

TDS benefit: NRIs can file manual application till March 31, says CBDT

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The Central Board of Direct Taxes (CBDT) has exempted Non-Resident Indians (NRIs) from online filing of application for the facility of 'Nil' or reduced rate of tax deduction at source (TDS) for certain payments.

NRIs — who are unable to register on TRACES — can till March next year manually apply for the 'Nil' or reduced TDS rate under Section 197 of income tax law, the CBDT said in an order issued on Monday.

A similar dispensation has also been extended for tax collection

at source (TCS) under Section 206C(9). The move hopes to remove the hardships faced by taxpayers.

This manual application can be made either with TDS officer or in ASK centres. The same facility of manual application has been extended to resident applicants till December 31, 2018, CBDT said.

Section 197 of the Income Tax law provides for the facility of NIL deduction of tax or deduction at a lower rate of tax. Once the certificate is received by deductee, this can be submitted to

deductor to deduct the TDS at NIL rate or lower rate.

Experts' take

Suraj Nangia, Partner, Nangia Advisors LLP said this would address the hardships arising in the transition phase of shifting from manual filing to e-filing of the Form 13.

However, the deferment of online filing of Form 13 is just for NRIs and not the other category of non-resident taxpayers viz companies or LLPs.

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Further, relief for the resident taxpayers is only for a week, which implies that we may see many residents rushing to file their lower withholding applications till December 31, 2018, Nangia said.

Amit Maheshwari, Managing Partner, Ashok Maheshwari and Associates LLP, see it as a welcome move. Several NRIs, especially while selling properties, have to necessarily go for lower rate application — otherwise they are subject to a highly penalising withholding rate of 20 per cent on the sale considera-

tion.

Nangia said CBDT is actively taking steps to make digitisation the core of the Income-tax administration.

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I-T department allows manual filing by resident, NRI taxpayers for nil or lower TDS certificate

BY PTI | UPDATED: DEC 24, 2018, 09:19 PM IST

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NEW DELHI: The income tax department Monday allowed manual filing of form by resident and NRI taxpayers wanting to apply for deduction of taxes at a lower or nil rate on total income.

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The Income Tax Act, 1961, provides that if a taxpayer considers that his total income warrants deduction of income tax at lower/ nil rate, he may apply to the assessing officer (AO) requesting for lower withholding certificate.

Such application was to be e-filed by filling up Form 13.

However, to remove "genuine hardship" being faced by certain applicants in filing online application in Form 13, the tax department has allowed non-resident Indians (NRIs) to file manual application before the TDS officer or in ASK Centres till March 31, 2019, a finance ministry statement said.

Also, resident applicants can file manual application in Form 13 till December 31, 2018.

Income Tax Rules (Rule 28, Rule 28AA, Rule 28AB, 37H, 37G) govern the mechanism for issuance of certificate for deduction of tax at lower/ nil rate.

Nangia Advisors LLP Partner Suraj Nangia said the notification has been issued to address the hardships arising in the transition phase of shifting from manual filing to e-filing of the Form 13.

"However, the deferment of online filing of Form 13 is just for NRIs and not the other category of non-resident taxpayers viz. companies or LLPs. Further, relief for the resident taxpayers is only for a week, which implies that we may see many residents rushing to file their lower withholding applications till December 31, 2018," Nangia said.