



Tax Flash News



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CBDT issues Form 12BAA to enable employees report details of TCS and TDS to their employers

Executive summary



In the Budget 2024, the Finance Minister had proposed that effective 01 October 2024, taxpayer could furnish details of taxes deducted/ collected at source to the employer for computation of withholding tax liability on salary income.

In this regard, the Central Board of Direct Taxes (CBDT) has issued Notification No. 112/2024 on 15 October 2024, amending the Income-tax Rules, 1962¹ ('the Rules') wherein a new form - Form 12BAA, has been introduced. This form could be utilized by employees to report to their employers the details of tax deductions / collections from sources other than their salaries.

¹ Rule 21AA and Rule 26B of the Rules.

Details of the notification



- The Rules² have been revised to enable taxpayers to report incomes other than salary, and TDS/ TCS on such other income, *via* Form 12BAA.
- The new Form 12BAA would require the basic details of the employee (such as name, PAN, tax year) along with *inter-alia* the below details:
 - **TDS**
 - Section under which tax was deducted
 - Name, address and TAN of the deductor
 - Amount of tax deducted
 - Amount of income received / credited
 - **TCS**
 - Section under which tax was collected
 - Name, address and TAN of the collector
 - Amount of tax collected

² 26B of the Rules

³ 21AA of the Rules

- Other relevant details pertaining to TCS / TDS along with details of loss from house property.
- The updated Rules³ refer to section 89 (instead of 89(1)). This is to ensure clarity in the computation of TDS and TCS.
- Amendments have also been made to various forms, including Forms 10E, Form 16, and Form 24Q, in order to align it with the latest regulatory framework.

Our comments



Currently, taxes are deducted at source from salary, based on employee's declaration, after considering the investment and eligible expenses.

Going forward, the TDS / TCS from sources other than salary as declared by the employee in Form 12BAA would also be considered while computing tax deduction at source from salary by the employer.

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