

INCOME TAX SPECIAL

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

From
S.Arulsamy, M.Com., AICWA., ACS., B.Ed., BGL.,
Chief Financial Controller,
144, Anna Salai,
Chennai - 600 002.

To
All Superintending Engineers
(2 copies each for Accounts
and Administrative Branch)

CIRCULAR Lr.No.CFC/GL/FC/ACCTS/DFC/BS/AO/IT/D.No.54/2013, dt.29.06.2013.

Sir,

Sub: Income Tax – Certain amendments made to the Act through Finance Bill 2013 - Rates of Income Tax to be Deducted at Source from Salaries and Charts for Deduction (TDS) and Collection (TCS) of Tax during the Financial Year 2013-2014 - Communicating of - Reg.

- Ref: 1. Circular Lr.No.CFC/TANGEDCO/FC/ACCTS/DFC/BS/IT/
F.20B/D.No.3/2012, dt.04.04.2012.
2. Circular Lr.No.CFC/TANGEDCO/FC/ACCTS/DFC/BS/IT/
D.No.39/2012, dt.19.06.2012.
3. Circular Lr.No.CFC/GL/FC/ACCTS/DFC/BS/AAO/IT/F.20B/
D.No.98/2012, dt.05.10.2012.
4. Finance Bill 2013

Kindly refer the Circular cited above wherein Rates of Income Tax to be deducted at Source from Salaries and the Charts for TDS and TCS during the Financial Year 2012-13 have been communicated.

Now, the following amendments are made to the Provisions of Income Tax Act 1961 through Finance Bill 2013.

I. Rate of Income Tax to be Deducted at Source on Salaries.

There is no change in Rate of Income Tax to be deducted at source on Salaries for the Financial Year 2013-14 (Assessment Year 2014-15). Hence, the rates communicated vide reference (1) may be adopted for this Financial Year also.

Rebate of Income Tax in case of certain individuals (Section 87A)

However, an assessee whose total income does not exceed five lakh rupees shall be entitled to a deduction on the total income tax (computed before allowing this rebate), an amount equal to the amount of income-tax payable on the total income for any assessment year or an amount of two thousand rupees, whichever is less.

(1) Surcharge NIL.

(2) Education Cess

“Education Cess on Income-tax” and “Secondary and Higher Education Cess on income-tax” shall continue to be levied for the purposes of Union at the rate of two per cent, and one per cent respectively of income-tax in the cases of deductions on payment of salary.

II Deduction in respect of interest on loan taken for residential house property :

A new Section 80EE has been inserted in the Income Tax Act through Finance Bill 2013. The details regarding this section as per Income Tax Act 2013 are reproduced below for reference and adherence.

(1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property during the Financial Year 2013-14.

The first home buyer borrowing upto Rs.25 Lakhs would be eligible for an additional deduction of interest of Rs.1 lakh to be claimed in Assessment Year 2014-15 (Financial Year 2013-14) in addition to Rs.1.5 Lakhs allowed under Section 24 of the Income Tax Act.

(2) The deduction under sub section 80EE shall not exceed one lakh rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April 2014 (Financial Year 2013-14) and in a case where the interest payable for the previous year relevant to the said assessment year is less than one lakh rupees, the balance amount shall be allowed in the assessment year beginning on the 1st day of April 2015 (Financial Year 2014-15).

(3) The deduction under sub-section (1) shall be subject to the following conditions, namely:—

- (i) the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2013 and ending on the 31st day of March, 2014;
- (ii) the amount of loan sanctioned for acquisition of the residential house property does not exceed twenty-five lakh rupees;
- (iii) the value of the residential house property does not exceed forty lakh rupees;
- (iv) the assessee does not own any residential house property on the date of sanction of the loan.

(4) Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provisions of the Act for the same or any other assessment year.

(5) For the purposes of this section,—

- (a) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies including any bank or banking institution referred to in section 51 of that Act or a housing finance company;
- (b) "housing finance company" means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes.

III Deduction in respect of investment made under an equity savings scheme (80CCG)

A new Section 80CCG was inserted in the Income Tax Act through Finance Bill 2012 and communicated vide reference (3) above. Now, the following sub-section (2) shall be substituted for the existing sub-section (2) of section 80CCG by the Finance Act, 2013, w.e.f. 1-4-2014 which is reproduced below:

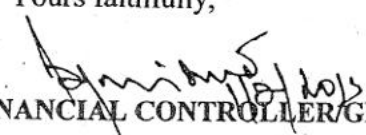
(2) The deduction under sub-section (1) shall be allowed in accordance with, and subject to, the provisions of this section for three consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed equity shares or listed units of equity oriented fund were first acquired.

Further, in sub-section (3) (i) the gross total income of the assessee for the relevant assessment year shall not exceed twelve lakh rupees (earlier limit Rupees Ten lakh).

A copy of Charts showing the rates of TDS and TCS (Tax Deduction at Source and Tax Collection at Source), the due date for remittance, the due date for filing Quarterly e-return applicable for the Financial Year 2013-14 (Assessment Year 2014-15) are communicated herewith for reference and strict adherence.

Receipt of this circular letter shall be acknowledged by e-mail to dfcbs@tnebnnet.org.

Yours faithfully,


CHIEF FINANCIAL CONTROLLER/CL

Encl.: TDS and TCS charts in 4 pages

Copy to All Chief Engineers.


Copy to All Drawing and Disbursing Officers at Head Quarters.

Copy to the Additional Director General of Police's Table.

Copy to the Superintending Engineer/Chairman's Office, TANGEDCO, Chennai.

Copy to the Secretary/BOSB, TANGEDCO, Chennai.

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



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- Copy to the Executive Assistant to Director(Finance), TANGEDCO, Chennai.
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CHART FOR DEDUCTION OF TAX AT SOURCE
[In respect of payments to resident assessee during the Financial year 2013-14]

Sec. of I.T. Act & Nature of income/ payment	When to deduct tax at source	At what rate tax is to be deducted at source	When to deposit tax deducted (as per Col. 3) in Government account §§	PRESCRIBED FORM & DUE DATE FOR FURNISHING/ISSUE OF STATEMENT OF TAX DEDUCTED	TDS CERTIFICATE	
					Prescribed Form No.	Due date for issue of certificate
1	2	3	4	5	6	7
192*: Salary	Monthly at the time of payment where estimated taxable salary p.m. exceeds Rs. 20,833‡ (Sr. Citizen)/Rs. 16,667 (Others)	At the rates prescribed in Part III of the First Schedule to the Finance Act & salary tables on pp. 274-277	On or before 7 days from the end of the month in which the deduction is made [Refer note 1]	Quarterly statement of deduction of tax u/s. 200(3) in Form No. 24Q [in respect of tax deducted u/s. 192]; and Form No. 26Q [in respect of tax deducted by all other deductors other than deductors u/s. 192], is to be delivered by the person deducting tax under Chapter X/VII-B. Said quarterly statement is to be delivered, to the Director General of Income-tax (Systems) [DGIS] or the person authorised by the DGIS. Due date for furnishing statement is 15-7-2013§§, 15-10-2013§§, 15-1-2014§§ & 15-5-2014§§, in respect of the quarter ending on 30-6-2013, 30-9-2013, 31-12-2013 & 31-3-2014, respectively [Refer note 8].	Form No. 16 [Can be issued on own stationery Refer note 5]	30-5-2014.
193*: Interest on securities	At the time of credit or payment, whichever is earlier, For no deduction of tax in certain cases where the interest on debenture does not exceed Rs. 5,000§ refer page 172 [Refer note 3 & 4]	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A [Can be issued on own stationery]	30-7-2013§§, 30-10-2013§§, 30-1-2014§§ & 30-5-2014§§, in respect of quarter ending 30-6-2013, 30-9-2013, 31-12-2013 & 31-3-2014, respectively
194*: Dividends§	Before making payment to resident shareholder. For no deduction of tax in certain cases, refer 1st proviso to section 194 [Refer note 3]	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194A*: Interest other than "Interest on securities" payable by persons other than individual/HUF**	At the time of credit or payment, whichever is earlier, when the aggregate sums payable during the financial year exceeds Rs. 5000†† [Refer note 3 & 4]	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 1 & 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194B*: Winnings from lottery or cross-word puzzle or card game & other game	At the time of payment when it exceeds Rs. 10,000	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 30% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194BB*: Winnings from horse race	At the time of payment when it exceeds Rs. 5,000	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @ 30% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194C*: Payments to contractors/sub-contractors [payable by persons other than individual/HUF**]	At the time of credit or payment, whichever is earlier, where the amount of sum credited or paid exceeds Rs. 30,000‡‡	In the case of payment made to contractor/sub-contractor— 1. being an individual/HUF, @ 1% as I.T.†, 2. being a person other than an individual/HUF, @ 2% as I.T.†	On or before 7 days from the end day of the month in which the deduction is made [Refer note 2]		Form No. 16A [Can be issued on own stationery]	-Do-

For notes, refer page 347.

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

§ In the case of an office of the Government: (1) Where the tax is paid without production of an income-tax challan, tax is to be deposited in the Central Government account on the same day; (2) Quarterly statement referred to in Col. No. 5, Due date for furnishing statement is 31-7-2013, 31-10-2013, 31-1-2014 & 15-5-2014, respectively; and (3) Due date for issue of certificate referred to in Col. 7 is 14-8-2013, 15-11-2013, 14-2-2014 & 30-5-2014, respectively.

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

† Refer † marked footnote on page 347.

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

** Refer ** marked footnote on page 347.

†† Tax is also required to be deducted at source on payment/credit of income by way of interest exceeding: (1) Rs. 10,000 on time deposits (i.e., fixed deposits other than recurring deposits), with a bank including a co-operative bank (other than a co-operative land mortgage bank or a co-operative land development bank), and (2) Rs. 5,000 on deposits with an Indian public company with the main object of carrying on the business of providing long-term finance for purchase/construction of residential houses in India. The said limit of Rs. 10,000/Rs. 5,000 is to be computed with reference to the income credited or paid by a branch of the bank/co-op. bank/public company. Tax is also required to be deducted at source on interest payable exceeding Rs. 10,000 on any deposit with post office under any notified scheme.

‡‡ If the aggregate amounts of such sums credited or paid or likely to be credited or paid during the financial year exceeds Rs. 75,000, tax deduction @ source is also required to be made.

‡ Rs. 41,667 (Sr. Citizen who is more than 80 years).

CHART FOR DEDUCTION OF TAX AT SOURCE—(Contd.)
[In respect of payments to resident assessee during the Financial year 2013-14]

Sec. of I.T. Act & Nature of income/ payment	When to deduct tax at source	At what rate tax is to be deducted at source	When to deposit tax deducted (as per Col. 3) in Government account ^{§§}	PRESCRIBED FORM & DUE DATE FOR FURNISHING/ISSUE OF STATEMENT OF TAX DEDUCTED	TDS CERTIFICATE	
					Prescribed Form No.	Due date for issue of certificate
1	2	3	4	5	6	7
194D*: Insurance commission	At the time of credit or payment, whichever is earlier, when the aggregate sums payable during the financial year exceeds Rs. 20,000	At the rates prescribed in Part II of the First Schedule to the Finance Act i.e., @10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 1 & 2]	Quarterly statement of deduction of tax u/s. 200(3) in Form No. 24Q [in respect of tax deducted u/s. 192]; and Form No. 26Q [in respect of tax deducted by all other deductors other than deductors u/s. 192], is to be delivered by the person deducting tax under Chapter XVII-B. Said quarterly statement is to be delivered, to the Director General of Income-tax (Systems) [DGIS] or the person authorised by the DGIS. Due date for furnishing statement is 15-7-2013^{§§}, 15-10-2013^{§§}, 15-1-2014^{§§} & 15-5-2014^{§§}, in respect of the quarter ending on 30-6-2013, 30-9-2013, 31-12-2013 & 31-3-2014, respectively [Refer note 8].	Form No. 16A [Can be issued on own stationery]	30-7-2013 ^{§§} , 30-10-2013 ^{§§} , 30-1-2014 ^{§§} & 30-5-2014 ^{§§} , in respect of quarter ending 30-6-2013, 30-9-2013, 31-12-2013 & 31-3-2014, respectively
194EE*: Payments out of deposits under National Savings Scheme ref. to in sec. 80CCA	At the time of payment when the aggregate sums is Rs. 2,500 or more in a financial year. No deduction, if paid to heirs of the depositor [Refer note 3]	At the rate of 20% as I.T.†	On or before 7 days from the end of the month in which the deduction is made		Form No. 16A [Can be issued on own stationery]	-Do-
194F*: Payments on account of repurchase of units referred to in sec. 80CCB	At the time of payment of any amount referred to in sec. 80CCB(2)	At the rate of 20% as I.T.†	On or before 7 days from end of month in which the deduction is made [Ref. note 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194G*: Commission, etc. on sale of lottery tickets	At the time of credit or payment, whichever is earlier, where it exceeds Rs. 1,000	At the rate of 10% as I.T.†	On or before 7 days from end of month in which deduction is made [Ref. note 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194H*: Commission or brokerage, payable by persons other than individual/ HUF**	At the time of credit or payment, whichever is earlier, when aggregate sums credited/paid during the financial year exceeds Rs. 5,000	At the rate of 10% as I.T.†	On or before 7 days from end of month in which the deduction is made [Ref. note 1 & 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194-I*/§: Rent payable by persons other than individual/ HUF**	At the time of credit or payment, whichever is earlier, when aggregate sums credited or paid during the financial year exceeds Rs. 1,80,000	At the rate specified in footnote††	On or before 7 days from end of month in which deduction is made [Ref. note 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194J*: (1) Fees for professional services or technical services; or (2) royalty; or (3) any sum ref. to in sec. 28(va) [payable by persons other than individual/ HUF**]‡	At the time of credit or payment, whichever is earlier, when the aggregate sums credited/paid during the financial year exceeds Rs. 30,000, in any of the case	At the rate of 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made [Refer note 2]		Form No. 16A [Can be issued on own stationery]	-Do-
194LA*: Payment of compensation/enhanced compn. on acquisition of land (other than agricultural land)/building	At the time of payment in cash/cheque/draft where the aggregate payment during the financial year exceeds Rs. 2,00,000	At the rate of 10% as I.T.†	On or before 7 days from the end of the month in which the deduction is made		Form No. 16A [Can be issued on own stationery]	-Do-

For notes; refer facing page.

§§ Refer footnote marked §§ on page 345.

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

†† Specified rates : (1) for the use of any machinery or plant or equipment, is at the rate of 2% as I.T.; & (2) for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings, is at the rate of 10% as I.T.

‡ & **, refer † & ** marked footnote on facing page.

§ Existing provisions of section 194J(1) [except proviso thereto i.e., without ceiling limit of Rs. 30,000], have been extended to any remuneration or fees or commission, other than those on which tax is deductible u/s. 192, to a director of a company.

§ For the notes on newly inserted section 194-IA by the Finance Bill, 2013, as passed by the both Houses of Parliament, refer item (A) on page 39.

- Notes: 1. The Assessing Officer may, with the prior approval of the Joint Commissioner, permit quarterly payment of tax deducted under section 192[Salary] or section 194A [Interest other than interest on securities] or section 194D [Insurance commission] or section 194H [Commission or brokerage] for quarter ending on 30-6-2013, 30-9-2013, 31-12-2013 & 31-3-2014, date for quarterly payment is 7-7-2013, 7-10-2013, 7-1-2014 & 30-4-2014, respectively [Refer rule 30(3) of the I.T. Rules].
2. All the sums deducted in accordance with the provisions of Chapter XVII-B [i.e., sections 192 to 196D] by a deductor, other than an office of the Government, shall be paid to the credit of the Central Government on or before 30-4-2014 where the income or amount is credited or paid in the month of March, 2014 [Refer rule 30(2)(a) of the I.T. Rules].
Where the tax is to be deposited, by persons referred to rule 125(1), the amount deducted shall be electronically remitted into the Reserve Bank of India or the State Bank of India or any authorised bank accompanied by an electronic income-tax challan. The amount shall be construed as electronically remitted to the said bank, if the amount is remitted by way of: (a) internet banking facility of such bank; or (b) debit card [Refer rule 30(6)(ii)/(7) of the I.T. Rules].
3. In the case of a resident individual, tax is not to be deducted u/s. 194 and 194EE, if such an individual furnishes to the payer a declaration in writing in duplicate in the prescribed Form No. 15G¹ [Refer section 197A(1) read with rule 29C(1) of the I.T. Rules].
In the case of a resident who is a senior citizen, tax is not to be deducted u/s. 193 or 194 or 194A or 194EE, if such an individual furnishes to the payee a declaration in writing in duplicate in the prescribed Form No. 15H¹ [Refer section 197A(1C) read with the rule 29C(1A) of the I.T. Rules].
4. In the case of a person (not being a company or a firm), tax is not to be deducted u/s. 193 & 194A, if such person furnishes to the payer a declaration in writing in duplicate in the prescribed Form No. 15G¹ [Refer section 197A(1A) read with the rule 29C(1) of the I.T. Rules].
5. A person responsible for paying salary (i.e., employer) is required to furnish to the employee to whom such payment is made, a statement giving correct and complete particulars of perquisites and/or profits in lieu of salary provided to him and the value thereof in the prescribed Form No. 12BA² (if the amount of salary paid or payable to the employee is more than Rs. 1,50,000)/Form No. 16 (if the amount of salary paid or payable to the employee is not more than Rs. 1,50,000). For failure to furnish such statement will attract penalty of Rs. 100 for every day during which the failure continues vide section 272A(2)(i) [Refer section 192(2C) read with rule 26A(2) of the I.T. Rules].
6. For failure to deduct correct tax @ source on due dates, interest u/s. 201(1A) is leviable [Refer Interest Chart on page 196]. Similarly, penalty is also leviable u/s. 271C, 272A(2)(c) & 272A(2)(g) [Refer Penalty Chart on pp. 198-199].
7. Section 206(2) provides that a person responsible for TDS under Chapter XVII-B desires to file [principal officer in the case of every person being a company and prescribed person in the case of every office of Government has to file] any return/statement referred to in rule 37 on a computer media, he shall deliver such return/statement within time specified in rule 37 and is accompanied with Form No. 27A furnishing the information specified therein in accordance with the scheme specified [i.e., Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003: 263 ITR (Sl.)14] (Refer rule 37B). Also refer sub-item T of item 9 on page 319 for Circular Nos. 797 & 8.
8. Every branch of a banking company, which is required to make a quarterly return u/s. 206A(1) in respect of interest on time deposits without deduction of tax at source, shall keep and maintain the particulars of such time deposits in Form No. 26QA [Vide rule 31AC(1) of I.T. Rules]. Where such branch is maintaining daily accounts on computer media, shall keep and maintain the particulars in Form No. 26QA on computer readable media [Vide rule 31AC(2) of I.T. Rules]. The quarterly return to be furnished by a banking company u/s. 206A(1) in respect of time deposits shall be in Form No. 26QAA [Vide rule 31ACA(1) of I.T. Rules]. The quarterly return referred to in rule 31ACA(1) shall be furnished to the Director General of Income-tax (Investigation), New Delhi [DGI(I), ND] or the person authorised by DGI(I), ND, on or before 31st July, 31st October, 31st January or 30th June following the respective quarter of the financial year [Vide rule 31ACA(2) of I.T. Rules]. The quarterly return comprising Part A & Part B of Form No. 26QAA shall be furnished on computer readable media being a CD-Rom (650MB or higher capacity) or Digital Video Disc (DVD), along with Part A of such Form on paper [Vide rule 31ACA(3) of I.T. Rules]. For the purposes of rule 31AC and 31ACA, "time deposits" means deposits (excluding recurring deposits) repayable on the expiry of fixed periods [Vide Explanation to Rule 31ACA of I.T. Rules].

FOR THE NOTES ON COLLECTION OF TAX AT SOURCE U/S. 206C, REFER PAGE 351.

1. The payer of the income has to deliver one copy of such declaration to the Chief Commissioner or Commissioner within 7 days of the month next following the month in which the declaration is furnished to him [Rule 29C(3) of the I.T. Rules].
 2. Form No. 12BA should accompany the return of income of the employee.
- † 1. Rate of surcharge on income-tax:
- (a) in the case of resident individual, HUF, AOP and BOI, artificial juridical person referred to in section 2(31)(vii), firm and domestic company, S.C. on I.T. is not deductible at source in respect of payment of income referred to in sections given in the chart [Vide clause 2(5)/(6) read with Part-II of First Schedule to the Finance Bill, 2013 as passed by the both Houses of Parliament];
 - (b) in the case of company other than domestic company (i.e., a foreign company), the rate of S.C. is @ 2% of I.T./5% of I.T., where the income or the aggregate of such incomes (i.e., referred to in sections given in the chart) paid or likely to be paid and subject to the deduction exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000/exceeds Rs. 10,00,00,000. In the case of a non-resident, the rate of S.C. is 10% of I.T., where the income or the aggregate of such incomes paid or likely to be paid and subject to deduction exceeds Rs. 1,00,00,000.
2. Additional surcharge (i.e., Education Cess & Sec. and High. Edu. Cess) is not required to be deducted in respect of income subjected to deduction of tax at source is paid to a domestic company and any other person who is resident in India [Vide proviso to clause 2(11)(12) of the Finance Bill, 2013 as passed by the both Houses of Parliament]. However, where the tax is deducted and paid to a non-resident or a foreign company, the amount of income-tax and surcharge on income-tax, if any, so deducted shall be increased by an additional surcharge: (i) Education Cess calculated at the rate of 2% of such I.T. and S.C., if any [Refer clause 2(11) of the said Bill]; & (ii) Secondary and Higher Education Cess calculated at the rate of 1% of such I.T. & S.C., if any [Refer clause 2(12) of the said Bill].
- ** In the case of an Individual or a HUF or an association of persons or a body of individuals, whether incorporated or not other than those falling under any of the clauses (a) to (k) of the Explanation (i) to section 194C, is liable to tax audit u/s. 44AB(a)/(b) during the financial year immediately preceding the financial year in which such sum is credited or paid, shall be liable to deduct income-tax u/s. 194C. In the case of an individual or a HUF, is liable to tax audit u/s. 44AB(a)/(b) during the financial year immediately preceding the financial year in which such sum is credited or paid, shall be liable to deduct income-tax u/s. 194A(1) or 194H or 194-I or 194J(1), as the case may be. It may be noted that, provisions of section 194C/194J(1) will not apply in the circumstances as explained, where the payments to contractor/payment of fees for professional services, is for personal purposes of such individual or any member of HUF.

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

Subject	Prescribed Form No.	Refer I.T. Rules
XI. Tax clearance certificate:		
Undertaking to be furnished to the prescribed authority [referred to in rule 42(1)] by a person not domiciled in India from the persons referred to in section 230(1)(i)/(ii) ...	30A	43(1)
No objection certificate to be issued by the said prescribed authority u/s. 230(1) ...	30B	43(2)
Information to be furnished to the prescribed authority [referred to in rule 42(2)] by a person domiciled in India [i.e., u/s. 230(1A)] ...	30C	43(3)
Application for certificate to the Assessing Officer under 1st proviso to section 230(1A) ...	31	43(4)
Tax clearance certificate to be issued by the Assessing Officer under 1st proviso to section 230(1A) ...	33	43(5)

COLLECTION OF TAX AT SOURCE [SECTION 206C]

[In respect of collection of tax from buyer or licensee or lessee during the financial year 2013-14]

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

TABLE

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

Surcharge on I.T. and additional S.C. on I.T. & S.C. is not collectable from buyer who is a domestic company or any other person who is resident in India [Vide clause 2(8) and proviso to clause 2(11)/(12) of the Finance Bill, 2013 as passed by the both Houses of Parliament].

Section 206C(1C) provides that, every person, who grants a lease or a licensee or enters into a contract or otherwise transfers any right or interest in any parking lot or toll plaza or mine or quarry², to another person, other than a public sector company (hereafter referred to as "licensee or lessee") for the use of such parking lot or toll plaza or mine or quarry² for the purpose of business shall, at the time of debiting of the amount payable by the licensee or lessee to the account of the licensee or lessee or at the time of receipt of such amount from the licensee or lessee, whichever is earlier, collect from the licensee or lessee of any such licence, contract or lease, a sum equal to 2% of such amount as income-tax. S.C. and also addl. S.C. on the aggregate of I.T. & S.C., if any, is not collectable from licensee or lessee who is a domestic company or any other person who is resident in India [Vide clause 2(8) & proviso to clause 2(11)/(12) of the Finance Bill, 2013 as passed by the both Houses of Parliament].

Section 206C(1D) provides that, every person, being a seller, who receives any amount in cash as consideration for sale of bullion (upto 31-5-2013, excluding any coin or any other article weighing 10 grams or less) or jewellery, shall, at the time of receipt of such amount in cash, collect from the buyer a sum equal to 1% of sale consideration as income-tax, if the sale consideration: (1) for bullion, exceeds Rs. 2,00,000; & (2) for jewellery, exceeds Rs. 5,00,000. 'Buyer' is defined to mean a person who obtains in any sale, goods of the nature specified in section 206C(1D). 'Jewellery' shall have the meaning assigned to it in the Explanation to section 2(14)(ii).

The amount so collected u/s. 206C(1)/206C(1C)/206C(1D) shall be paid to the credit of the Central Government within 1 week³ from the last day of the month in which collection is made [vide Rule 37CA(2)]. Person collecting the tax is required to prepare quarterly statement in the prescribed Form No. 27EQ⁴ to be delivered to the Director General of Income-tax (Systems) [DGIS] or the person authorised by the DGIS, on or before 15-7-2013, 15-10-2013, 15-1-2014 & 15-5-2014, in respect of quarter ending on 30-6-2013, 30-9-2013, 31-12-2013 & 31-3-2014, respectively [Proviso to section 206C(3) read with rule 31AA(1)/(2)]. Credit for tax so collected will be given to buyer or licensee or lessee on the basis of a certificate (Form No. 27D) given by the person collecting tax [Section 206C(5)]. If the person responsible for collecting the tax u/s. 206C, fails to collect the tax or after collecting the tax fails to pay it to the credit of the Central Government within period specified, then, he/she shall be liable to pay simple interest at the rate of 1% per month or part thereof on the amount of such tax from the date on which tax was collectable to the date on which the tax was actually paid and such interest shall be paid before furnishing the quarterly statement for each quarter in accordance with section 206C(3) [Section 206C(7)]. In addition, the said person is liable to pay the tax to the credit of the Central Government even though he/she has failed to collect the tax [Section 206C(6)]. Further, section 276BB provides that, if a person fails to pay to the credit of the Central Government the tax collected by him under the provisions of section 206C, he shall be punishable with rigorous imprisonment for a term which shall not be less than 3 months but which may extend to 7 years and with fine. Every person collecting tax u/s. 206C, shall, within the time prescribed in the Rule 114A has to apply to the AO for allotment of tax deduction and collection account number in Form 49B (in duplicate) [Section 203A].

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

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

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

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