

April 01, 2009

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The Central Board of Direct Taxes (CBDT) has amended the rules relating to Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) vide Income-tax (8th Amendment) Rules issued vide Notification No. S.O.858(E) dated 25th March 2009. These rules effective from 1st April 2009 are summarized below :

Rules 30, 31, and 31A have been substituted and 31AA has been deleted.

Rule 30 – Time and mode of payment of TDS

Rule 30 (1)

The time limit by which TDS is to be paid to the credit of the Central Government remains the same i.e.

- within one week from the end of the month in which the deduction is made i.e by 7th of each month.
 - in case of TDS on year end credits within two months from the end of the month in which the credit is made i.e by 31st May.
2. In the old rules TDS by or on behalf of the Government earlier TDS was to paid on the same day and now this TDS can also be paid within the time limits as stated above.

Rule 30 (2)

The proviso to old sub rule (1) has been redrafted and inserted as new sub-rule (2).

Under this rule the Assessing Officer may in special cases, permit quarterly payment of TDS as under :

1. By June 15, September 15, December 15 and March 15 in case of TDS on Salaries.
2. By July 15, October 15, January 15 and April 15 in case of in case of TDS on interest u/s 194A, TDS on insurance commission u/s 194D and TDS on commission and brokerage u/s 194H.

Rule 30 (3)

The permission for quarterly payment of TDS under sub-rule 2 can be granted only with the prior approval of the Joint Commissioner. Similar provision existed under the old rules.

Rule 30 (4)

This rule substantially alters the procedure for payment of TDS

TDS has to be paid by electronically furnishing an income tax challan in Form No. 17 and paying the TDS by electronically remitting it to the RBI, SBI or any authorized bank.

It has been clarified that the new Form 17 (challan for payment of TDS and TCS) is applicable only for payment of TDS or TCS on or after 1st April 2009. Therefore, in respect of any TDS or TCS before 1st April 2009 the payment will continue to be made by using the old challan i.e. Form No. 281 even if the payments are made after 1st April 2009.

The new challan for payment of TDS and TCS in Form 17 requires submission of the following details of deductee whose TDS/TCS is being paid :

1. Name of the Deductee
2. PAN of the Deductee
3. Total TDS amount.

It appears that the following other two fields appearing in the challan i.e

1. Unique Transaction Number (UTN)
2. PAN valid (Y/N)

will be generated by the I.T.Department's system after the challan is matches on the system.

This rule provide that TDS in all cases to be paid compulsorily by electronic transfer i.e. internet banking or credit or debit card. There is no option to pay TDS in the physical form i.e by cheque or cash.

Rule 31 – Certificate of TDS or tax paid u/s 192(1A)

Rule 31(1)

The TDS certificates have to issued in –

1. Form No. 16 in case of TDS on Salaries u/s 192 or tax paid u/s 192(1A)
2. Form No. 16A in case of TDS under any other provisions.

Form No. 16 and 16A have been substantially altered and requires the following additional information to be submitted :

1. TDS Unique Identification Number (UTN) by I.T.Department.
2. Whether PAN uploaded was validated by I.T.Department (Y / N).

It appears that the new Forms 16 and 16A will be applicable in respect of TDS / TCS on or after 1st April 2009 and in respect of TDS / TCS prior to 1st April 2009 certificates will have to be furnished in the old Form 16 and 16A.

Rule 31(2)

The time limits for issue of TDS certificates are the same as under the old rules . These are summarized as under :

1. in case of TDS on year end credits within one week after the date on which TDS is paid. TDS on year end credits is payable within 2 months i.e by 31st May. Hence in such cases TDS certificate is to be issued by 7th June.
2. In case TDS on Salaries u/s 192, TDS on insurance commission u/s 194D and yearly TDS certificates (at the request of the deductee) within one month from the end of the financial year i.e by 30th April.
3. in case quarterly payment of TDS u/r 30 (2) within 14 days from the date of payment i.e by 29th July, 29th October, 29th January and 29th March.

Rule 31 (3)

If the deductee has lost the original certificate he may request the deductor to issue a duplicate TDS certificate case and the deductor shall so issue such duplicate TDS certificate after certifying it as duplicate.

Similar provision existed under the old rules also (old rule 31(4)).

Rule 31 (4)

The Assessing Officer shall, before giving credit of TDS on the basis of duplicate TDS certificate under rule 31(3)

1. obtain an Indemnity Bond from the deductee and
2. get the payment certified by the Assessing Officer designated in this behalf by the Chief Commissioner or Commissioner.

Similar provision existed under the old rules also (old rule 31(5)).

Rule 31A – Quarterly Statement of TDS / TCS**Rule 31A (1)**

Every Tax Deductor / tax collector has to deliver the following quarterly statements, namely :-

1. TDS Compliance Statement in Form No. 24C (**New**)
2. Quarterly Statement of TDS u/s 192 in Form No. 24Q.
3. Quarterly Statement of TDS in Form No. 27Q in respect of TDS on non-residents or foreign companies
4. Quarterly Statement of TDS in Form No. 26Q in respect of all other deductees.
5. Quarterly Statement of TCS u/s 206C in Form No. 27EQ.

Rule 31A (2)

The Statements u/r 31A (1) are to be delivered electronically to the Director General of Income Tax (Systems) or the person authorized by the Director General of Income Tax (Systems).

Rule 31A (3)

The Statement in Form No. 24C has to be delivered on or before 15th July, 15th October , 15th January and 15th June in respect of the four quarters respectively.

Rule 31A (4)

The Statements in Form No. 24Q, Form No.26Q and Form No. 27Q have to be delivered on or before 15th June following the financial year.