



CBDT amends TDS and TCS related certain rules

Background

Recently, the Central Board of Direct Taxes (CBDT) has issued a Notification¹ amending Income-tax Rules, 1962 (the Rules) with respect to Tax Deducted at Source (TDS) and Tax Collected at Source (TCS). The amended rules introduce Form 12BB using which the employees could declare relevant details to the employer to estimate tax deduction at source after considering tax savings made by the employees. The CBDT has also amended the due date of payment of TDS under Section 194-IA of the Income-tax Act, 1961 (the Act), due date for filing TDS returns, rules with respect to TDS/TCS book adjustment statement in the case of government office, etc. These amendments will come into effect from 1 June 2016. The amendments are summarised as follows:

Introduction of Form 12BB

The new Form 12BB is a self-declaration by the employee for the following claims for tax savings under the Income-tax Act, 1961 (the Act) and the relevant evidence or particulars for each such claim:

Nature of claim	Evidence or particulars
House Rent Allowance (HRA)	<ul style="list-style-type: none"> • Name of the landlord • Address of the landlord • Permanent Account Number (PAN) of the landlord (in case rent paid during the year exceeds INR1,00,000) • Amount paid and evidence thereof
Leave travel concessions or assistance (LTC or LTA)	<ul style="list-style-type: none"> • Amount claimed • Evidence of expenditure incurred
Deduction of interest on borrowing	<ul style="list-style-type: none"> • Interest payable/paid to the lender • Name of the lender • Address of the lender • PAN of the lender <ul style="list-style-type: none"> – Financial institutions (if available) – Employer (if available) – Others
Deduction under Chapter VI-A	Amounts claimed and evidence in respect of each of the following: Section 80C, 80CCC and 80CCD of the Act <ul style="list-style-type: none"> – Section 80C of the Act – Section 80CCC of the Act – Section 80CCD of the

¹ Notification No. 30/2016, dated 29 April 2016

	Other sections (e.g. 80E, 80G, 80TTA, etc.) under Chapter VI-A
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Revised due date for submission of TDS

Due dates for submission of TDS returns have revised as under:

Date of ending of quarter of Financial Year (FY)	Current due date	Revised due date
30 June	15 July of the FY	31 July of the FY
30 September	15 October of the FY	31 October of the FY
31 December	15 January of the FY	31 January of the FY
31 March	15 May of the FY immediately following the FY in which the deduction is made	31 May of the FY immediately following the FY in which the deduction is made

Time limit for payment of TDS on sale of immovable property

The time limit for payment of TDS under Section 194-IA of the Act (in respect of the sale of immovable property) has been extended to 30 days from earlier seven days.

TDS/TCS book adjustment statement

- Currently, in the case of a government office, where tax has been paid to the credit of central government without production of a challan, the officer² to whom the deductor reports the tax so deducted and who is responsible for crediting such sum to the credit of the central government, shall submit Form No. 24G (TDS/TCS book adjustment statement) within 10 days from the end of the month to the agency authorised by Director General of Income-tax (Systems) in respect of tax deducted by deductors and reported to him for that month. Further, he/she shall intimate the book identification number generated by the agency to each of the deductors in respect of whom the sum deducted has been credited.

As per the amended rule, TDS/TCS book adjustment statement shall be submitted to the agency authorised by the Principal Director of Income-tax (Systems). The amended rule revises the time limit for submission of such TDS/TCS book adjustment statement. The revised time limit is specified as under:

Month for which TDS/TCS book adjustment statement required to be submitted in Form No. 24G	Current time limit	Revised time limit
For the month of March	10 April	30 April
For any other month	Within 10 days from the end of the month	Within 15 days from the end of the month

² Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing officer or any other person by whatever name called

- TDS/TCS book adjustment statement shall be furnished in the following manner:
 - Electronically under digital signature in accordance with the procedures, formats and standards specified under the rules
 - Electronically along with the verification of the statement in Form 27A or verified through an electronic process in accordance with the procedures, formats and standards specified in the rules.
- Currently, the Director General of Income-tax (Systems) is responsible for specifying the procedures, formats, and standards for ensuring secure capture and transmission of data, and shall also be responsible for the day-to-day administration in relation to furnishing of the intimation and verification of the statements. However, as per the amended rules, the Principal Director General of Income-tax (Systems) will be responsible to specify the same.

Payment of accumulated balance due to an employee

Currently, payment of accumulated balance due to an employee was not forming part of the quarterly statement of deduction of tax in respect of payment other than salary (i.e. Form No. 26Q). However, as per the amended rules, the payment of accumulated balance due to an employee shall form part of the quarterly statement of deduction of tax in respect of payment other than salary.

Similarly, the payment of accumulated balance due to an employee was not forming part of the quarterly statement of deduction of tax in respect of payment other than salary made to a non-resident (Form No. 27Q). The amended rules provide that the payment of accumulated balance due to an employee shall form part of the quarterly statement of deduction of tax in respect of payment other than salary made to a non-resident.

House Rent Allowance/Income from house property

As per the amended rules, in the case of house rent allowance claim, the name and PAN of the landlord are required to be disclosed in the quarterly statement of deduction of tax (Form No. 24Q) in respect of salary if aggregate payment during the previous year exceeds INR1 lakh.

Further, in the case of deduction of interest under the head 'Income from House property', the name and PAN of the lender is required to be disclosed in the quarterly statement of deduction of tax in respect of salary.

Our comments

The introduction of Form 12BB will provide clarity to the employers in respect of details to be gathered from the employee in a structured manner in order to extend the benefit of tax savings while deducting tax from salary payment. The revised due dates for submission of TDS returns provide additional time for filing the TDS return after due collation of records, especially in the case of organisations having large headcounts. The extended time limit for payment of TDS under Section 194-IA is a welcome move and it will provided relief to taxpayers.

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