, correspondence and other documents which are sent to each other.

(3)(a) Every person responsible for deduction or collection of tax or employer referred to in section 392(2)(a) shall pay the amount so deducted or collected or determined as per section 392(2)(b) to the credit of the Central Government, in such time as may be prescribed;

(b) every person responsible for deduction or collection of tax or employer referred to in section 392(2)(a), after paying the tax to the credit of the Central Government as per clause (a), shall deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority, a statement for such period, in such form, verified in such manner, giving such particulars, and within such time, as may be prescribed;

(c) every prescribed authority as per clause (b), shall deliver a statement in such form and manner as may be prescribed, to the buyer or licensor or lessee referred to in section 394(1) (Table: Sl. Nos. 1 to 4 or 9);

(d) every person responsible for paying to a non-resident, not being a company or a foreign company, any sum, whether or not chargeable under this Act, shall furnish the information relating to payment of such sum, in such form and manner as may be prescribed;

(e) in case of an office of the Government,—

(i) where the sum deducted under this Chapter or tax referred to in section 392(2)(a); or

(ii) where the sum collected under section 394(1) (Table: Sl. Nos. 1 to 5 or 9), 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, who is responsible for crediting such sum or

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tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed authority or the person authorised by such authority, a statement in such form, verified in such manner, giving such particulars and within such time, as may be prescribed;

(f) every person referred to in clause (b) or (e) may correct any discrepancy or update the information furnished, in the statement delivered under the said clauses, by delivering a correction statement in such form and verified in such manner as may be prescribed, to the prescribed authority under the said clauses, within two years from the end of the tax year in which such statement is required to be delivered under the said clauses or under section 200 of the Income-tax Act, 1961;

(g)(i) any banking company or co-operative society or public company referred to in note 1 to section 393(1) (Table: Sl. No. 5) responsible for paying to a resident any income by way of interest, not exceeding the threshold limit mentioned in section 393(1) [Table: Sl. No. 5(ii) and (iii)], shall deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority, a statement in such form, verified in such manner, giving such particulars and within such time, as may be prescribed;

(ii) the Board may require any person, other than the person mentioned in sub-clause (i), responsible for paying to a resident any income which is liable for deduction of tax at source under this Chapter to deliver or cause to be delivered to the income-tax authority or the authorised person under sub-clause (i), a statement in such form, verified in such manner, giving such particulars and within such time, as may be may be prescribed;

(iii) the person referred to in sub-clause (i) or sub-clause (ii) may deliver a correction statement to correct any discrepancy or update the information furnished, in the statement delivered under sub-clause (i) or sub-clause (ii) in such form and manner of verification, as may be prescribed to the income-tax authority referred to in sub-clause (i);

(h) any person responsible for collecting the tax who fails to collect the tax as per the provisions of section 394, shall, irrespective of such failure, be liable to pay the tax to the credit of the Central Government as per the provisions of clause (a).

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**398. Consequences of failure to deduct or pay or, collect or pay.**

(1) If a person, including the principal officer of a company,—

(a) who is required to deduct or collect any amount under this Act; or

(b) referred to in section 392(2)(a), being an employer, does not deduct or pay, or does not collect or pay, or after so deducting or collecting fails to pay, the whole or any part of the tax, as required by or under this Act, then such person shall be deemed to be an assessee in default in respect of such tax in addition to any other consequences which that person may incur under this Act.

(2) Irrespective of anything contained in sub-section (1), any person,—

(a) including the principal officer of a company, who fails to deduct; or

(b) responsible for collecting tax as per section 394(1) (Table: Sl. Nos. 1 to 5 and 9), who fails to collect,

the whole or any part of the tax, as required under this Chapter, on the amount paid or credited to the account of payee or, on the amount collected or debited to the account of the buyer or licensee or lessee, as the case may be, shall not be deemed to be an assessee in default in respect of such tax, if the payee or buyer or licensee or lessee has—

(i) furnished his return of income under section 263;

(ii) taken into account the amount for computing income in that return of income; and

(iii) paid the tax due on the income declared by him in such return of income, and the person furnishes a certificate to this effect from an accountant in the form as may be prescribed.

(3)(a) Without prejudice to sub-section (1), if any person, as referred to in that sub-section does not deduct or collect the whole or any part of the tax or after deducting or collecting fails to pay the tax as required under this Act, he shall be liable to pay simple interest—

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(i) at 1% for every month or part of a month on the amount of such tax from the date on which such tax was deductible or collectible to the date on which such tax is deducted or collected; and

(ii) at 1.5% for every month or part of a month on the amount of such tax from the date on which such tax was deducted or collected to the date on which such tax is actually paid;

(b) the interest referred to in clause (a) shall be paid before furnishing the statement as per the provisions of section 397(3)(b).

(c) if the person referred to in sub-section (1) is not deemed to be an assessee in default under sub-section (2), then the interest as per clause (a)(i) is payable from the date on which that tax was deductible or collectible to the date of furnishing of return of income by the concerned payee or buyer or licensee or lessee, as the case may be;

(d) when an order is made by the Assessing Officer for the default under sub-section (1), the interest shall be paid by the person as per such order.

(4) Where the tax has not been paid after it is deducted or collected, the amount of the tax together with the amount of simple interest on it as referred to in sub-section (3)(a) shall be a charge upon all the assets of the person referred to in sub-section (1).

(5) The order shall not be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct or collect the whole or any part of the tax from any person—

(a) after six years from the end of the tax year in which tax was deductible or collectible; or

(b) after two years from the end of the tax year in which the correction statement is delivered under section 397(3)(f), whichever is later.

(6) The provisions of sections 286(1) and 286(3) shall apply to the time limit specified in sub-section (5).

(7) No penalty shall be levied under section 412 on the person mentioned in sub-section (1), unless the Assessing Officer is

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satisfied that such person, without good and sufficient reasons, has failed to deduct or collect and pay such tax.

**399. Processing.**

(1) All statements of tax deducted at source or tax collected at source including a correction statement shall be processed in the following manner:—

(a) the amounts deductible or collectible under this Chapter shall be computed after making the following adjustments:—

(i) any arithmetical error in the statement; or

(ii) an incorrect claim apparent from any information in the statement;

(b) the interest, if any, shall be computed on the basis of the amounts deductible or collectible as reflected in the statement;

(c) the fee, if any, shall be computed as per the provisions of section 427;

(d)(i) the amount payable by; or

(ii) the amount of refund due to, the deductor or collector shall be determined after adjustment of the amount computed under clauses (b) and (c) against any amount paid under section 397(3) or 398 or 427 and any amount paid otherwise by way of tax or interest or fee;

(e) an intimation shall be prepared or generated and sent to the deductor or collector specifying the amount determined to be payable by, or the amount of refund due to, him under clause (d);

(f) the amount of refund due to a deductor or collector in pursuance of the determination under clause (d) shall be granted to the deductor or collector.

(2) The intimation under this section shall be sent within of one year from the end of the tax year in which the statement is filed.

(3) The Board may make a scheme for centralised processing of statements, as required under sub-section (1).

**400. Power of Central Government to relax provisions of this Chapter.**

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(1) The Central Government may, by notification provide that deduction or collection of tax shall not be made or is to be made at such lower rate, from such payment or receipt and in respect of such person or class of persons.

(2) The Board may issue guidelines with the previous approval of the Central Government, to remove any difficulty arising in giving effect to the provisions of this Chapter and these guidelines shall be laid before each House of Parliament.

(3) The Board may notify, a class of person, or cases, where 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, to make an application in such form and manner as may be prescribed, to the Assessing Officer, to determine the appropriate proportion of sum chargeable in the manner as may be prescribed, and accordingly tax shall be deducted under section 393(2) (Table: Sl. No. 17) on that proportion of the sum which is so chargeable.

(4) The Board may by notification, make rules specifying the cases in which, and the circumstances under which, an application may be made for grant of a certificate under section 395(1) and (3), and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.

#### **401. Bar against direct demand on assessee.**

Where tax is deductible at the source under this Chapter, the assessee shall not be called upon to pay the tax himself to the extent to which tax has been deducted from that income.

#### **402. Interpretation.**

For the purposes of this Chapter,—

(1) “Administrator” shall have the same meaning as assigned to it in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(2) “agricultural land” means agricultural land in India,—

(a) not being a land situated in any area referred to in section 2(22)(iii), for the purposes of section 393(1) [Table: Sl. No. 3(i)];

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(b) including a land situated in any area referred to in section 2(22)(iii), for the purposes of section 393(I) [Table: Sl. No. 3(iii)];

(3) “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—

(a) of an item, which is inconsistent with another entry of the same or some other item in such statement;

(b) in respect of rate of deduction of tax at source or rate of collection of tax at source, where such rate is not as per the provisions of the Act;

(4) “authorised dealer” means a person authorised by the Reserve Bank of India under section 10(I) of the Foreign Exchange Management Act, 1999 to deal in foreign exchange or foreign security;

(5) “banking company” means a banking company to which the Banking Regulation Act, 1949 applies;

(6) “buyer” for the purposes of provisions in column B of the Table below means any person as specified in column C but does not include any person as specified in column D:—

Table

Sl. No.	Provisions	Person	Person not to be included
A	B	C	D
1.	Purchase of goods referred to in section 393(1) [Table: Sl. No. 8(ii)].	A person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the tax year immediately preceding the tax year in which the purchase of goods is carried out.	Any person, as the Central Government may notify for this purpose, subject to conditions as may be specified therein.
2.	Sale of goods referred to in section 394(1)	A person who obtains in any sale, by way of auction,	(a) A public sector company; or

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|----|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | (Table: Sl. Nos. 1 to 5).                                                                        | tender or any other mode, goods of the nature specified in section 394(1) (Table: Sl. Nos. 1 to 5), or the right to receive any such goods. | (b) the Central or a State Government, and an embassy, a High Commission, legation, commission, consulate and the trade representation, of a foreign State; or<br>(c) a club; or<br>(d) a buyer in the retail sale of such goods purchased by him for personal consumption. |
| 3. | Sale of motor vehicle or any other goods referred to in section 394(1) (Table: Sl. No. 6).       | Any person who obtains in any sale, goods of the nature specified in section 394(1) (Table: Sl. No. 6).                                     | (a) A person as specified in Sl. No. 2D(b); or<br>(b) a local authority as defined as Schedule III (Table: Sl. No. 22); or<br>(c) a public sector company which is engaged in the business of carrying passengers.                                                          |
| 4. | Remittance under Liberalised remittance Scheme referred to in section 394(1) (Table: Sl. No. 7). | A person remitting amount under the Liberalised Remittance Scheme of Reserve Bank of India.                                                 | (a) A person as per Sl. No. 2.D(a) or Sl. No. 3.D(b);<br>(b) any other person as the Central Government may notify for this purpose                                                                                                                                         |

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			subject to such conditions as may be specified therein.
5.	Sale of overseas tour programme package referred to in section 394(1) (Table: Sl. No. 8).	A person who purchases overseas tour programme package.	A person as per Sl. No. 4.D.

(7) “commission or brokerage” includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person,—

(a) for services rendered (not being professional services);
or

(b) for any services in the course of buying or selling of goods; or

(c) in relation to any transaction relating to any asset, valuable article or thing, not being securities;

(8) “computer resource”, “internet” and “online game” shall have the meanings respectively assigned to them in section 194(2);

(9) “consideration for transfer of any immovable property” shall include all charges of the nature of,—

(a) club membership fee; or

(b) car parking fee; or

(c) electricity or water facility fee; or

(d) maintenance fee; or

(e) advance fee;

(f) or any other charges of similar nature, which are incidental to transfer of the immovable property;

(10) “contract” shall include sub-contract;

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(11) “designated person”, for the purposes of section 393(1) [Table: Sl. No. 6 (i)], means—

(a) the Central Government or any State Government; or

(b) any local authority; or

(c) any corporation established by or under a Central Act or State Act or Provincial Act; or

(d) any company; or

(e) any co-operative society; or

(f) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or

(g) any society registered under the Societies Registration Act, 1860 or under any law corresponding to that Act in force in any part of India; or

(h) any trust; or

(i) any University established or incorporated by or under a Central Act or State Act or Provincial Act and an institution declared to be a university under section 3 of the University Grants Commission Act, 1956; or

(j) any Government of a foreign State or a foreign enterprise or any association or body established outside India; or

(k) any firm; or

(l) any person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, if such person,—

(i) does not fall under any of the preceding sub-clauses; and

(ii) has total sales, gross receipts or turnover from business or profession carried on by him exceeding one crore rupees in case of business or fifty lakh rupees in case of profession during the tax year immediately preceding

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the tax year in which such sum is credited or paid to the account of the contractor;

(12) “electronic commerce” means the supply of goods or services, or both, including digital products, over digital or electronic network;

(13) “e-commerce operator” means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce;

(14) “e-commerce participant” means a person resident in India selling goods or providing services, or both, including digital products, through digital or electronic facility or platform for electronic commerce;

(15) “fees for technical services” shall have the meaning as assigned to it in section 9(7)(b);

(16) “foreign exchange asset” means any specified asset which the assessee has acquired or purchased with, or subscribed to in, convertible foreign exchange;

(17) “Foreign Institutional Investor” shall have the meaning as assigned to it in section 210(6)(a);

(18) “goods carriage” shall have the meaning as assigned to it in section 58(11)(d);

(19) “immovable property” means any land (other than agricultural land) or any building or part of a building;

(20) “investor” shall have the meaning assigned to it in section 221(6)(a), for the purposes of section 393(1) [Table: Sl. No. 4(iv)] and section 393(2) (Table: Sl. No. 9);

(21) “licensee or lessee” means any person, other than a public sector company, who has been granted a lease or a licence or entered into a contract or otherwise received any right or interest either in whole or in part in any parking lot or toll plaza or mine or quarry, from the licensor or lessor for the use of parking lot or toll plaza or mine or quarry for the purposes of business;

(22) “licensor or lessor” means any person who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest either in whole or in part in any parking lot or toll plaza or mine or quarry, to another person, other than a public

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sector company for the use of such parking lot or toll plaza or mine or quarry for the purposes of business;

(23) “non-resident Indian” shall have the meaning assigned to it in section 212(d);

(24) “Offshore Banking Unit” shall have the same meaning as assigned to it in section 2(u) of the Special Economic Zones Act, 2005;

(25) “online gaming intermediary” means an intermediary who offers one or more online games;

(26) “overseas tour programme package” means any tour package which offers visit to any country or territory outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto;

(27) “person responsible for paying” means—

(a) in the case of payments of income chargeable under the head “Salaries”, other than payments by the Central Government or the State Government—

(i) the employer himself; or

(ii) if the employer is a company, the company itself, including the principal officer thereof;

(b) in the case of payments of income chargeable under the head “Interest on securities”, other than payments made by or on behalf of the Central Government or State Government, local authority, corporation or company, including the principal officer thereof;

(c) in the case of any sum payable to a non-resident Indian, being any sum representing consideration for the transfer by him of any foreign exchange asset, which is not a short-term capital asset, the authorised person responsible—

(i) for remitting such sum to the non-resident Indian;
or

(ii) for crediting such sum to his Non-resident (External) Account maintained as per the provisions of the Foreign Exchange Management Act, 1999, and any rules made thereunder;

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(d) in the case of furnishing of information relating to payment to a non-resident, not being a company, or to a foreign company, of any sum, whether or not chargeable under the provisions of this Act—

(i) the payer himself; or

(ii) if the payer is a company, the company itself including the principal officer thereof;

(e) in the case of credit, or, as the case may be, payment of any other sum chargeable under the provisions of this Act—

(i) the payer himself; or

(ii) if the payer is a company, the company itself including the principal officer thereof;

(f) in the case of credit, or as the case may be, payment of any sum chargeable under the provisions of this Act made by or on behalf of the Central Government or the State Government—

(i) the drawing and disbursing officer; or

(ii) any other person, by whatever name called, responsible for crediting, or paying such sum;

(g) in the case of a person not resident in India—

(i) the person himself; or

(ii) any person authorised by such person; or

(iii) the agent of such person in India including any person treated as an agent under section 306;

(28) “professional services” means services rendered by a person in the course of carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising or such other profession as may be notified by the Board for the purposes of this section, or of section 62;

(29) “rent” means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any—

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(a) land; or

(b) building (including factory building); or

(c) land appurtenant to a building (including factory building); or

(d) machinery; or

(e) plant; or

(f) equipment; or

(g) furniture; or

(h) fittings,

whether or not any or all of the above are owned by the payee, and for the purposes of section 393(1) [Table: Sl. No. 2(i)], only the payment with reference to assets mentioned in sub-clauses (a), (b) and (c) shall be treated as rent;

(30) “royalty” shall have the meaning assigned to it in section 9(6)(b);

(31) “scrap” means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage, cutting up, wear and other reasons;

(32) “securities” shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;

(33) “seller” means—

(a) for the purposes of section 394(1) (Table: Sl. Nos. 1 to 6),—

(i) the Central Government; or

(ii) a State Government; or

(iii) any local authority or corporation or authority established by or under a Central Act or State Act or Provincial Act; or

(iv) any company or firm or co-operative society; or

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(v) an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the tax year immediately preceding the tax year in which the goods of the nature specified in such serial numbers are sold;

(b) for the purposes of section 394(1) (Table: Sl. No. 8), a person who sells overseas tour program package;

(34) “services” for the purposes of section 393(1) [Table: Sl. No. 8(v)], includes “fees for technical services” and fees for “professional services”, as defined in this section;

(35) “specified bank” means a banking company as the Central Government may, by notification, specify;

(36) “specified company” means for the purposes of sections 393(1) [Table: Sl. No. 4(i)] and 393(2) (Table: Sl. No. 10), a company as referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(37) “specified person” means—

(a) any person, not being an individual or Hindu undivided family; or

(b) an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the tax year immediately preceding the tax year in which such income or sum is credited or paid;

(38) “special purpose vehicle” shall have the meaning in Schedule V (Note 2);

(39) “specified senior citizen” means an individual, being a resident in India—

(a) who is of the age of seventy-five years or more at any time during the tax year;

(b) who is having pension income and no other income except the interest received or receivable from any account maintained by such individual in the same specified bank in which he is receiving his pension income; and

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(c) has furnished a declaration to the specified bank containing particulars, in such form and verified in such manner as may be prescribed;

(40) “specified undertaking” shall have the same meaning as assigned to it in section 2(i) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(41) “time deposits” means deposits (including recurring deposits) repayable on the expiry of fixed periods;

(42) “unit” for the purposes of section 393(1) [Table: Sl. No. 4(iii)] and section 393(2) (Table: Sl. No. 8) shall have the meaning assigned to it in section 224(10)(c);

(43) “Unit Trust of India” means the Unit Trust of India as referred to in the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(44) “University”, referred in section 392(4), means a University established or incorporated by or under a Central, State or Provincial Act, and includes an institution declared under section 3 of the University Grants Commission Act, 1956, to be a University for the purposes of that Act;

(45) “user” means any person who accesses or avails any computer resource of an online gaming intermediary;

(46) “user account” means account of a user registered with an online gaming intermediary;

(47) “work” shall include—

(a) advertising;

(b) broadcasting and telecasting including production of programmes for such broadcasting or telecasting;

(c) carriage of goods or passengers by any mode of transport other than by railways;

(d) catering;

(e) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from—

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(i) such customer; or

(ii) its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee under the provisions contained in section 36(3), but does not include—

(A) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer; or

(B) any sum referred to in section 393(1) [Table: Sl. No. 6(iii)].

### **403. Liability for payment of advance tax.**

(1) Advance tax shall be payable during any Financial year in respect of the current income of the assessee, as per the provisions of this Part.

(2) For the purposes of this Part, “current income” of a tax year means the total income of the assessee which would be chargeable to tax for such tax year.

(3) The provisions of sub-section (1) shall not apply to an individual resident in India, who—

(a) does not have any income chargeable under the head “Profits and gains of business or profession”; and

(b) is of the age of sixty years or more at any time during the tax year.

### **404. Conditions of liability to pay advance tax.**

Advance tax shall be payable by the assessee during a Financial year, where the amount of such tax payable during that year, as computed under this Part, is ₹10000 or more.

### **405. Computation of advance tax.**

(1) The amount of advance tax payable by an assessee under section 404, on his own accord under section 406, or in pursuance of an order of an Assessing Officer under section 407,

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in the Financial year shall, subject to the provisions of sub-section (2), be computed as under—

$$A = B - C$$

where,—

A = the amount of advance tax payable in a Financial year;

B = income-tax on the specified sum calculated at the rates in force in the Financial year, where “specified sum” shall have the meaning assigned to it in section 406 or 407;

C = amount of income-tax which would be deductible or collectible at source during the said Financial year under any provision of this Act from any income subject to the following:—

(a) such income is computed before allowing any deduction admissible under this Act and has been taken into account in computing the specified sum; and

(b) (i) the person responsible for deducting tax has paid or credited such income after deduction of tax; or

(ii) the person responsible for collecting tax has received or debited such income after collection of tax.

(2) In the case of any class of assessee, where the Finance Act of the relevant year provides that, net agricultural income shall be taken into account for the purposes of computing advance tax, then,—

(a) for the purposes of order as mentioned in section 407(1) and (4), the net agricultural income shall be the amount that has been taken into account for the purposes of charging income-tax on the specified sum as mentioned in sub-sections (3) and (6) of the said section; or

(b) in any other situation, the net agricultural income as estimated by the assessee for the tax year.

406. Payment of advance tax by assessee on his own accord.

(1) Every person, who is liable to pay advance tax under section 404 (whether or not he has been previously assessed by way of regular assessment) shall, on his own accord, pay advance tax on the specified sum, calculated in the manner laid down in section

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405, at the appropriate percentage, on or before the due date of each instalment, as specified in section 408.

(2) A person who pays any instalment or instalments of advance tax under sub-section (1), may increase or reduce the amount of advance tax tax payable in the remaining instalment or instalments to accord with specified sum and the advance tax payable thereon, and make payment of the said tax in the remaining instalment or instalments accordingly.

(3) For the purposes of this section, the expression “specified sum” means current income as estimated by the assessee.

407. Payment of advance tax by assessee in pursuance of order of Assessing Officer.

(1) Where a person has already been assessed for the total income of any tax year by way of regular assessment and the Assessing Officer is of the opinion that such person is liable to pay advance tax, he may require such person to pay advance tax on the specified sum, calculated in the manner laid down in section 405, by an order in writing, specifying the instalment or instalments in which such tax is to be paid, on or before the due date of each instalment specified in section 408.

(2) The order referred to in sub-section (1) may be passed at any time during the Financial year but not later than the last day of February of such Financial year and it shall be followed by issuance of notice of demand under section 289.

(3) In sub-section (1), “specified sum” means a sum, being higher of,—

(a) the total income of the latest tax year in respect of which the assessee has been assessed by way of regular assessment; or

(b) total income returned by the assessee in any return of income furnished by him for any subsequent tax year.

(4) If after making of an order by the Assessing Officer under sub-section (1),—

(a) a return of income is furnished by the assessee, under section 263 or in response to a notice under section 268; or

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(b) a regular assessment of the income is made in respect of a tax year, later than the assessment referred to in sub-section (1), the Assessing Officer may amend the order referred to in sub-section (1), and may require such assessee to pay advance tax on the specified sum, calculated in the manner laid down in section 405, on or before the due date of each instalment specified in section 408.

(5) The order referred to in sub-section (4) may be passed at any time before the 1st March of that tax year and it shall be followed by issuance of a demand notice under section 289.

(6) In sub-section (4), “specified sum” means the total income declared in the return of income or computed in regular assessment mentioned in sub-section (4)(a) and (b), respectively.

(7) If the notice of demand issued under section 289, as referred in sub-sections (2) and (5), is served after any of the due dates specified in section 408, the appropriate part or, the whole of the amount of the advance tax specified in such notice, shall be payable on or before each of the due date falling after the date of service of the notice of demand.

(8) Where a person, who is served with an order referred to in sub-section (1) or (4), estimates the advance tax payable on his current income to be lower than the amount of advance tax specified in the said order, then, he may send an intimation in the prescribed form to the Assessing Officer to that effect, and pay such advance tax on the current income, calculated in the manner laid down in section 405 as accords with his estimate, at an appropriate percentage thereof on or before the due date of each instalment specified in section 408 falling after the date of such intimation.

(9) Where a person, who is served with an order referred to in sub-section (1) or (4), estimates that advance tax payable on his current income would exceed the amount of advance tax specified in such order or intimated by him under sub-section (8), he shall pay such advance tax on the current income, calculated in the manner laid down in section 405 at the appropriate part or whole of such higher amount of advance tax as accords with his estimate, on or before the due date of the last instalment specified in section 408.

408. Instalments of advance tax and due dates.

(1) All the assesseees who are liable to pay advance tax, other than the assessee referred to in sub-section (2), shall pay the same on

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the current income calculated in the manner laid down in section 405 in four instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in the Table below.

Table

| Sl. No. | Due date of instalment           | Amount payable                                                                                                                     |
|---------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| A       | B                                | C                                                                                                                                  |
| 1.      | On or before the 15th June.      | Not less than 15% of such advance tax.                                                                                             |
| 2.      | On or before the 15th September. | Not less than 45% of such advance tax, as reduced by the amount, if any, paid in the earlier instalment.                           |
| 3.      | On or before the 15th December.  | Not less than 75% of such advance tax, as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments. |
| 4.      | On or before the 15th March.     | The whole amount of such advance tax, as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.  |

(2) An assessee, who declares profits and gains as per the provisions of section 58(2) (Table: Sl. No. 1 or 3), shall pay the whole amount of advance tax on the current income, calculated in the manner laid down in section 405 during each financial year, on or before the 15th March.

(3) Any amount paid by way of advance tax on or before the 31st March, shall be treated as advance tax paid during the financial year ending on that day for all the purposes of this Act.

**409. When assessee is deemed to be in default.**

A person shall be deemed to be an assessee in default, if such person—

(a) does not pay on the date specified in section 408, any instalment of the advance tax that he is required to pay by an order of the Assessing Officer under section 407(1) and (4); or

(b) does not send to the Assessing Officer an intimation under section 407(8) on or before the date on which any such instalment as is not paid becomes due; or

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(c) does not pay on the basis of his estimate of his current income, the advance tax payable by him under section 407(9), in respect of such instalment or instalments.

410. Credit for advance tax.

Any sum, other than a penalty or interest, paid by or recovered from an assessee as advance tax in pursuance of this Part shall be treated as a payment of tax in respect of the income of the tax year in which it was payable, and credit there for shall be given to such assessee in the regular assessment.

411. When tax payable and when assessee deemed in default.

(1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 289 at the place and to the person mentioned in the notice shall be paid within—

(a) thirty days of the service of the notice; or

(b) such period being a period less than thirty days, as specified in the notice with the previous approval of the Joint Commissioner, where the Assessing Officer has any reason to believe that it shall be detrimental to revenue if the full period of thirty days is allowed.

(2) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then—

(a) such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings; and

(b) any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964.

(3) If the amount specified in any notice of demand under section 289 is not paid within the period limited under sub-section (1),—

(a) the assessee shall be liable to pay simple interest at 1% for every month or part of a month comprised in the period; and

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(b) such period shall commence from the day immediately following the end of the period mentioned in sub-section (1) and end with the day on which the amount is paid.

(4) No interest shall be charged under sub-section (3) on any amount for any period, where interest is charged on the same amount for the same period under section 398(3) on the amount of tax specified in the intimation issued under section 399.

(5) Nothing contained in sub-section (3) shall prevent the Assessing Officer, where an application is made by the assessee before the expiry of the due date under sub-section (1), to extend the time for payment or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.

(6) Where as a result of an order under section 287 or 288 or 359 or 363 or 365(10) or 368 or 378 or an order of the Settlement Commission under section 245D(4) of the Income-tax Act, 1961,—

(a) the amount on which interest was payable under sub-section (3) had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded; and

(b) if subsequent to such reduction, as a result of an order under said sections or section 377, the amount on which interest was payable is increased, the assessee shall be liable to pay interest under sub-section (3),—

(i) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1); and

(ii) ending with the day on which the amount is paid.

(7) Irrespective of the provisions contained in sub-section (3), the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may, on an application by the assessee, reduce or waive the amount of interest paid or payable by an assessee under sub-section (3) if he is satisfied that—

(a) payment of such amount has caused or would cause genuine hardship to the assessee;

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(b) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the assessee; and

(c) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.

(8) The order under sub-section (7) accepting or rejecting the application of the assessee, either in full or in part, shall be passed within twelve months from the end of the month in which the application is received.

(9) No order under sub-section (7) rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard.

(10) If the amount is not paid within the specified time under sub-section (1) or extended under sub-section (5), at the place and to the person mentioned in the said notice, the assessee shall be deemed to be in default.

(11) If, in a case where payment by instalments is allowed under sub-section (5), the assessee commits defaults in paying any one of the instalments within the time fixed under that sub-section,—

(a) the assessee shall be deemed to be in default as to the whole of the amount then outstanding; and

(b) the other instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.

(12) Where an assessee has presented an appeal under section 356 or 357, the Assessing Officer may, in his discretion and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, till the time such appeal remains undisposed of.

(13) Where an assessee has been assessed in respect of income arising outside India in a country, the laws of which prohibit or restrict the remittance of money to India, the Assessing Officer shall—

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(a) not treat the assessee as in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India; and

(b) continue to treat the assessee as not in default in respect of such part of the tax until the prohibition or restriction is removed.

(14) For the purposes of sub-section (13), income shall be deemed to have been brought into India, if—

(a) it has been utilised or could have been utilised for the purposes of any expenditure actually incurred by the assessee outside India; or

(b) the income, whether capitalised or not, has been brought into India in any form.

412. Penalty payable when tax in default.

(1) When an assessee is in default or is deemed to be in default in making a payment of tax, he shall, in addition to the amount of the arrears and the amount of interest payable under section 411(3), be liable, by way of penalty, to pay—

(a) such amount as the Assessing Officer may direct; and

(b) in the case of a continuing default, such further amount or amounts as the Assessing Officer may, from time to time, direct.

(2) The total amount of penalty under sub-section (1) shall not exceed the amount of tax in arrears.

(3) No penalty under sub-section (1) shall be levied—

(a) unless the assessee has been given a reasonable opportunity of being heard;

(b) where the assessee proves to the satisfaction of the Assessing Officer that the default was for good and sufficient reasons.

(4) The assessee shall not cease to be liable to any penalty under sub-section (1) merely by reason of the fact that before the levy of such penalty he has paid the tax.

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(5) Where as a result of any final order the amount of tax, with respect to the default in the payment of which the penalty was levied, has been wholly reduced, the penalty levied shall be cancelled and the amount of penalty paid shall be refunded.

413. Certificate by Tax Recovery Officer and Validity thereof.

(1) When an assessee is in default or is deemed to be in default in making a payment of tax, the Tax Recovery Officer may draw up under his signature a statement in such form as may be prescribed specifying the amount of arrears due from the assessee (such statement being herein and in sections 414 to 416 referred to as certificate) and shall proceed to recover from such assessee the amount specified in the certificate by one or more of the modes mentioned below, as per the rules prescribed in this regard,—

(a) attachment and sale of movable property of the assessee;

(b) attachment and sale of immovable property of the assessee;

(c) arrest of the assessee and his detention in prison;

(d) appointing a receiver for the management of movable and immovable properties of the assessee.

(2) The Tax Recovery Officer may take action under sub-section (1), whether or not proceedings for recovery of the arrears by any other mode have been taken.

(3) The assessee shall not be entitled to dispute the correctness of any certificate drawn up by the Tax Recovery Officer on any ground.

(4) The Tax Recovery Officer may cancel the certificate if, for any reason, he considers it necessary so to do, or may correct any clerical or arithmetical mistake therein.

(5) For the purposes of this section, the movable or immovable property of the assessee shall include any property—

(a) which has been transferred, directly or indirectly on or after the 1st June, 1973, by the assessee to his spouse or minor

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child or son's wife or son's minor child, otherwise than for adequate consideration, and which is held by, or stands in the name of, any of the said persons; and

(b) so far as the movable or immovable property so transferred to his minor child or his son's minor child is concerned, it shall, even after the date of attainment of majority by such minor child or son's minor child, as the case may be, continue to be included in the movable or immovable property of the assessee for recovering any arrears due from the assessee in respect of any period prior to such date.

414. Tax Recovery Officer by whom recovery is to be effected.

(1) For the purposes of section 413, the Tax Recovery Officer shall be—

(a) the Tax Recovery Officer within whose jurisdiction the assessee carries on his business or profession or has the principal place of his business or profession; or

(b) the Tax Recovery Officer within whose jurisdiction the assessee resides or any of his movable or immovable property is situated, the jurisdiction for this purpose being the jurisdiction assigned to the Tax Recovery Officer under the orders or directions issued by the Board, or by any income-tax authority not below the rank of Commissioner who is authorised in this behalf by the Board in pursuance of section 241.

(2) Where an assessee has property within the jurisdiction of more than one Tax Recovery Officer and the Tax Recovery Officer by whom the certificate is drawn up—

(a) is not able to recover the entire amount by sale of the property, movable or immovable, within his jurisdiction; or

(b) is of the opinion that, for the purpose of expediting or securing the recovery of the whole or any part of the amount under this Part, it is necessary so to do, he may send—

(i) the certificate; or

(ii) a copy of the certificate certified in the manner as may be prescribed and specifying the amount to be recovered, where only a part of the amount is to be recovered, to a Tax Recovery Officer referred to in sub-

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section (1)(b) and, thereupon, such officer shall also proceed to recover the amount under this Part as if the certificate or copy thereof had been drawn up by him.

**415. Stay of proceedings in pursuance of certificate and amendment or cancellation thereof.**

(1) The Tax Recovery Officer may grant time for the payment of any tax and, till the expiry of such time, shall stay the recovery proceedings for such tax.

(2) Where a certificate has been drawn up and subsequently, the amount of the outstanding demand is reduced as a result of the order giving rise to the said demand, being modified in an appeal or other proceeding under this Act, the Tax Recovery Officer shall—

(a) if the order is the subject-matter of further proceeding under this Act, stay the recovery of such part of the amount specified in the certificate as pertains to the said reduction for the period for which the appeal or other proceeding remains pending; or

(b) if the order which was the subject-matter of such appeal or other proceeding has become final and conclusive, amend the certificate, or cancel it.

**416. Other modes of recovery.**

(1) Where no certificate has been drawn up under section 413, the Assessing Officer may recover the tax by any one or more of the modes provided in this section.

(2) Where a certificate has been drawn up under section 413, the Tax Recovery Officer may, without prejudice to the modes of recovery specified in that section, recover the tax by any one or more of the modes provided in this section.

(3) If any assessee is in receipt of any income chargeable under the head “Salaries”, the Assessing Officer or Tax Recovery Officer may require any person paying the same to deduct from any payment subsequent to the date of such requisition any arrears of tax due from such assessee and such person shall comply with the said requisition and shall pay the sum so deducted to the credit of the Central Government or as the Board directs.

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(4) Nothing contained in sub-section (3) shall apply to any part of the salary exempted from attachment in execution of a decree of a civil court under section 60 of the Code of Civil Procedure, 1908.

(5)(a) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, by notice in writing require any person—

(i) from whom money is due or may become due to the assessee; or

(ii) who holds or may subsequently hold money for or on account of the assessee, to pay to the Assessing Officer or Tax Recovery Officer—

(I) either forthwith upon the money becoming due or being held; or

(II) at or within the time specified in the notice (not being before the money becomes due or is held), so much of the money as is sufficient to pay the amount due by the assessee in respect of arrears or the whole of the money when it is equal to or less than that amount.

(b) A notice under this sub-section may be issued to any person who holds or may subsequently hold any money for or on account of the assessee jointly with any other person.

(c) For the purposes of this sub-section, the shares of the joint holders in the account, as referred in clause (b), shall be presumed, until the contrary is proved, to be equal.

(d) A copy of the notice under this sub-section shall be forwarded to—

(i) the assessee; and

(ii) in the case of a joint account to all the joint holders, at his or their last addresses known to the Assessing Officer or Tax Recovery Officer.

(e) Save as otherwise provided in this sub-section, every person to whom a notice is issued under that sub-section shall be bound to comply with such notice, and, in particular, where any such notice is issued to a post office, banking company or an

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insurer, it shall not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made, irrespective of any rule, practice or requirement to the contrary.

(f) Any claim respecting any property in relation to which a notice under this sub-section has been issued arising after the date of the notice shall be void as against any demand contained in the notice.

(g) Where a person, to whom a notice under this sub-section is issued, objects to it by a statement on oath that—

(a) the sum demanded or any part thereof is not due to the assessee; or

(b) he does not hold any money for or on account of the assessee, then nothing contained in that sub-section shall be deemed to require such person to pay any such sum or part thereof.

(h) Where it is discovered that the statement given by a person under clause (g) was false in any material particular, such person shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee's liability for any sum due under this Act, whichever is less.

(i) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, amend or revoke any notice issued under this sub-section or extend the time for making any payment in pursuance of a notice issued under the said sub-section.

(j) The Assessing Officer or Tax Recovery Officer shall grant a receipt for any amount paid in compliance with a notice issued under this sub-section, and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid.

(k) Any person discharging any liability to the assessee after receipt of a notice under this sub-section shall be personally liable to the Assessing Officer or the Tax Recovery Officer—

(i) to the extent of his own liability to the assessee so discharged; or

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(ii) to the extent of the assessee's liability for any sum due under this Act, whichever is less.

(l) If the person to whom a notice under this sub-section is issued fails to make payment in pursuance thereof to the Assessing Officer or Tax Recovery Officer,—

(i) he shall be deemed to be an assessee in default in respect of the amount specified in the notice and further proceedings may be taken against him for the realisation of the amount as if it were an arrear of tax due from him, in the manner provided in sections 413 to 415; and

(ii) the notice shall have the same effect as an attachment of a debt by the Tax Recovery Officer in exercise of his powers under section 413.

(6) The Assessing Officer or Tax Recovery Officer may apply to the court in whose custody there is money belonging to the assessee—

(a) for payment to him of the entire amount of such money; or

(b) if it is more than the tax due, an amount sufficient to discharge the tax.

(7) The Assessing Officer or Tax Recovery Officer may, if so authorised by an income-tax authority not below the rank of Commissioner by general or special order, recover any arrears of tax due from an assessee by distraint and sale of his movable property in the manner as may be prescribed.

### **417. Recovery through State Government.**

If the recovery of tax in any area has been entrusted to a State Government under article 258(1) of the Constitution, the State Government may direct, with respect to that area or any part thereof that tax shall be recovered therein with, and as an addition to, any municipal tax or local rate, by the same person and in the same manner as the municipal tax or local rate is recovered.

### **418. Recovery of tax in pursuance of agreements with foreign countries.**

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(1) Where an agreement is entered into by the Central Government with the Government of any country outside India for recovery of income-tax under this Act and the corresponding law in force in that country and the Government of that country or any authority under that Government which is specified in this behalf in such agreement sends to the Board a certificate for the recovery of any tax due under such corresponding law from—

(a) a resident; or

(b) a person having any property in India, the Board may forward such certificate to any Tax Recovery Officer having jurisdiction over the resident, or within whose jurisdiction such property is situated and thereupon such Tax Recovery Officer shall—

(i) proceed to recover the amount specified in the certificate in the manner in which he would proceed to recover the amount specified in a certificate drawn up by him under section 413; and

(ii) remit any sum so recovered by him to the Board after deducting his expenses in connection with the recovery proceedings.

(2) Where an assessee who is in default or is deemed to be in default in making a payment of tax,—

(a) is a resident of a country being a country with which the Central Government has entered into an agreement for the recovery of income-tax under this Act and the corresponding law in force in that country; or

(b) has any property in the country referred to in clause (a), then, Tax Recovery Officer may forward to the Board a certificate drawn up by him under section 413 and the Board may take such action thereon as it may deem appropriate having regard to the terms of the agreement with such country.

**419. Recovery of penalties, fine, interest and other sums.**

Any sum imposed by way of interest, fine, penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Part for the recovery of arrears of tax.

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420. Tax clearance certificate.

(1) Subject to such exceptions as the Central Government may, by notification, specify in this behalf, no person,—

(a) who is not domiciled in India;

(b) who has come to India in connection with business, profession or employment; and

(c) who has income derived from any source in India, shall leave the territory of India by land, sea or air unless he furnishes to such authority as may be prescribed—

(i) an undertaking in the prescribed form from his employer; or

(ii) through whom such person is in receipt of the income,

to the effect that tax payable by such person who is not domiciled in India shall be paid by the employer referred to in clause (i) or the person referred to in clause (ii), and the prescribed authority shall, on receipt of the undertaking, immediately give to such person a no objection certificate, for leaving India.

(2) Nothing contained in sub-section (1) shall apply to a person who is not domiciled in India but visits India as a foreign tourist or for any other purpose not connected with business, profession or employment.

(3) Subject to such exceptions as the Central Government may, by notification, specify in this behalf, every person, who is domiciled in India at the time of his departure from India, shall furnish—

(a) the Permanent Account Number allotted to him under section 262;

(b) the purpose of his visit outside India; and

(c) the estimated period of his stay outside India, to the income-tax authority or such other authority in such form, as may be prescribed

(4) Where no such Permanent Account Number has been allotted to any person referred to in sub-section (3), or his total income is not chargeable to income-tax, or he is not required to obtain a

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Permanent Account Number under this Act, such person shall furnish a certificate in such form, as may be prescribed.

(5) No person—

(a) who is domiciled in India at the time of his departure; and

(b) in respect of whom circumstances exist which, in the opinion of an income-tax authority render it necessary for such person to obtain a certificate under this section, shall leave the territory of India by land, sea or air unless he obtains a certificate from the income-tax authority stating that he has no liability under this Act or the Wealth-tax Act, 1957 or the Gift-tax Act, 1958 or the Income-tax Act, 1961 or the Expenditure-tax Act, 1987 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, or that satisfactory arrangements have been made for the payment of all or any of such taxes which are or may become payable by that person.

(6) No income-tax authority shall make it necessary for any person who is domiciled in India to obtain a certificate under this section unless—

(a) he records the reasons therefor; and

(b) obtains the prior approval of Principal Chief Commissioner or Chief Commissioner.

(7) If the owner or charterer of any ship or aircraft carrying persons from any place in the territory of India to any place outside India allows any person to whom sub-section (1) or (5) applies to travel by such ship or aircraft without first satisfying himself that such person is in possession of a certificate as required by that sub-section, he shall be personally liable to pay the whole or any part of the amount of tax, if any, payable by such person as the Assessing Officer may, having regard to the circumstances of the case, determine.

(8) In respect of any sum payable by the owner or charterer of any ship or aircraft under sub-section (7),—

(a) the owner or charterer, shall be deemed to be an assessee in default for such sum; and

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(b) such sum shall be recoverable from him in the manner provided in this Part as if it were an arrear of tax.

(9) The Board may make rules for regulating any matter necessary for, or incidental to, the purpose of carrying out the provisions of this section.

(10) For the purposes of this section, the expressions “owner” and “charterer” include any representative, agent or employee empowered by the owner or charterer to allow persons to travel by the ship or aircraft.

**421. Recovery by suit or under other law not affected.**

The several modes of recovery specified in this Part shall not affect in any way:—

(a) any other law for the time being in force relating to the recovery of debts due to Government; or

(b) the right of the Government to institute a suit for the recovery of the arrears due from the assessee, and it shall be lawful for the Assessing Officer or the Government, as the case may be, to have recourse to any such law or suit, irrespective of the fact that the tax due is being recovered from the assessee by any mode specified in this Part of the Chapter.

**422. Recovery of tax arrear in respect of non-resident from his assets.**

Irrespective of anything contained in section 304(1) or (5), where the person entitled to the income referred to in section 9(2) is a non-resident, the tax chargeable thereon, whether in his name or in the name of his agent who is liable as a representative assessee—

(a) may be recovered by deduction under the provisions of Chapter XIX-B; and

(b) any arrears of tax may also be recovered as per the provisions of this Act from any assets of the non-resident which are, or may at any time come, within India.

**423. Interest for defaults in furnishing return of income.**

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(1) Where the return of income for any tax year is furnished after the due date or is not furnished, the assessee shall be liable to pay simple interest as per the following formula:—

$$I = 1\% \times A \times T$$

where,—

I = the interest payable;

A = the amount of tax on which interest is payable, as specified in sub-section (2);

T = number of months comprised in the period commencing on the date immediately following the starting date and ending on the end date, both specified in sub-section (2).

(2) For sub-section (1), in respect of the circumstances specified in column B of the Table below, the starting date shall be the date specified in column C, the ending date shall be the date as specified in column D and the amount of tax on which interest is payable is specified in column E.

Table

Sl. No	Circumstances	Starting date	Ending date	The amount of tax on which interest is payable
A	B	C	D	E
1.	Where the return is furnished under section 263(1), (4) or (6) or in response to a notice under section 268(1) after the due date.	Due date for furnishing the return of income under section 263(1).	Date of furnishing of the return.	a) Where a regular assessment is not made, tax on the total income as determined under section 270(1) as



				<p>reduced by tax paid;</p> <p>b) Where a regular assessment is made, tax on the total income determined under regular assessment as reduced by tax paid.</p>
2.	Where no return has been furnished under section 263(1), (4) or (6) or in response to a notice under section 268(1).	Due date for furnishing the return of income under section 263(1).	Date of completion of the assessment under section 271.	Tax on the total income determined under regular assessment as reduced by tax paid.
3.	a) Where return of income is required by a notice under section 280 issued after the determination of income under section 270(1) or	The last date of time allowed under such notice.	Date of furnishing the return.	Amount by which the tax on the total income determined on the basis of such reassessment or recomputation exceeds the tax on the total income determined under section 270(1) or on the basis of the earlier

	<p>after the completion of an assessment under section 270(10) or 271 or 279; and</p> <p>b) Such return is furnished after the expiry of the time allowed under such notice.</p>			<p>assessment under section 270(1) or 271 or 279.</p>
4.	<p>a) Where return of income is required by a notice under section 280 issued after the determination of income under section 270(1) or after the completion of an assessment under section 270(10) or 271 or 279; and</p>	<p>The last date of time allowed under such notice.</p>	<p>Date of completion of the reassessment or recomputation under section 279.</p>	<p>Amount by which the tax on the total income determined on the basis of such reassessment or recomputation exceeds the tax on the total income determined under section 270(1) or on the basis of the earlier assessment under section 270(1) or 271 or 279.</p>

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|--|----------------------------------|--|--|--|
|  | b) Not<br>return is<br>furnished |  |  |  |
|--|----------------------------------|--|--|--|

(3) Where as a result of an order under section 287 or 288 or 359 or 363 or 365(10) or 368 or 377 or 378, the amount of tax on which interest was payable under sub-sections (1) and (2) has been increased or reduced, the interest shall be increased or reduced accordingly, and in a case—

(a) where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in such form as may be prescribed specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 289 and the provisions of this Act shall apply accordingly;

(b) where the interest is reduced, the excess interest paid, if any, shall be refunded.

(4) For the purposes of this section,—

(a) tax on total income as determined under section 270(1) shall not include the additional income-tax, if any, payable under section 267;

(b) tax on the total income determined under regular assessment shall not include the additional income-tax payable under section 267;

(c) interest payable under sub-section (1) shall be reduced by the interest, if any, paid under section 266 towards the interest chargeable;

(d) “tax paid” means—

(i) advance tax, if any, paid;

(ii) any tax deducted or collected at source;

(iii) any relief of tax allowed under section 157;

(iv) any relief of tax allowed under section 159(1) on account of tax paid in a country outside India;

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(v) any relief of tax allowed under section 159(2) on account of tax paid in a specified territory outside India referred to in that section;

(vi) any deduction, from the Indian income-tax payable, allowed under section 160, on account of tax paid in a country outside India; and

(vii) any tax credit allowed to be set off as per sections 206(1)(m) to (p) and 206(2)(e) to (h).

(5) Where for any tax year, an assessment is made for the first time under section 279, the assessment so made shall be regarded as a regular assessment for the purposes of this section.

**424. Interest for defaults in payment of advance tax.**

(1) Subject to the other provisions of this section, where, in any tax year, an assessee who is liable to pay advance tax under section 404,—

(a) has failed to pay such tax; or

(b) the advance tax paid by such assessee under the provisions of section 406 or 407 is less than 90% of the assessed tax,

the assessee shall be liable to pay simple interest at the rate of 1% for every month or part of a month, for the period, beginning from the 1st April following such tax year—

(i) upto the date of determination of total income under section 270(1); and

(ii) upto the date of completion of regular assessment, where a regular assessment is made,

on an amount equal to the assessed tax in case where clause (a) is applicable or, on the amount by which the advance tax paid as aforesaid falls short of the assessed tax in case where clause (b) is applicable.

(2) In sub-section (1), “assessed tax” means the tax on the total income determined under section 270(1) and where a regular assessment is made, the tax on the total income determined under such regular assessment as reduced by the amount of,—

(a) any tax deducted or collected at source as per Chapter XIX-B on any income which is subject to such deduction or

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collection and which is taken into account in computing such total income;

(b) any relief of tax allowed under section 157;

(c) any relief of tax allowed under section 159(1) on account of tax paid in a country outside India;

(d) any relief of tax allowed under section 159(2) on account of tax paid in a specified territory outside India referred to in that section;

(e) any deduction, from the Indian income-tax payable, allowed under section 160, on account of tax paid in a country outside India; and

(f) any tax credit allowed to be set off as per sections 206(1)(m) to (p) and 206(2)(e) to (h).

(3) For the purposes of this section,—

(a) where in relation to a tax year, an assessment is made for the first time under section 279, the assessment so made shall be regarded as a regular assessment;

(b) tax on total income as determined under section 270(1) shall not include the additional income-tax, if any, payable under section 267;

(c) tax on the total income determined under such regular assessment shall not include the additional income-tax payable under section 267.

(4) Where, before the date of determination of total income under section 270(1) or completion of a regular assessment, tax is paid by the assessee under section 266 or otherwise,—

(a) interest shall be calculated as per the foregoing provisions of this section up to the date on which the tax is so paid, and reduced by the interest, if any, paid under section 266 towards the interest chargeable under this section;

(b) thereafter, interest shall be calculated at the rate aforesaid on the amount by which the tax so paid together with the advance tax paid falls short of the assessed tax.

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(5) Where as a result of an order of reassessment or recomputation under section 279, the amount on which interest was payable in respect of shortfall in payment of advance tax for any tax year under sub-section (1) is increased, the assessee shall be liable to pay simple interest at the rate of 1% for every month or part of a month comprised in the period commencing on the 1st April immediately following such tax year and ending on the date of the reassessment or recomputation on such amount determined as per formula below:—

$$A = B - C$$

where

A = the increased amount on which interest was payable in respect of shortfall in payment of advance tax for any tax year as a result of reassessment or recomputation;

B = tax on total income determined on the basis of reassessment or recomputation;

C = tax on total income determined under section 270(1) or regular assessment as referred to in sub-section (1).

(6) Where, as a result of an order under section 287 or 288 or 359 or 363 or 365(10) or 368 or 377 or 378, the amount on which interest was payable under sub-section (1) or (3) has been increased or reduced, the interest shall be increased or reduced accordingly, and—

(a) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in such form as may be prescribed specifying the sum payable and such notice of demand shall be deemed to be a notice under section 289 and the provisions of this Act shall apply accordingly;

(b) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

**425. Interest for deferment of advance tax.**

(1) Where in any tax year, an assessee, liable to pay advance tax under section 404, other than the assessee mentioned in sub-section (3), has failed to pay such tax, or the advance tax paid by the assessee on its current income on or before the date specified in column B of the Table below, is less than advance tax due on returned income, as specified in column C, then the assessee

shall be liable to pay interest on the amount of Shortfall of advance tax as specified in column D, at the rate of interest specified in column E:—

Table

| Sl. No. | Due date of Instalment | Advance tax due on returned income      | Amount of Shortfall of advance tax being advance tax due as per column C, as reduced by advance tax already paid on or before the date specified in column B | Interest payable on shortfall as specified in column D |
|---------|------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| A       | B                      | C                                       | D                                                                                                                                                            | E                                                      |
| 1.      | 15th day of June       | 15% of the tax due on returned income.  | Short full till 15th day of June                                                                                                                             | 3%                                                     |
| 2.      | 15th day of September. | 45% of the tax due on returned income.  | Short full till 15th day of September                                                                                                                        | 3%                                                     |
| 3.      | 15th day of December.  | 75% of the tax due returned income.     | Short full till 15th day of December                                                                                                                         | 3%                                                     |
| 4.      | 15th day of March.     | 100% of the tax due on returned income. | Short full till 15th day of March                                                                                                                            | 1%                                                     |

(2) The assessee shall not be liable to pay any interest under sub-section (1), if the advance tax paid by the assessee on the current income,—

(a) on or before the 15th day of June is 12% or more of the tax due on the returned income;

(b) on or before the 15th day of September is 36% or more of the tax due on the returned income.

(3) An assessee who declares profits and gains as per section 58(2) (Table: Sl. No. 1 or 3) or, who is liable to pay advance tax under section 404, has failed to pay such tax, or the advance tax

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paid by the assessee on its current income on or before the 15th day of March is less than the tax due on returned income, shall be liable to pay simple interest at the rate of 1% on the amount of shortfall from the tax due on returned income.

(4) No interest shall be payable under sub-section (1) or (3) in respect of shortfall in the payment of tax due on returned income, where,—

(a) the shortfall is on account of underestimation of, or failure to estimate the following income:—

(i) capital gains;

(ii) income as per section 2(49)(n);

(iii) income under the head profits and gains of business or profession accruing or arising for the first time;

(iv) dividend income; and

(b) the assessee has paid in full, the tax payable on the said income had such income been part of total income, in any of the remaining instalments of advance tax, if any, or by the 31st day of March of the tax year.

(5) For the purposes of this section “tax due on the returned income” means the tax chargeable on the total income declared in the return of income furnished by the assessee for the tax year in which the advance tax is paid or payable, as reduced by the amount of—

(a) any tax deducted or collected at source as per the provisions of Chapter XIX-B on any income which is subject to such deduction or collection and which is taken into account in computing such total income;

(b) any relief of tax allowed under section 157;

(c) any relief of tax allowed under section 159(1) on account of tax paid in a country outside India;

(d) any relief of tax allowed under section 159(2) on account of tax paid in a specified territory outside India referred to in that section;

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(e) any deduction, from the Indian income-tax payable, allowed under section 160, on account of tax paid in a country outside India; and

(f) any tax credit allowed to be set off as per sections 206(1)(m) to (p) and 206(2)(e) to (h).

(6) For the purposes of this sub-section, the expression “dividend” shall have the meaning assigned to it in section 2(40), but shall not include sub-clause (e) thereof.

**426. Interest on excess refund.**

(1) Subject to the other provisions of this Act, where any refund is granted to the assessee under section 270(1), and—

(a) no refund is due on regular assessment; or

(b) the amount refunded under section 270(1) exceeds the amount refundable on regular assessment, the assessee shall be liable to pay simple interest at the rate of 0.5% on the whole or the excess amount so refunded, for every month or part of a month comprised in the period from the date of grant of refund to the date of such regular assessment.

(2) Where, as a result of an order under section 287 or 288 or 359 or 363 or 365(10) or 368 or 377 or 378, the amount of refund granted under section 270(1) is held to be correctly allowed, either in whole or in part, then, the interest chargeable, if any, under sub-section (1) shall be reduced accordingly.

(3) Where in relation to a tax year, an assessment is made for the first time under section 279, the assessment so made shall be regarded as a regular assessment for the purposes of this section.

**427. Fee for default in furnishing statements.**

(1) Without prejudice to the provisions of this Act, where a person fails to deliver or cause to be delivered a statement within the time prescribed in section 397(3)(b), he shall be liable to pay, by way of fee, a sum of Rs200 for every day during which the failure continues.

(2) The amount of fee referred to in sub-section (1) shall,—

(a) not exceed the amount of tax deductible or collectible; and

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(b) be paid before delivering or causing to be delivered the statement, as per sub-section (1).

428. Fee for default in furnishing return of income.

Without prejudice to the provisions of this Act, where, a person required to furnish a return of income under section 263 fails to do so within such time as may be prescribed in section 263(1), he shall pay, by way of a fee,—

(a) a sum not exceeding Rs 1000, if the total income of such person does not exceed Rs 500000;

(b) a sum of Rs5000, in any other case.

429. Fee for default relating to statement or certificate.

(1) Without prejudice to the provisions of this Act, where,—

(a) the research association, University, college or other institution referred to in section 45(3)(a) or the company referred to in section 45(3)(b) fails to deliver or cause to be delivered the documents as may be prescribed in section 45(4)(a) within the time as may be prescribed therein or furnish a certificate as may be prescribed under section 45(4)(a); or

(b) the institution or fund fails to deliver or cause to be delivered a statement under section 354(1)(e), within the time as may be prescribed under that section, or furnish a certificate as may be prescribed under section 354(1)(g), it shall be liable to pay, by way of fee, a sum of Rs200 for every day during which the failure continues.

(2) The amount of fee referred to in sub-section (1) shall,—

(a) not exceed the amount in respect of which the failure referred to therein has occurred;

(b) be paid before delivering or causing to be delivered the statement or before furnishing the certificate referred to in sub-section (1).

430. Fee for default relating to intimation of aadhaar number.

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Without prejudice to the provisions of this Act, where a person is required to intimate his Aadhaar number under section 262(6) and such person fails to do so on or before such date as may be prescribed, he shall be liable to pay such fee, as may be prescribed, not exceeding Rs1000, at the time of making intimation under the said section after the said date.

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