



Amendments in Income-tax Rules with regard to the TDS/ TCS provisions

Background

The Central Board of Direct Taxes (CBDT) has amended the Income-tax Rules, 1962 by notifying¹ Income-tax (8th amendments) Rules, 2009 in respect of the tax deduction at source (TDS)/ tax collection at source (TCS) payments and compliance requirements (furnishing of quarterly statements / forms, issue of annual certificates, etc.)

The new rules shall be effective from 1 April 2009. These have been summarised in the following pages:

¹ Notification No. 31/2009 dated 25th March, 2009

The new Rules in relation to TDS on salary payments:

| Particulars | Rule No. | Income-tax Rules effective 01 April 2009 |
|---|-----------------|---|
| Deposit of TDS | 30(1) | If the credit is on the date upto which accounts of the employer are made, within two months from end of month in which amount is credited to the account of the employee. In any other case, within one week from the end of the month in which tax deducted/ income-tax due u/s 192(1A) ² . |
| Quarterly deposit of TDS | 30(2)/ (3) | On 15 June, 15 September, 15 December, 15 March, if the tax officer permits in special cases with the prior approval of Joint Commissioner. |
| Modes of deposit of TDS | 30(4)/ (5) | e-payment in Form No.17 ³ by the way of internet banking facility or use of credit/ debit card. |
| TDS Certificate in Form No.16 | 31(2) | Within one month from the end of the financial year i.e. 30th April following the relevant financial year. In case of quarterly payments of TDS in special cases, within 14 days from the date of payment of income-tax. |
| Credit for TDS based on the duplicate Form 16 | 31(4) | The tax officer to obtain an indemnity bond from the employee and get the payment certified from the prescribed person ⁴ . |
| Compliance Statement in Form No. 24C | 31A(3) | To be filed by 15th July, 15th October, 15th January for first three quarters of the relevant financial year respectively and 15th June following the last quarter. |
| Statement of TDS in Form No.24Q | 31A(4) | To be filed by 15th June following the financial year. |

² Income tax on non-monetary perquisites

³ The CBDT has clarified that in respect of any TDS made before the 1st April, 2009, the payment will continue to be made to the credit of the Central Government by using the challan in Form No. 281 (i.e. the old challan form) even after 31st March 2009.

⁴ Assessing officer designated in this behalf by the Chief Commissioner or the Commissioner.

The new Rules in relation to TDS on payments other than salary:

| Particulars | Rule No. | Income-tax Rules effective 01 April 2009 |
|--|-----------------|---|
| Deposit of TDS | 30(1) | If the credit is on the date upto which accounts of the deductor are made, within two months from end of month in which amount is credited to the account of the deductee. In any other case, within one week from the end of the month in which tax deducted. |
| Quarterly deposit of TDS under specified sections ⁵ . | 30(2)/ (3) | On 15 July, 15 October, 15 January, 15 April, if the tax officer permits in special cases with the prior approval of Joint Commissioner. |
| Modes of deposit of TDS | 30(4)/ (5) | e-payment in Form No.17 by the way of internet banking facility or use of credit/ debit card. |
| TDS Certificate in Form No.16A | 31(2) | If the credit is upto the date upto which the accounts of the deductor are made, within one week from the date on which tax deposited. In case of quarterly payments of TDS in special cases, within 14 days from the date of payment of income-tax. In case of a consolidated certificate ⁶ / TDS under section 194D, within one month from the end of the financial year (i.e. 30 th April). In all other cases, within one month from the end of the month in which tax deducted. |
| Credit for TDS based on the duplicate 16A | 31(4) | The tax officer to obtain an indemnity bond from the deductee and get the payment certified from the specified person. |
| Compliance Statement in Form No. 24C | 31A(3) | To be filed by 15th July, 15th October, 15th January for first three quarters of the relevant financial year respectively and 15th June following the last quarter. |
| Statement of TDS in Form No.26Q/ 27Q | 31A(4) | 15th June following the relevant financial year. |

⁵ Section 194A – Interest, other than interest on securities.
Section 194D – Insurance commission
Section 194H – Commission or brokerage

⁶ In case more than one certificate is required to be issued to the deductee for deductions made during the relevant financial year.

The new Rules in relation to tax collected at source:

| Particulars | Rule No. | Income-tax Rules effective 01 April 2009 |
|--|-------------|--|
| Deposit of TCS | 37CA(1) | Within one week from the end of the month in which collection is made. |
| Modes of deposit of TCS | 37CA(2)/(3) | e-payment in Form No.17 ⁷ by the way of internet banking facility or use of credit/ debit card. |
| Certificate for TCS in Form No.27D | 37D(2) | Within one month from the end of the month in which the amount is debited to the account of the buyer/ licensee/ lessee or payment received from the buyer / licensee/ lessee, as the case may be. |
| Credit for TCS based on the duplicate Form 27D | 37D(4) | The tax officer to obtain an indemnity bond from the buyer/ licensee/ lessee and get the payment certified from the specified person. |
| Compliance Statement in Form No. 24C | 31A(3) | To be filed by 15th July, 15th October, 15th January for first three quarters of the relevant financial year respectively and 15th June following the last quarter. |
| Statement of TCS in Form No.27EQ | 31A(4) | 15th June following the relevant financial year. |

Our Comments

The new forms/ statements prescribed by the CBDT require additional information to be provided by the person issuing the forms such as Unique Transaction Number, certain confirmation in respect of Permanent Account Number, etc.

Further, there are certain areas in the notification which require further clarifications.

Disclaimer

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⁷ The CBDT has clarified that in respect of any TCS made before the 1st April, 2009, the payment will continue to be made to the credit of the Central Government by using the challan in Form No. 281 (i.e. the old challan form) even after 31st March 2009.

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