

TAX FLASH NEWS

31 January 2020

CPC (TDS) issues instruction for filing application for lower/nil tax deduction certificate

As per Section 197(1) of the Income-tax Act, 1961 (the Act), the taxpayer may make an application to the Assessing Officer (AO) for deduction of income-tax at a lower rate or no deduction of income-tax.

Rule 28 of the Income-tax Rules, 1962 (the Rules) provides for filing an application electronically in Form No. 13 for grant of certificate for deduction of income-tax at a lower rate or no deduction under Section 197(1) of the Act or for collection of the tax at any lower rate under Section 206C(9) of the Act.

CPC (TDS) Instruction

Recently, the Centralised Processing Cell [CPC] - (TDS) has issued an Instruction¹ clarifying that in view of the time being taken to process the online request for lower/nil deduction tax certificate and to facilitate the applicants to get certificates with effect from 1 April of the financial year, it was provided that the applicants can apply for lower/nil deduction certificate from 28 February of immediately preceding Financial Year (FY). For instance, applications for the certificates for FY 2020-21 shall be allowed to be filed on or after 28 February 2020.

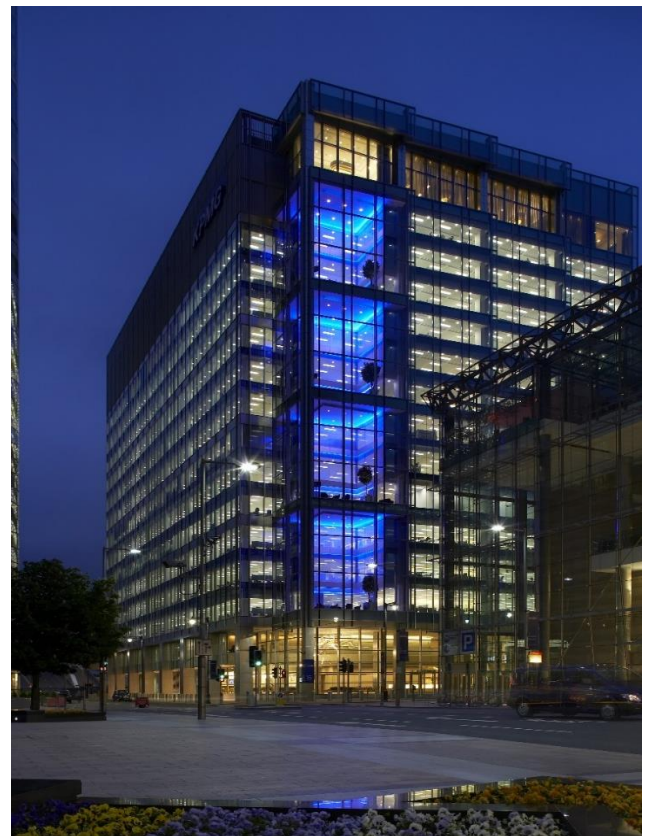
It is also stated that in view of the time required for obtaining relevant data from various sources and subsequent processing of online requests for lower/nil certificate, it has been decided that no such request for issue of certificates for lower/nil deduction for a financial year shall be accepted after 15th of March of the FY. For instance, no application for certificate for FY 2019-20 shall be allowed after 15 March 2020. Therefore the applicant are advised to file Form 13 application, if required, latest by 15 March of the FY.

The above date shall also be applicable in case of tax collection at source.

Our comments

The Instruction issued by CPC-TDS will provide much needed clarity to file an application as early as from 28 February of preceding financial year.

Further the instruction has specified the time limit within which such application is to be filed with the tax department i.e. 15th of March of the FY. Therefore, applicant has to file Form No. 13 latest by 15 March 2020 for certificates relating to FY 2019-20.



¹ Instruction No. 01/2020, 30 January 2020

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