

(viii) to such income credited or paid in respect of,—

(a) deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank;

(b) deposits (other than time deposits made on or after the 1st day of July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (a), engaged in carrying on the business of banking;]]

¹[(viii) to such income credited or paid by the Central Government under any provision of this Act or the Indian Income-tax Act, 1922 (11 of 1922), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Super Profits Tax Act, 1963 (14 of 1963), or the Companies (Profits) Surtax Act, 1964 (7 of 1964), or the Interest-tax Act, 1974 (45 of 1974);]

²[(ix) to such income credited by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal;

(ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees;]

³[(x) to such income which is paid or payable by an infrastructure capital company or infrastructure capital fund or a public sector company ⁴[or scheduled bank] in relation to a zero coupon bond issued on or after the 1st day of June, 2005 by such company or fund or public sector company ⁴[or scheduled bank];]

⁵[(xi) to any income by way of interest referred to in clause (23FC) of section 10.]

⁶[*Explanation 1*.—For the purposes of clauses (i), (vii) and (viii), “time deposits” means deposits (⁷[including] recurring deposits) repayable on the expiry of fixed periods.

⁸* * * * *

¹[(4) The person responsible for making the payment referred to in sub-section (1) may, at the time of making any deduction, increase or reduce the amount to be deducted under this section for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the financial year.]

⁹* * * * *

1. Ins. by Act 25 of 1975, s. 20 (w.e.f. 1-4-1975).

2. Subs. by Act 20 of 2015, s. 43, for clause (ix) (w.e.f. 1-6-2015).

3. Ins. by Act 18 of 2005, s. 48 (w.e.f. 1-6-2005).

4. Ins. by Act 33 of 2009, s. 60 (w.e.f. 1-4-2009).

5. Ins. by Act 25 of 2014, s. 56 (w.e.f. 1-10-2014).

6. Subs. by Act 18 of 2005, s. 48, for the *Explanation* (w.e.f. 1-6-2005).

7. Subs. by Act 20 of 2015, s. 43, for “excluding” (w.e.f. 1-6-2015).

8. *Explanation 2* omitted by Act 21 of 2006 s. 40 (w.e.f. 1-4-2006).

9. The *Explanation* omitted by Act 18 of 1992, s. 71 (w.e.f. 1-6-1992).

¹[**194B. Winnings from lottery or crossword puzzle.**—The person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle ²[or card game and other game of any sort] in an amount exceeding ³[ten thousand rupees] shall, at the time of payment thereof, deduct income-tax thereon at the rates in force:

⁴* * * * *

⁵[⁶Provided that] in a case where the winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the winnings.]

⁷[**194BB. Winnings from horse race.**—Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course or for arranging for wagering or betting in any race course, who is responsible for paying to any person any income by way of winnings from any horse race in an amount exceeding ⁸[ten thousand rupees] shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.

⁴* * * * *

⁹[**194C. Payments to contractors.**—(1) Any person responsible for paying any sum to any resident (hereafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to—

(i) one per cent where the payment is being made or credit is being given to an individual or a Hindu undivided family;

(ii) two per cent where the payment is being made or credit is being given to a person other than an individual or a Hindu undivided family,

of such sum as income-tax on income comprised therein.

(2) Where any sum referred to in sub-section (1) is credited to any account, whether called “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

(3) Where any sum is paid or credited for carrying out any work mentioned in sub-clause (e) of clause (iv) of the *Explanation*, tax shall be deducted at source—

(i) on the invoice value excluding the value of material, if such value is mentioned separately in the invoice; or

(ii) on the whole of the invoice value, if the value of material is not mentioned separately in the invoice.

1. Ins. by Act 16 of 1972, s. 28 (w.e.f. 1-4-1975).

2. Ins. by Act 14 of 2001, s. 70 (w.e.f. 1-6-2001).

3. Subs. by Act 14 of 2010, s. 35, for “five thousands rupees” (w.e.f. 1-7-2010). Earlier substituted by Act 26 of 1986, s. 30, for “one thousands rupees” (w.e.f. 1-6-1986).

4. The proviso omitted by Act 27 of 1999, s. 70 (w.e.f. 1-4-2000).

5. Ins. by Act 26 of 1997, s. 48 (w.e.f. 1-6-1997).

6. Subs. by Act 27 of 1999, s. 70, “Provided further that” (w.e.f. 1-4-2000).

7. Ins. by Act 19 of 1978, s. 21 (w.e.f. 1-4-1978).

8. Subs. by Act 28 of 2016, s. 73, for “five thousand rupees” (w.e.f. 1-6-2016).

9. Subs. by Act 33 of 2009, s. 61, for section 194C (w.e.f. 1-10-2009).

(4) No individual or Hindu undivided family shall be liable to deduct income-tax on the sum credited or paid to the account of the contractor where such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family.

(5) No deduction shall be made from the amount of any sum credited or paid or likely to be credited or paid to the account of, or to, the contractor, if such sum does not exceed ¹[thirty thousand rupees]:

Provided that where the aggregate of the amounts of such sums credited or paid or likely to be credited or paid during the financial year exceeds ²[one lakh rupees], the person responsible for paying such sums referred to in sub-section (1) shall be liable to deduct income-tax under this section.

(6) No deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, ³[where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a declaration to that effect along with] his Permanent Account Number, to the person paying or crediting such sum.

(7) The person responsible for paying or crediting any sum to the person referred to in sub-section (6) shall furnish, to the prescribed income-tax authority or the person authorised by it, such particulars, in such form and within such time as may be prescribed.

Explanation.—For the purposes of this section,—

(i) “specified person” shall mean,—

(a) the Central Government or any State Government; or

(b) any local authority; or

(c) any corporation established by or under a Central, State or Provincial Act; or

(d) any company; or

(e) any co-operative society; or

(f) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or

(g) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India; or

(h) any trust; or

(i) any university established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a university under section 3 of the University Grants Commission Act, 1956 (3 of 1956); or

(j) any Government of a foreign State or a foreign enterprise or any association or body established outside India; or

(k) any firm; or

1. Subs. by Act 14 of 2010, s. 37, for “twenty thousand rupees” (w.e.f. 1-7-2010).

2. Subs. by Act 28 of 2016, s. 74, for “seventy-five thousand rupees” (w.e.f. 1-6-2016). Earlier the quoted words were substituted for “fifty thousand rupees” (w.e.f. 1-7-2010).

3. Subs. by Act 20 of 2015, s. 44, for “on furnishing of” (w.e.f. 1-6-2015).

(I) any person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, if such person,—

(A) does not fall under any of the preceding sub-clauses; and

(B) is liable to audit of accounts under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor;

(ii) “goods carriage” shall have the meaning assigned to it in the *Explanation* to sub-section (7) of section 44AE;

(iii) “contract” shall include sub-contract;

(iv) “work” shall include—

(a) advertising;

(b) broadcasting and telecasting including production of programmes for such broadcasting or telecasting;

(c) carriage of goods or passengers by any mode of transport other than by railways;

(d) catering;

(e) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer,

but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer.]

¹[**194D. Insurance commission.**—Any person responsible for paying to a resident any income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance) shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force :

Provided that no deduction shall be made under this section from any such income credited or paid before the 1st day of June, 1973:]

²[Provided further that no deduction shall be made under this section in a case where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed ³[fifteen thousand rupees].]

⁴[**194DA. Payment in respect of life insurance policy.**—Any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of ⁵[one per cent.]:]

1. Ins. by Act 21 of 1973, s. 17 (w.e.f. 1-4-1973).

2. Ins. by Act 11 of 1987, s. 48 (w.e.f. 1-6-1987).

3. Subs. by Act 28 of 2016, s. 75, for “twenty thousand rupees” (w.e.f. 1-6-2016). Earlier the quoted words were substituted by Act 14 of 2010, s. 38, for “five thousand rupees” (w.e.f. 1-7-2010).

4. Ins. by Act 25 of 2014, s. 57 (w.e.f. 1-10-2014).

5. Subs. by Act 28 of 2016, s. 76, for “two per cent.” (w.e.f. 1-6-2016).

Provided that no deduction under this section shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than one hundred thousand rupees.]

¹[**194E. Payments to non-resident sportsmen or sports associations.**—Where any income referred to in section 115BBA is payable to a non-resident sportsman (including an athlete) ²[or an entertainer] who is not a citizen of India or a non-resident sports association or institution, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ³[twenty per cent.].]

⁴[**194EE. Payments in respect of deposits under National Savings Scheme, etc.**—The person responsible for paying to any person any amount referred to in clause (a) of sub-section (2) of section 80CCA shall, at the time of payment thereof, deduct income-tax thereon at the rate of ⁵[ten per cent.]:

Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than two thousand five hundred rupees :

Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee.]

⁶[**194F. Payments on account of repurchase of units by Mutual Fund or Unit Trust of India.**—The person responsible for paying to any person any amount referred to in sub-section (2) of section 80CCB shall, at the time of payment thereof, deduct income-tax thereon at the rate of twenty per cent.]

⁷[**194G. Commission, etc., on the sale of lottery tickets.**—⁸[(1)] Any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding⁹[fifteen thousand rupees] shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ¹⁰[five per cent.].]

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Explanation.—For the purposes of this section, where any income is credited to any account, whether called "Suspense Account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.]

1. Ins. by Act 36 of 1989, s. 22 (w.e.f. 1-11-1989). Earlier section 194D was omitted by Act 3 of 1989, s. 31(w.e.f. 1-4-1988) which was inserted by Act 4 of 1988, s. 74 (w.e.f. 1-4-1988).

2. Ins. by Act 23 of 2012, s. 73 (w.e.f. 1-7-2012).

3. Subs. by s. 73, *ibid.*, for "ten per cent." (w.e.f. 1-7-2012).

4. Ins. by Act 49 of 1991, s. 54 (w.e.f. 1-10-1991).

5. Subs. by Act 28 of 2016, s. 77, for "twenty per cent." (w.e.f. 1-6-2016).

6. Ins. by Act 12 of 1990, s. 40 (w.e.f. 1-4-1991).

7. Ins. by Act 49 of 1991, s. 55 (w.e.f. 1-10-1991).

8. Section 73 renumbered as sub-section (1) thereof by Act 18 of 1992, s. 73 (w.e.f. 1-6-1992).

9. Subs. by Act 28 of 2016, s. 78, for "one thousand rupees" (w.e.f. 1-6-2016).

10. Subs. by s. 78, *ibid.*, for "ten per cent." (w.e.f. 1-6-2016).

11. Sub-sections (2) and (3) omitted by Act 32 of 2003, s. 76 (w.e.f. 1-6-2003). Earlier sub-sections (2) and (3) were inserted by Act 18 of 1992, s. 73 (w.e.f. 1-6-1992).

¹**[194H. Commission or brokerage.**—Any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ²[five per cent.]:

Provided that no deduction shall be made under this section in a case where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed ³[fifteen thousand rupees]:

⁴[Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such commission or brokerage is credited or paid, shall be liable to deduct income-tax under this section:]

⁵[Provided also that no deduction shall be made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.]

Explanation.—For the purposes of this section,—

(i) “commission or brokerage” includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing, not being securities;

(ii) the expression “professional services” means services rendered by a person in the course of carrying on a legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or such other profession as is notified by the Board for the purposes of section 44AA;

(iii) the expression “securities” shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(iv) where any income is credited to any account, whether called “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.]

1. Section 194H reinserted by Act 14 of 2001, s. 71 (w.e.f. 1-6-2001). Earlier section 194H was omitted by Act 27 of 1999, s. 72 (w.e.f. 1-4-2000). Amended by Act 18 of 1992, s. 74 (w.e.f. 1-6-1992) and prior its omission section 194H was inserted by Act 49 of 1991, s. 55 (w.e.f. 1-10-1991).

2. Subs. by Act 28 of 2016, s. 79, for “ten per cent.” (w.e.f. 1-6-2016).

3. Subs. by s. 79, *ibid.*, for “five thousand rupees” (w.e.f. 1-6-2016).

4. Ins. by Act 20 of 2002, s. 76 (w.e.f. 1-6-2002).

5. Ins. by Act 22 of 2007, s. 55 (w.e.f. 1-6-2007).

¹[**194-I. Rent.**—²[Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident] any income by way of rent, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, ³[deduct income-tax thereon at the rate of—

⁴[(a) two per cent. for the use of any machinery or plant or equipment; and

(b) ten per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings:]]

Provided that no deduction shall be made under this section where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the aforesaid person to the account of, or to, the payee, does not exceed ⁵[two hundred and forty thousand rupees]:

⁶[Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such income by way of rent is credited or paid, shall be liable to deduct income-tax under this section:]

⁷[Provided also that no deduction shall be made under this section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause (23FCA) of section 10, owned directly by such business trust.]

Explanation.—For the purposes of this section,—

⁸[(i) “rent” means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any,—

(a) land; or

(b) building (including factory building); or

(c) land appurtenant to a building (including factory building); or

(d) machinery; or

(e) plant; or

(f) equipment; or

(g) furniture; or

(h) fittings,

whether or not any or all of the above are owned by the payee;]

(ii) where any income is credited to any account, whether called “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.]

1. Ins. by Act 32 of 1994, s. 40 (w.e.f. 1-6-1994).

2. Subs. by Act 32 of 2003, s. 77, for certain words (w.e.f. 1-6-2003).

3. Subs. by Act 22 of 1995, s. 35, for “deduct income-tax thereon at the rate of twenty per cent.” (w.e.f. 1-7-1995).

4. Subs. by Act 33 of 2009, s. 62, for clauses (a), (b) and (c) (w.e.f. 1-10-2009).

5. Subs. by Act 7 of 2019, s. 10, for “one hundred eighty thousand rupees” (w.e.f. 1-4-2019). Earlier it was substituted by Act 14 of 2010, s. 40, for “one hundred and twenty thousand rupees” (w.e.f. 1-7-2010).

6. Ins. by Act 20 of 2002, s. 77 (w.e.f. 1-6-2002).

7. Ins. by Act 20 of 2015, s. 45 (w.e.f. 1-6-2015).

8. Subs. by Act 29 of 2006, s. 15, for clause (i) (w.e.f. 13-7-2006).

¹**[194-IA. Payment on transfer of certain immovable property other than agricultural land—(1)** Any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall, at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent. of such sum as income-tax thereon.

(2) No deduction under sub-section (1) shall be made where the consideration for the transfer of an immovable property is less than fifty lakh rupees.

(3) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

Explanation.—For the purposes of this section,—

(a) “agricultural land” means agricultural land in India, not being a land situate in any area referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;

(b) “immovable property” means any land (other than agricultural land) or any building or part of a building.]

²**[194-IB. Payment of rent by certain individuals or Hindu undivided family.—(1)** Any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an amount equal to five per cent. of such income as income-tax thereon.

(2) The income-tax referred to in sub-section (1) shall be deducted on such income at the time of credit of rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.

(3) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

(4) In a case where the tax is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.

Explanation.—For the purposes of this section, “rent” means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.]

³**[194-IC. Payment under specified agreement.—**Notwithstanding anything contained in section 194-IA, any person responsible for paying to a resident any sum by way of consideration, not being consideration in kind, under the agreement referred to in sub-section (5A) of section 45, shall at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent. of such sum as income-tax thereon.]

1. Ins. by Act 17 of 2013, s. 46 (w.e.f. 1-6-2013).

2. Ins. by Act 7 of 2017, s. 64 (w.e.f. 1-6-2017).

3. Ins. by s. 65, *ibid.* (w.e.f. 1-4-2017).

¹**[194J. Fees for professional or technical services.—**(1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of—

(a) fees for professional services, or

(b) fees for technical services, ²[or]

³[(ba) any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or]

²[(c) royalty, or

(d) any sum referred to in clause (va) of section 28,]

shall, at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ⁴[ten per cent.] of such sum as income-tax on income comprised therein:

Provided that no deduction shall be made under this section—

(A) from any sums as aforesaid credited or paid before the 1st day of July, 1995; or

(B) where the amount of such sum or, as the case may be, the aggregate of the amounts of such sums credited or paid or likely to be credited or paid during the financial year by the aforesaid person to the account of, or to, the payee, does not exceed—

(i) ⁵[thirty thousand rupees], in the case of fees for professional services referred to in clause (a), or

(ii) ⁵[thirty thousand rupees], in the case of fees for technical services referred to in ⁶[clause (b), or]

²[(iii) ⁵[thirty thousand rupees], in the case of royalty referred to in clause (c), or

(iv) ⁵[thirty thousand rupees], in the case of sum referred to in clause (d):]

⁷[Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such sum by way of fees for professional services or technical services is credited or paid, shall be liable to deduct income-tax under this section:]

1. Ins. by Act 22 of 1995, s. 36 (w.e.f. 1-7-1995).

2. Ins. by Act 29 of 2006, s. 16 (w.e.f. 13-7-2006).

3. Ins. by Act 23 of 2012, s. 74 (w.e.f. 1-7-2012).

4. Subs. by Act 22 of 2007, s. 57, for “five per cent.” (w.e.f. 1-6-2007).

5. Subs. by Act 14 of 2010, s. 41, for “twenty thousand rupees” (w.e.f. 1-7-2010).

6. Subs. by Act 29 of 2006, s. 16, for “clause (b):” (w.e.f. 13-7-2006).

7. Ins. by Act 20 of 2002, s. 78 (w.e.f. 1-6-2002).

¹[Provided also that no individual or a Hindu undivided family referred to in the second proviso shall be liable to deduct income-tax on the sum by way of fees for professional services in case such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family:]

²[Provided also that the provisions of this section shall have effect, as if for the words “ten per cent.”, the words “two per cent.” had been substituted in the case of a payee, engaged only in the business of operation of call centre.]

³* * * * *

Explanation.—For the purposes of this section,—

(a) “professional services” means services rendered by a person in the course of carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising or such other profession as is notified by the Board for the purposes of section 44AA or of this section;

(b) “fees for technical services” shall have the same meaning as in *Explanation 2* to clause (vii) of sub-section (1) of section 9;

⁴[(ba) “royalty” shall have the same meaning as in *Explanation 2* to clause (vi) of sub-section (1) of section 9;]

(c) where any sum referred to in sub-section (1) is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such sum, such crediting shall be deemed to be credit of such sum to the account of the payee and the provisions of this section shall apply accordingly.

194K. [Income in respect of units.]—Omitted by the Finance Act, 2016 (28 of 2016), s. 80 (w.e.f. 1-6-2016).

194L. [Payment of compensation on acquisition of capital asset.]—Omitted by s. 80, *ibid.* (w.e.f. 1-6-2016).

⁵[**194LA. Payment of compensation on acquisition of certain immovable property.**—Any person responsible for paying to a resident any sum, being in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition, under any law for the time being in force, of any immovable property (other than agricultural land), shall, at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent of such sum as income-tax thereon:

1. Ins. by Act 32 of 2003, s. 78 (w.e.f. 1-6-2003).

2. Ins. by Act 7 of 2017, s. 66 (w.e.f. 1-6-2017).

3. Sub-section (2) and (3) omitted by Act 32 of 2003, s. 78 (w.e.f. 1-6-2003).

4. Ins. by Act 29 of 2006, s. 16 (w.e.f. 13-7-2006).

5. Ins. by Act 23 of 2004, s. 38 (w.e.f. 1-10-2004).

Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to a resident during the financial year does not exceed ¹[two lakh and fifty thousand rupees]:

²[Provided further that no deduction shall be made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013).]

Explanation.—For the purposes of this section,—

(i) “agricultural land” means agricultural land in India including land situate in any area referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;

(ii) “immovable property” means any land (other than agricultural land) or any building or part of a building.]

³[**194LB. Income by way of interest from infrastructure debt fund.**—Where any income by way of interest is payable to a non-resident, not being a company, or to a foreign company, by an infrastructure debt fund referred to in clause (47) of section 10, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.]

⁴[**194LBA. Certain income from units of a business trust.**—(1) Where any distributed income referred to in section 115UA, being of the nature referred to ⁵[in sub-clause (a) of clause (23FC)] ⁶[or clause (23FCA)] of section 10, is payable by a business trust to its unit holder being a resident, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

(2) Where any distributed income referred to in section 115UA, being of the nature referred to ⁵[in sub-clause (a) of clause (23FC)] of section 10, is payable by a business trust to its unit holder, ⁷[being a non-resident (not being a company)] or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.]

⁶[(3) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder, being a non-resident (not being a company), or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force.]

1. Subs. by Act 28 of 2016, s. 81, for “two hundred thousand rupees” (w.e.f. 1-6-2016).

2. Ins. by Act 7 of 2017, s. 67 (w.e.f. 1-4-2017).

3. Ins. by Act 8 of 2011, s. 28 (w.e.f. 1-6-2011).

4. Ins. by Act 25 of 2014, s. 58 (w.e.f. 1-10-2014).

5. Subs. by Act 28 of 2016, s. 82, for “in clause (23FC)” (w.e.f. 1-6-2016).

6. Ins. by Act 20 of 2015, s. 46 (w.e.f. 1-6-2015).

7. Subs. by s. 46, *ibid.*, for “being a non-resident, not being a company” (w.e.f. 1-6-2015).

¹[**194LBB. Income in respect of units of investment fund.**—Where any income, other than that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10, is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the *Explanation 1* to section 115UB, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier,²[deduct income-tax thereon,—

(i) at the rate of ten per cent, where the payee is a resident;

(ii) at the rates in force, where the payee is a non-resident (not being a company) or a foreign company:

Provided that where the payee is a non-resident (not being a company) or a foreign company, no deduction shall be made in respect of any income that is not chargeable to tax under the provisions of the Act.]

Explanation.—For the purposes of this section,—

(a) “unit” shall have the meaning assigned to it in clause (c) of the *Explanation 1* to section 115UB;

(b) where any income as aforesaid is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.]

³[**194LBC. Income in respect of investment in securitization trust.**—(1) Where any income is payable to an investor, being a resident, in respect of an investment in a securitisation trust specified in clause (d) of the *Explanation* occurring after section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rate of—

(i) twenty-five per cent., if the payee is an individual or a Hindu undivided family;

(ii) thirty per cent., if the payee is any other person.

(2) Where any income is payable to an investor, being a non-resident (not being a company) or a foreign company, in respect of an investment in a securitisation trust specified in clause (d) of the *Explanation* occurring after section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rates in force.

Explanation.—For the purposes of this section,—

(a) “investor” shall have the meaning assigned to it in clause (a) of the *Explanation* occurring after section 115TCA;

1. Ins. by Act 20 of 2015, s. 47 (w.e.f. 1-6-2015).

2. Subs. by Act 28 of 2016, s. 83, for “deduct income-tax thereon at the rate of ten per cent.” (w.e.f. 1-6-2016).

3. Ins. by s. 84, *ibid* (w.e.f. 1-6-2016).

(b) where any income as aforesaid is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.]

¹[**194LC. Income by way of interest from Indian company.**—(1) Where any income by way of interest referred to in sub-section (2) is payable to a non-resident, not being a company or to a foreign company by a specified company ²[or a business trust], the person responsible for making the payment, shall at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct the income-tax thereon at the rate of five per cent.

(2) The interest referred to in sub-section (1) shall be the income by way of interest payable by the specified company ²[or the business trust],—

³[(i) in respect of monies borrowed by it in foreign currency from a source outside India,—

(a) under a loan agreement at any time on or after the 1st day of July, 2012 but before the ⁴[1st day of July, 2020]; or

(b) by way of issue of long-term infrastructure bonds at any time on or after the 1st day of July, 2012 but before the 1st day of October, 2014; or

(c) by way of issue of any long-term bond including long-term infrastructure bond at any time on or after the 1st day of October, 2014 but before the ⁴[1st day of July, 2020],

as approved by the Central Government in this behalf;⁵[or]

⁶[(ia) in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July, 2020, and]

(ii) to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment.

Explanation.—For the purpose of this section—

(a) “foreign currency” shall have the meaning assigned to it in clause (m) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);

(b) “specified company” means an Indian company.]

1. Ins. by Act 23 of 2012, s. 76 (w.e.f. 1-7-2012).

2. Ins. by Act 25 of 2014, s. 59 (w.e.f. 1-10-2014).

3. Subs. by s. 59, *ibid.*, for clause (i) (w.e.f. 1-10-2014).

4. Subs. by Act 7 of 2017, s. 68, for “1st day of July, 2017” (w.e.f. 1-4-2018).

5. Subs. by s. 68, *ibid.*, for “and” (w.e.f. 1-4-2018).

6. Ins. by s. 68, *ibid.* (w.e.f. 1-4-2016).

¹[194LD. Income by way of interest on certain bonds and Government securities.—(1) Any person who is responsible for paying to a person being a Foreign Institutional Investor or a Qualified Foreign Investor, any income by way of interest referred to in sub-section (2), shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.

(2) The income by way of interest referred to in sub-section (1) shall be the interest payable on or after the 1st day of June, 2013 but before the ²[1st day of July, 2020] in respect of investment made by the payee in—

(i) a rupee denominated bond of an Indian company ; or

(ii) a Government security:

Provided that the rate of interest in respect of bond referred to in clause (i) shall not exceed the rate as may be notified by the Central Government in this behalf.

Explanation.—For the purpose of this section,—

(a)“Foreign Institutional Investor” shall have the meaning assigned to it in clause (a) of the *Explanation* to section 115AD;

(b)“Government security” shall have the meaning assigned to it in clause (b) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(c)“Qualified Foreign Investor” shall have the meaning assigned to it in the Circular No. Cir/IMD/DF/14/2011, dated the 9th August, 2011, as amended from time to time, issued by the Securities and Exchange Board of India, under section 11 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).]

195. Other sums.—³[(1) Any person responsible for paying to a non-resident, not being a company, or to a foreign company, ⁴[any interest (not being interest referred to in section 194LB or section 194LC)]⁵[or section 194LD] ⁶*** or any other sum chargeable under the provisions of this Act (not being income chargeable under the head “Salaries” ⁷***)] shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force:

⁸[Provided that in the case of interest payable by the Government or a public sector bank within the meaning of clause (23D) of section 10 or a public financial institution within the meaning of that clause, deduction of tax shall be made only at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode:]

1. Ins. by Act 17 of 2013, s. 47 (w.e.f. 1-6-2013).

2. Subs. by Act 7 of 2017, s. 69, for “1st day of July, 2017” (w.e.f. 1-4-2018).

3. Subs. by Act 11 of 1987, s. 49, for sub-section (1) (w.e.f. 1-6-1987).

4. Subs. by Act 23 of 2012, s. 77, for “any interest” (w.e.f. 1-4-2012).

5. Ins. by Act 17 of 2013, s. 48 (w.e.f. 1-6-2013).

6. The words “(not being interest on securities)” omitted by Act 32 of 2003, s. 80 (w.e.f. 1-6-2003).

7. The words “or dividends” omitted by Act 49 of 1991, s. 56 (w.e.f. 1-10-1991).

8. Ins. by Act 36 of 1989, s. 23 (w.e.f. 1-6-1987).

¹[Provided further that no such deduction shall be made in respect of any dividends referred to in section 115-O.]

Explanation ²[1].—For the purposes of this section, where any interest or other sum as aforesaid is credited to any account, whether called “Interest payable account” or “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.]

³[*Explanation* 2.—For the removal of doubts, it is hereby clarified that the obligation to comply with sub-section (1) and to make deduction thereunder applies and shall be deemed to have always applied and extends and shall be deemed to have always extended to all persons, resident or non-resident, whether or not the non-resident person has—

(i) a residence or place of business or business connection in India; or

(ii) any other presence in any manner whatsoever in India.]

(2) Where the person responsible for paying any such sum chargeable under this Act (⁴[other than salary]) to a non-resident considers that the whole of such sum would not be income chargeable in the case of the recipient, he may make an application to the ⁵[Assessing Officer] to determine, ⁶[by general or special order], the appropriate proportion of such sum so chargeable, and upon such determination, tax shall be deducted under sub-section (1) only on that proportion of the sum which is so chargeable.

⁷* * * * *

⁸[(3) Subject to rules made under sub-section (5), any person entitled to receive any interest or other sum on which income-tax has to be deducted under sub-section (1) may make an application in the prescribed form to the ⁵[Assessing Officer] for the grant of a certificate authorising him to receive such interest or other sum without deduction of tax under that sub-section, and where any such certificate is granted, every person responsible for paying such interest or other sum to the person to whom such certificate is granted shall, so long as the certificate is in force, make payment of such interest or other sum without deducting tax thereon under sub-section (1).

(4) A certificate granted under sub-section (3) shall remain in force till the expiry of the period specified therein or, if it is cancelled by the ⁵[Assessing Officer] before the expiry of such period, till such cancellation.

1. Ins. by Act 32 of 2003, s. 80 (w.e.f. 1-4-2003). Earlier the proviso was omitted by Act 20 of 2002, s. 80 (w.e.f. 1-6-2002) which was inserted by Act 26 of 1997, s. 49 (w.e.f. 1-6-1997).

2. The *Explanation* renumbered as *Explanation* 1 thereof by Act 23 of 2012, s. 77 (w.r.e.f. 1-4-1962).

3. Ins. by s. 77, *ibid.* (w.r.e.f. 1-4-1962).

4. Subs. by Act 32 of 2003, s. 80, for “other than interest on securities and salary” (w.e.f. 1-6-2003). Earlier the words “other than interest including interest on securities” substituted by Act 66 of 1976, s. 22, for “other than interest on securities” (w.e.f. 1-6-1976) and the word “dividend” was omitted by Act 49 of 1991, s. 56 (w.e.f. 1-10-1991).

5. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

6. Subs. by Act 26 of 1988, s. 39, for “in the prescribed manner (w.r.e.f. 1-3-1988). Earlier the quoted words were substituted by Act 11 of 1987, s. 49 for “by general or special order” (w.e.f. 1-6-1987).

7. The proviso omitted by Act 49 of 1991, s. 56 (w.e.f. 1-10-1991). Earlier the proviso was inserted by Act 11 of 1987, s. 49 (w.e.f. 1-6-1987).

8. Ins. by Act 19 of 1970, s. 24 (w.e.f. 1-4-1970).

(5) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (3) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.]

¹[(6) The person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall furnish the information relating to payment of such sum, in such form and manner, as may be prescribed.]

²[(7) Notwithstanding anything contained in sub-section (1) and sub-section (2), the Board may, by notification in the Official Gazette, specify a class of persons or cases, where the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of sum chargeable, and upon such determination, tax shall be deducted under sub-section (1) on that proportion of the sum which is so chargeable.]

³**[195A. Income payable “net of tax”.—**⁴[In a case other than that referred to in sub-section (1A) of section 192, where under an agreement] or other arrangement, the tax chargeable on any income referred to in the foregoing provisions of this Chapter is to be borne by the person by whom the income is payable, then, for the purposes of deduction of tax under those provisions such income shall be increased to such amount as would, after deduction of tax thereon at the rates in force for the financial year in which such income is payable, be equal to the net amount payable under such agreement or arrangement.]

⁵**[196. Interest or dividend or other sums payable to Government, Reserve Bank or certain corporations.—**Notwithstanding anything contained in the foregoing provisions of this Chapter, no deduction of tax shall be made by any person from any sums payable to—

(i) the Government, or

(ii) the Reserve Bank of India, or

(iii) a corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income, or

(iv) a Mutual Fund specified under clause (23D) of section 10,

where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.]

⁶**[196A. Income in respect of units of non-residents.—**(1) Any person responsible for paying to a non-resident, not being a company, or to a foreign company, any income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent :

1. Subs. by Act 20 of 2015, s. 49, for sub-section (6) (w.e.f. 1-6-2015). Earlier sub-section (6) was inserted by Act 18 of 2008, s. 44 (w.e.f. 1-4-2008).

2. Ins. by Act 23 of 2012, s. 77 (w.e.f. 1-7-2012).

3. Ins. by Act 11 of 1987, s. 50 (w.e.f. 1-6-1987).

4. Subs. by Act 20 of 2002, s. 81, for “Where, under an agreement” (w.e.f. 1-6-2002).

5. Subs. by Act 4 of 1988, s. 75, for section 196 (w.e.f. 1-4-1988). Earlier section 196 was substituted by Act 20 of 1967, s. 30 (w.e.f. 1-4-1967).

6. Subs. by Act 22 of 1995, s. 37, for section 196A (w.e.f. 1-7-1995).

¹[Provided that no deduction shall be made under this section from any such income credited or paid on or after the 1st day of April, 2003.]

(2) Notwithstanding anything contained in sub-section (1), no deduction of tax shall be made from any income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, where the units have been acquired from the Unit Trust of India out of the funds in a Non-resident (External) Account maintained with any bank in India or by remittance of funds in foreign currency, in accordance, in either case, with the provisions of ²[the Foreign Exchange Management Act, 1999 (42 of 1999)], and the rules made thereunder.

Explanation.—For the purposes of this section—

(a) “foreign currency” shall have the meaning assigned to it in ²[the Foreign Exchange Management Act, 1999 (42 of 1999)];

(b) “non-resident Indian” shall have the meaning assigned to it in clause (e) of section 115C;

(c) “Unit Trust of India” means the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963);

(d) where any income as aforesaid is credited to any account, whether called “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.]

³[**196B. Income from units.**—⁴[Where any income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund], the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.]

⁵[**196C. Income from foreign currency bonds or shares of Indian company.**—⁶[Where any income by way of interest or dividends in respect of ⁷[bonds or Global Depository Receipts] referred to in section 115AC or by way of long-term capital gains arising from the transfer of such ⁷[bonds or Global Depository Receipts] is payable to a non-resident], the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.]:

⁸[Provided that no such deduction shall be made in respect of any dividends referred to in section 115-O.]

1. Ins. by Act 32 of 2003, s. 81 (w.e.f. 1-4-2003). Earlier the proviso omitted by Act 20 of 2002, s. 82 (w.e.f. 1-6-2002) which was inserted by Act 27 of 1999, s. 75 (w.e.f. 1-6-1999).

2. Subs. by Act 17 of 2013, s. 4, for “the Foreign Exchange Regulation Act, 1973 (46 of 1973)” (w.e.f. 1-4-2013).

3. Ins. by Act 49 of 1991, s. 58 (w.e.f. 1-10-1991).

4. Subs. by Act 38 of 1993, s. 26, for “Where any income is payable in respect of units referred to in section 115AB to an Offshore Fund” (w.e.f. 1-6-1993).

5. Ins. by Act 18 of 1992, s. 75 (w.e.f. 1-6-1992).

6. Subs. by Act 38 of 1993, s. 27, for “Where any income by way of interest or dividends is payable in respect of bonds or shares referred to in section 115AC to a non-resident” (w.e.f. 1-6-1993).

7. Subs. by Act 14 of 2001, s. 72, for “bonds or shares” (w.e.f. 1-4-2002).

8. Ins. by Act 32 of 2003, s. 82 (w.e.f. 1-4-2003). Earlier the proviso was omitted by Act 20 of 2002, s. 83 (w.e.f. 1-6-2002) which was inserted by Act 26 of 1997, s. 50 (w.e.f. 1-6-1997).

¹[**196D. Income of Foreign Institutional Investors from securities.**—(I) Where ²[any income in respect of securities referred to in clause (a) of sub-section (I) of section 115AD, not being income by way of interest referred to in section 194LD, is payable] to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent.:

³[Provided that no such deduction shall be made in respect of any dividends referred to in section 115-O.]

(2) No deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.]

197. Certificate for deduction at lower rate.—(I) ⁴[Subject to rules made under sub-section (2A), ⁵[where, in the case of ⁶[any income of any person or sum payable to any person], income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, ⁷[194,] ⁸[194A, ⁹[194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA ¹⁰[194LBB, 194LBC]]] and 195, the Assessing Officer is satisfied]] that the total income ¹¹*** of the recipient justifies the deduction of income-tax ¹²*** at any lower rates or no deduction of income-tax ¹²***, as the case may be, the ¹³[Assessing Officer] shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.

(2) Where any such certificate is given, the person responsible for paying the income shall, until such certificate is cancelled by the ¹³[Assessing Officer], deduct income-tax ¹⁴*** at the rates specified in such certificate or deduct no tax, as the case may be.

¹⁵[(2A) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (I) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.]

¹⁶* * * * *

1. Ins. by Act 38 of 1993, s. 28 (w.e.f. 1-6-1993).

2. Subs. by Act 17 of 2013, s. 49, for “any income in respect of securities referred to in clause (a) of sub-section (I) of section 115AD is payable” (w.e.f. 1-6-2013).

3. Ins. by Act 32 of 2003, s. 83 (w.e.f. 1-4-2003). Earlier the proviso was omitted by Act 20 of 2002, s. 84 (w.e.f. 1-6-2002) which was inserted by Act 26 of 1997, s. 50 (w.e.f. 1-6-1997).

4. Subs. by Act 11 of 1987, s. 51, for “Where in the case of any income of any person other than a company” (w.e.f. 1-6-1987).

5. Subs. by Act 18 of 1992, s. 76, for certain words (w.e.f. 1-6-1992).

6. Subs. by Act 32 of 2003, s. 84, for “any income of any person” (w.e.f. 1-6-2003).

7. Ins. by Act 38 of 1993, s. 29 (w.e.f. 1-6-1993).

8. Subs. by Act 32 of 2003, s. 84, for “194A, 194D, 194H, 194-I, 194K, 194L” (w.e.f. 1-6-2003).

9. Subs. by Act 23 of 2004, s. 39, for “194C, 194D, 194G, 194H, 194-I, 194J, 194K” (w.e.f. 1-10-2004).

10. Ins. by Act 28 of 2016, s. 85 (w.e.f. 1-6-2016).

11. The words “or the total world income” omitted by Act 10 of 1965, s. 48 (w.e.f. 1-4-1965).

12. The words “or super-tax” omitted by s. 48, *ibid.* (w.e.f. 1-4-1965).

13. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

14. The words “and super-tax” omitted by Act 10 of 1965, s. 48 (w.e.f. 1-4-1965).

15. Ins. by Act 11 of 1987, s. 51 (w.e.f. 1-6-1987).

16. Sub-section (3) omitted by Act 23 of 1986, s. 39 (w.e.f. 1-4-1987).

¹[**197A. No deduction to be made in certain cases.**—(I) Notwithstanding anything contained in ^{2***} section 194 ^{3***} ⁴[or section 194EE], no deduction of tax shall be made under any of the said sections in the case of an individual, who is resident in India, if such individual furnishes to the person responsible for paying any income of the nature referred to in ^{2***} section 194 ⁵[^{3***} or, as the case may be, section 194EE], a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that ⁶[the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be *nil*.]

⁷[(IA)Notwithstanding anything contained in ⁸[section 192A or section 193 or section 194A ⁹[or section 194D] or section 194DA] ¹⁰[or section 194-I] or section 194K, no deduction of tax shall be made under ¹¹[any of] the said sections in the case of a person (not being a company or a firm), if such person furnishes to the person responsible for paying any income of the nature referred to in ⁸[section 192A or section 193 or section 194A ⁹[or section 194D] or section 194DA] ¹⁰[or section 194-I] or section 194K, as the case may be, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be *nil*.]

¹²[(IB) The provisions of this section shall not apply where the amount of any income of the nature referred to in sub-section (I) or sub-section (IA), as the case may be, or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income-tax.]

¹³[(IC) Notwithstanding anything contained in ¹⁴[section 192A or section 193 or section 194 or section 194A ⁹[or section 194D] or section 194DA] or section 194EE ¹⁰[or section 194-I] or section 194K or sub-section (IB) of this section, no deduction of tax shall be made in the case of an individual resident in India, who is of the age of ¹⁵[sixty years] or more at any time during the previous year^{16***}, if such individual furnishes to the person responsible for paying any income of the nature referred to in ¹⁴[section 192A or section 193 or section 194 or section 194A ⁹[or section 194D] or section 194DA] or section 194EE ¹⁰[or section 194-I] or section 194K, as the case may be, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be *nil*.]

1. Ins. by Act 14 of 1982, s. 26 (w.e.f. 1-6-1982).

2. The words and figures “section 193 or” omitted by Act 27 of 1999, s. 77 (w.e.f. 1-6-1999).

3. The words and figures “or section 194A” omitted by Act 18 of 1992, s. 77 (w.e.f. 1-6-1992).

4. Ins. by Act 49 of 1991, s. 59 (w.e.f. 1-10-1991).

5. Subs. by s. 59, *ibid.*, for “or, as the case may be, section 194A” (w.e.f. 1-10-1991).

6. Subs. by Act 12 of 1990, s. 50, for “his estimated total income of the previous year in which such income is to be included in computing his total income will be less than the minimum liable to income-tax” (w.e.f. 1-4-1990).

7. Subs. by Act 22 of 1995, s. 39, for sub-section (IA) (w.e.f. 1-7-1995).

8. Subs. by Act 20 of 2015, s. 50, for “section 193 or section 194A” (w.e.f. 1-6-2015).

9. Ins. by Act 7 of 2017, s. 70 (w.e.f. 1-6-2017).

10. Ins. by Act 28 of 2016, s. 86 (w.e.f. 1-6-2016).

11. Subs. by Act 27 of 1999, s. 77, for “either of” (w.e.f. 1-6-1999).

12. Ins. by Act 20 of 2002, s. 85 (w.e.f. 1-6-2002).

13. Ins. by Act 32 of 2003, s. 85 (w.e.f. 1-6-2003).

14. Subs. by Act 20 of 2015, s. 50, for “section 193 or section 194 or section 194A” (w.e.f. 1-6-2015).

15. Subs. by Act 23 of 2012, s. 78, for “sixty-five years” (w.e.f. 1-7-2012).

16. The words, figures and letter “and is entitled to a deduction from the amount of income-tax on his total income referred to in section 88B” omitted by Act 22 of 2007, s. 58 (w.e.f. 1-4-2006).

¹[(1D) Notwithstanding anything contained in this section, no deduction of tax shall be made by the Offshore Banking Unit from the interest paid—

(a) on deposit made on or after the 1st day of April, 2005, by a non-resident or a person not ordinarily resident in India; or

(b) on borrowing, on or after the 1st day of April, 2005, from a non-resident or a person not ordinarily resident in India.

Explanation.—For the purposes of this sub-section “Offshore Banking Unit” shall have the same meaning as assigned to it in clause (u) of section 2 of the Special Economic Zones Act, 2005.]

²[(1E) Notwithstanding anything contained in this Chapter, no deduction of tax shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10.]

³[(1F) Notwithstanding anything contained in this Chapter, no deduction of tax shall be made from such specified payment to such institution, association or body or class of institutions, associations or bodies as may be notified by the Central Government in the Official Gazette, in this behalf.]

(2) The person responsible for paying any income of the nature referred to in sub-section (I) ⁴[or sub-section (IA)] ⁵[or sub-section (IC)] shall deliver or cause to be delivered to the ⁶[⁷[Principal Chief Commissioner or Chief Commissioner] or ⁸[Principal Commissioner or Commissioner]] one copy of the declaration referred to in sub-section (I) ⁴[or sub-section (IA)] ⁵[or sub-section (IC)] on or before the seventh day of the month next following the month in which the declaration is furnished to him.]

198. Tax deductedis income received.—All sums deducted in accordance with ⁹[the foregoing provisions of this Chapter] shall, for the purpose of computing the income of an assessee, be deemed to be income received:

¹⁰[Provided that the sum being the tax paid, under sub-section (IA) of section 192 for the purpose of computing the income of an assessee, shall not be deemed to be income received.]

¹¹[**199. Credit for tax deducted.**—(I) Any deduction made in accordance with the foregoing provisions of this Chapter and paid to the Central Government shall be treated as a payment of tax on behalf of the person from whose income the deduction was made, or of the owner of the security, or of the depositor or of the owner of property or of the unit-holder, or of the shareholder, as the case may be.

(2) Any sum referred to in sub-section (IA) of section 192 and paid to the Central Government shall be treated as the tax paid on behalf of the person in respect of whose income such payment of tax has been made.

1. Ins. by Act 28 of 2005, s. 27 and the Second Schedule (w.e.f. 10-2-2006).

2. Ins. by Act 33 of 2009, s. 63 (w.e.f. 1-4-2009).

3. Ins. by Act 23 of 2012, s. 78 (w.e.f. 1-7-2012).

4. Ins. by Act 18 of 1992, s. 77 (w.e.f. 1-6-1992).

5. Ins. by Act 32 of 2003, s. 85 (w.e.f. 1-6-2003).

6. Subs. by Act 4 of 1988, s. 2, for “Commissioner” (w.e.f. 1-4-1988).

7. Subs. by Act 25 of 2014, s. 4, for “Chief Commissioner” (w.e.f. 1-6-2013).

8. Subs. by s. 4, *ibid.*, for “Commissioner” (w.e.f. 1-6-2013).

9. Subs. by Act 23 of 2004, s. 40, for certain words (w.e.f. 1-10-2004).

10. Ins. by Act 20 of 2002, s. 86 (w.e.f. 1-6-2002).

11. Subs. by Act 18 of 2008, s. 45, for section 199 (w.e.f. 1-4-2008).

(3) The Board may, for the purposes of giving credit in respect of tax deducted or tax paid in terms of the provisions of this Chapter, make such rules as may be necessary, including the rules for the purposes of giving credit to a person other than those referred to in sub-section (1) and sub-section (2) and also the assessment year for which such credit may be given.]

200. Duty of person deducting tax.—¹[(1)] Any person deducting any sum in accordance with ²[the foregoing provisions of this Chapter] shall pay within the prescribed time, the sum so deducted to the credit of the Central Government or as the Board directs.

³[(2) Any person being an employer, referred to in sub-section (1A) of section 192 shall pay, within the prescribed time, the tax to the credit of the Central Government or as the Board directs.]

⁴[(2A) In case of an office of the Government, where the sum deducted in accordance with the foregoing provisions of this Chapter or tax referred to in sub-section (1A) of section 192 has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever name called, who is responsible for crediting such sum or tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.]

⁵[(3) Any person deducting any sum on or after the 1st day of April, 2005 in accordance with the foregoing provisions of this Chapter or, as the case may be, any person being an employer referred to in sub-section (1A) of section 192 shall, after paying the tax deducted to the credit of the Central Government within the prescribed time, prepare such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed:]

⁶[Provided that the person may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be specified by the authority.]

⁷**[200A. Processing of statements of tax deducted at source.]**—(1) Where a statement of tax deduction at source ⁸[or a correction statement] has been made by a person deducting any sum (hereafter referred to in this section as deductor) under section 200, such statement shall be processed in the following manner, namely:—

(a) the sums deductible under this Chapter shall be computed after making the following adjustments, namely:—

(i) any arithmetical error in the statement; or

1. Section 200 re-numbered as sub-section (1) thereof by Act 20 of 2002, s. 88 (w.e.f. 1-6-2002).

2. Subs. by Act 23 of 2004, s. 42, for certain words (w.e.f. 1-10-2004).

3. Ins. by Act 20 of 2002, s. 88 (w.e.f. 1-6-2002).

4. Ins. by Act 20 of 2015, s. 51 (w.e.f. 1-6-2015).

5. Ins. by Act 23 of 2004, s. 42 (w.e.f. 1-4-2005).

6. Ins. by Act 25 of 2014, s. 60 (w.e.f. 1-10-2014).

7. Ins. by Act 33 of 2009, s. 65 (w.e.f. 1-4-2010).

8. Ins. by Act 25 of 2014, s. 61 (w.e.f. 1-10-2014).

(ii) an incorrect claim, apparent from any information in the statement;

(b) the interest, if any, shall be computed on the basis of the sums deductible as computed in the statement;

¹[(c) the fee, if any, shall be computed in accordance with the provisions of section 234E;

(d) the sum payable by, or the amount of refund due to, the deductor shall be determined after adjustment of the amount computed under clause (b) and clause (c) against any amount paid under section 200 or section 201 or section 234E and any amount paid otherwise by way of tax or interest or fee;

(e) an intimation shall be prepared or generated and sent to the deductor specifying the sum determined to be payable by, or the amount of refund due to, him under clause (d); and

(f) the amount of refund due to the deductor in pursuance of the determination under clause (d) shall be granted to the deductor:]

Provided that no intimation under this sub-section shall be sent after the expiry of one year from the end of the financial year in which the statement is filed.

Explanation.—For the purposes of this sub-section, “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—

(i) of an item, which is inconsistent with another entry of the same or some other item in such statement;

(ii) in respect of rate of deduction of tax at source, where such rate is not in accordance with the provisions of this Act.

(2) For the purposes of processing of statements under sub-section (1), the Board may make a scheme for centralised processing of statements of tax deducted at source to expeditiously determine the tax payable by, or the refund due to, the deductor as required under the said sub-section.]

201. Consequences of failure to deduct or pay.—²[(1) Where any person, including the principal officer of a company,—

(a) who is required to deduct any sum in accordance with the provisions of this Act; or

(b) referred to in sub-section (1A) of section 192, being an employer,

does not deduct, or does not pay, or after so deducting fails to pay, the whole or any part of the tax, as required by or under this Act, then, such person, shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of such tax:

³[Provided that any person, including the principal officer of a company, who fails to deduct the whole or any part of the tax in accordance with the provisions of this Chapter on the sum paid to a resident or on the sum credited to the account of a resident shall not be deemed to be an assessee in default in respect of such tax if such resident—

(i) has furnished his return of income under section 139;

1. Subs. by Act 20 of 2015, s. 52, for clauses (c) to (e) (w.e.f. 1-6-2015).

2. Subs. by Act 18 of 2008, s. 46, for sub-section (1) (w.r.e.f. 1-6-2002).

3. Ins. by Act 23 of 2012, s. 79 (w.e.f. 1-7-2012).

(ii) has taken into account such sum for computing income in such return of income; and

(iii) has paid the tax due on the income declared by him in such return of income,

and the person furnishes a certificate to this effect from an accountant in such form as may be prescribed:]

¹[Provided further that] no penalty shall be charged under section 221 from such person, unless the Assessing Officer is satisfied that such person, without good and sufficient reasons, has failed to deduct and pay such tax.]

²[(1A) Without prejudice to the provisions of sub-section (1), if any such person, principal officer or company as is referred to in that sub-section does not deduct the whole or any part of the tax or after deducting fails to pay the tax as required by or under this Act, he or it shall be liable to pay simple interest,—

(i) at one per cent for every month or part of a month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and

(ii) at one and one-half per cent for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid,

and such interest shall be paid before furnishing the statement in accordance with the provisions of sub-section (3) of section 200:]

¹[Provided that in case any person, including the principal officer of a company fails to deduct the whole or any part of the tax in accordance with the provisions of this Chapter on the sum paid to a resident or on the sum credited to the account of a resident but is not deemed to be an assessee in default under the first proviso to sub-section (1), the interest under clause (i) shall be payable from the date on which such tax was deductible to the date of furnishing of return of income by such resident.]

(2) Where the tax has not been paid as aforesaid after it is deducted, ³[the amount of the tax together with the amount of simple interest thereon referred to in sub-section (1A) shall be a charge] upon all the assets of the person, or the company, as the case may be, referred to in sub-section (1).

⁴⁵[(3) No order shall be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from a person resident in India, at any time after the expiry of seven years from the end of the financial year in which payment is made or credit is given.]

(4) The provisions of sub-clause (ii) of sub-section (3) of section 153 and of *Explanation 1* to section 153 shall, so far as may, apply to the time limit prescribed in sub-section (3).]

⁶[*Explanation.*—For the purposes of this section, the expression “accountant” shall have the meaning assigned to it in the *Explanation* to sub-section (2) of section 288.]

202. Deduction only one mode of recovery.—The power to ⁷[recover tax] by deduction under ⁸[the foregoing provisions of this Chapter] shall be without prejudice to any other mode of recovery.

1. Subs. by Act 23 of 2012, s. 79, for “Provided that” (w.e.f. 1-7-2012)

2. Subs. by Act 14 of 2010, s. 42, for sub-section (1A) (w.e.f. 1-7-2010).

3. Subs. by Act 13 of 1966, s. 26, for “it shall be a charge” (w.e.f. 1-4-1966).

4. Ins. by Act 33 of 2009, s. 66 (w.e.f. 1-4-2010).

5. Subs. by Act 25 of 2014, s. 62, for sub-section (3) (w.e.f. 1-10-2014). Earlier sub-section (3) was amended by Act 23 of 2012, s. 79 (w.e.f. 1-4-2010).

6. Ins. by Act 23 of 2012, s. 79 (w.e.f. 1-7-2012).

7. Subs. by Act 11 of 1987, s. 53 for “levy tax” (w.e.f. 1-6-1987).

8. Subs. by Act 23 of 2004, s. 43, for certain words, figures and letters the portion beginning with the words “the provisions of section 192” and ending with the words “section 196D” (w.e.f. 1-10-2004).

¹[**203. Certificate for tax deducted.**—²[(1)] Every person deducting tax in accordance with ³[the foregoing provisions of this Chapter]⁴[shall, within such period as may be prescribed from the time of credit or payment of the sum, or, as the case may be, from the time of issue of a cheque or warrant for payment of any dividend to a shareholder], furnish to the person to whose account such credit is given or to whom such payment is made or the cheque or warrant is issued, a certificate to the effect that tax has been deducted, and specifying the amount so deducted, the rate at which the tax has been deducted and such other particulars as may be prescribed.]

⁵[(2) Every person, being an employer, referred to in sub-section (1A) of section 192 shall, within such period, as may be prescribed, furnish to the person in respect of whose income such payment of tax has been made, a certificate to the effect that tax has been paid to the Central Government, and specify the amount so paid, the rate at which the tax has been paid and such other particulars as may be prescribed.]

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⁷[**203A. Tax deduction and collection account number.**—(1) Every person, deducting tax or collecting tax in accordance with the provisions of this Chapter, who has not been allotted a tax deduction account number or, as the case may be, a tax collection account number, shall, within such time as may be prescribed, apply to the Assessing Officer for the allotment of a “tax deduction and collection account number”.

(2) Where a “tax deduction account number” or, as the case may be, a “tax collection account number” or a “tax deduction and collection account number” has been allotted to a person, such person shall quote such number—

(a) in all challans for the payment of any sum in accordance with the provisions of section 200 or sub-section (3) of section 206C;

(b) in all certificates furnished under section 203 or sub-section (5) of section 206C;

⁸[(ba) in all the ⁹*** statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (3) of section 200 or sub-section (3) of section 206C;]

(c) in all the returns, delivered in accordance with the provisions of section 206 or sub-section (5A) or sub-section (5B) of section 206C to any income-tax authority; and

(d) in all other documents pertaining to such transactions as may be prescribed in the interests of revenue.]

¹⁰[(3) The provisions of this section shall not apply to such person, as may be notified by the Central Government in this behalf.]

1. Subs. by Act 20 of 1967, s. 30, for section 203, (w.e.f. 1-4-1967).

2. Section 203 renumbered as sub-section (1) thereof by Act 20 of 2002, s. 90 (w.e.f. 1-6-2002).

3. Subs. by Act 23 of 2004, s. 44, for the portion beginning with the words “the provisions of section 192” and ending with the words “section 196D” (w.e.f. 1-10-2004).

4. Subs. by Act 11 of 1987, s. 54, for “shall, at the time of credit of payment of the sum, or, as the case may be, at the time of issue of a cheque or warrant for payment of any dividend to a shareholder” (w.e.f. 1-6-1987).

5. Ins. by Act 20 of 2002, s. 90 (w.e.f. 1-6-2002).

6. Sub-section (3) omitted by Act 14 of 2010, s. 43 (w.e.f. 1-4-2010).

7. Subs. by Act 23 of 2004, s. 45, for section 203A (w.e.f. 1-10-2004).

8. Ins. by Act 21 of 2006, s. 44 (w.e.f. 1-6-2006).

9. The word “quarterly” omitted by Act 33 of 2009, s. 67 (w.e.f. 1-10-2009).

10. Ins. by Act 20 of 2015, s. 53 (w.e.f. 1-6-2015).

¹[**203AA. Furnishing of statement of tax deducted.**—The prescribed income-tax authority or the person authorised by such authority referred to in sub-section (3) of section 200, shall, within the prescribed time after the end of each financial year beginning on or after the ²[1st day of April, 2008] prepare and deliver to every person from whose income the tax has been deducted or in respect of whose income the tax has been paid a statement in the prescribed form specifying the amount of tax deducted or paid and such other particulars as may be prescribed.]

204. Meaning of “person responsible for paying”.—For the purposes of ³[the foregoing provisions of this Chapter] and section 285, the expression “person responsible for paying” means—

(i) in the case of payments of income chargeable under the head “Salaries”, other than payments by the Central Government or the Government of a State, the employer himself or, if the employer is a company, the company itself, including the principal officer thereof;

(ii) in the case of payments of income chargeable under the head “Interest on securities”, other than payments made by or on behalf of the Central Government or the Government of a State, the local authority, corporation or company, including the principal officer thereof;

⁴[(iii) in the case of any sum payable to a non-resident Indian, being any sum representing consideration for the transfer by him of any foreign exchange asset, which is not a short-term capital asset, the ⁵[authorised person] responsible for remitting such sum to the non-resident Indian or for crediting such sum to his Non-resident (External) Account maintained in accordance with ⁶[the Foreign Exchange Management Act, 1999 (42 of 1999)], and any rules made thereunder;]

⁷[(iib) in the case of furnishing of information relating to payment to a non-resident, not being a company, or to a foreign company, of any sum, whether or not chargeable under the provisions of this Act, the payer himself, or, if the payer is a company, the company itself including the principal officer thereof;]

(iii) ⁸[in the case of credit, or, as the case may be, payment] of any other sum chargeable under the provisions of this Act, the payer himself, or, if the payer is a company, the company itself including the principal officer thereof;

⁹[(iv) in the case of credit, or as the case may be, payment of any sum chargeable under the provisions of this Act made by or on behalf of the Central Government or the Government of a State, the drawing and disbursing officer or any other person, by whatever name called, responsible for crediting, or as the case may be, paying such sum.]

¹⁰[*Explanation.*—For the purposes of this section,—

(a) “non-resident Indian” and “foreign exchange asset” shall have the meanings assigned to them in Chapter XII-A;

¹¹[(b) “authorised person” shall have the meaning assigned to it in clause (c) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).]

1. Ins. by Act 23 of 2004, s. 46 (w.e.f. 1-4-2005).

2. Subs. by Act 21 of 2006, s. 45, for “1st day of April, 2005” (w.e.f. 1-4-2006).

3. Subs. by Act 23 of 2004, s. 47, for certain words, figures and letter (w.e.f. 1-10-2004). Earlier to amended by Act 20 of 1967, s. 30 (w.e.f. 1-4-1967).

4. Ins. by Act 23 of 1986, s. 32 (w.e.f. 1-6-1986).

5. Subs. by Act 17 of 2013, s. 50, for “authorized dealer” (w.e.f. 1-4-2013).

6. Subs. by s. 4, *ibid.*, for “the Foreign Exchange Regulation Act, 1973 (46 of 1973)” (w.e.f. 1-4-2013).

7. Ins. by Act 7 of 2017, s. 71 (w.e.f. 1-4-2017).

8. Subs. by Act 20 of 1967, s. 30, for “in the case of payment” (w.e.f. 1-4-1967).

9. Ins. by Act 23 of 2012, s. 80 (w.e.f. 1-7-2012).

10. Added by Act 23 of 1986, s. 32 (w.e.f. 1-6-1986).

11. Subs. by Act 17 of 2013, s. 50, for clause (b) (w.e.f. 1-4-2013).

205. Bar against direct demand on assessee.—Where tax is deductible at the source under ¹[the foregoing provisions of this Chapter], the assessee shall not be called upon to pay the tax himself to the extent to which tax has been deducted from that income.

²**206. Persons deducting tax to furnish prescribed returns.**—³[(1)] The prescribed person in the case of every office of Government, the principal officer in the case of every company, the prescribed person in the case of every local authority or other public body or association, every private employer and every other person ⁴[responsible for deducting tax before the 1st day of April, 2005] under the foregoing provisions of this Chapter ⁵[shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered] to the ⁶[prescribed income-tax authority or such other authority or agency as may be prescribed], such returns in such form and verified in such manner and setting forth such particulars as may be prescribed:]

⁷[Provided that the Board may, if it considers necessary or expedient so to do, frame a scheme for the purposes of filing such returns with such other authority or agency referred to in this sub-section.]

⁸[(2) Without prejudice to the provisions of sub-section (1), the person responsible for deducting tax under the foregoing provisions of this Chapter ⁹[other than the prescribed person in the case of every office of the Government and the principal officer in the case of every company] may, at his option, deliver or cause to be delivered such return to the prescribed income-tax authority in accordance with such scheme as may be specified by the Board in this behalf, by notification in the Official Gazette, and subject to such conditions as may be specified therein, on or before the prescribed time after the end of each financial year, on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media (hereinafter referred to as the computer media) and in the manner as may be specified in that scheme:

¹⁰[Provided that the prescribed person in the case of every office of Government and the principal officer in the case of every company responsible for deducting tax under the foregoing provisions of this Chapter shall, deliver or cause to be delivered, within the prescribed time after the end of each financial year, such returns on computer media under the said scheme.]

(3) Notwithstanding anything contained in any other law for the time being in force, a return filed on computer media shall be deemed to be a return for the purposes of this section and the rules made thereunder and shall be admissible in any proceedings thereunder, without further proof of production of the original, as evidence of any contents of the original or of any fact stated therein.

(4) Where the Assessing Officer considers that the return delivered or caused to be delivered under sub-section (2) is defective, he may intimate the defect to the person responsible for deducting tax or the principal officer in the case of a company, as the case may be, and give him an opportunity of rectifying the defect within a period of fifteen days from the date of such intimation or within such further period which, on an application made in this behalf, the Assessing Officer may, in his discretion, allow; and if the defect is not rectified within the said period of fifteen days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such return shall be treated as an invalid return and the provisions of this Act shall apply as if such person had failed to deliver the return.]

1. Subs. by Act 23 of 2004, s. 48, for certain words, figures and letter (w.e.f. 1-10-2004).

2. Subs. by Act 11 of 1987, s. 56, for section 206 (w.e.f. 1-6-1987).

3. Section 206 renumbered as sub-section (1) by Act 26 of 1997, s. 52 (w.e.f. 1-4-1997).

4. Subs. by Act 21 of 2006, s. 46, for “responsible for deducting tax” (w.e.f. 1-4-2006).

5. Subs. by Act 49 of 1991, s. 62, for “shall prepare, within the prescribed time after the end of each financial year, and deliver or cause to be delivered” (w.e.f. 27-9-1991).

6. Subs. by Act 23 of 2004, s. 49, for “prescribed income-tax authority” (w.e.f. 1-10-2004).

7. Ins. by s. 49, *ibid.* (w.e.f. 1-10-2004).

8. Subs. by Act 32 of 2003, s. 86, for sub-sections (2) and (3) (w.e.f. 1-6-2003).

9. Subs. by Act 23 of 2004, s. 49, for “other than the principal officer in the case of every company” (w.e.f. 1-4-2005).

10. Subs. by s. 49, *ibid.*, for the proviso (w.e.f. 1-4-2005).

¹[**206A. Furnishing of quarterly return in respect of payment of interest to residents without deduction of tax.**—(1) Any banking company or co-operative society or public company referred to in the proviso to clause (i) of sub-section (3) of section 194A responsible for paying to a resident any income ²[not exceeding ten thousand rupees, where the payer is a banking company or a co-operative society, and five thousand rupees in any other case] by way of interest (other than interest on securities), shall prepare ³[such statements for such period as may be prescribed] and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority the quarterly returns as aforesaid, in the prescribed form, verified in such manner and within such time as may be prescribed, on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media.

(2) The Central Government may, by notification in the Official Gazette, require any person other than a person mentioned in sub-section (1) responsible for paying to a resident any income liable for deduction of tax at source under Chapter XVII, to prepare and deliver or cause to be delivered ⁴[such statements] in the prescribed form and verified in such manner and within such time as may be prescribed, to the prescribed income-tax authority or the person authorised by such authority on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media.]

⁵[**206AA. Requirement to furnish Permanent Account Number.**—(1) Notwithstanding anything contained in any other provisions of this Act, any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB (hereafter referred to as deductee) shall furnish his Permanent Account Number to the person responsible for deducting such tax (hereafter referred to as deductor), failing which tax shall be deducted at the higher of the following rates, namely:—

- (i) at the rate specified in the relevant provision of this Act; or
- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

(2) No declaration under sub-section (1) or sub-section (1A) or sub-section (1C) of section 197A shall be valid unless the person furnishes his Permanent Account Number in such declaration.

(3) In case any declaration becomes invalid under sub-section (2), the deductor shall deduct the tax at source in accordance with the provisions of sub-section (1).

(4) No certificate under section 197 shall be granted unless the application made under that section contains the Permanent Account Number of the applicant.

(5) The deductee shall furnish his Permanent Account Number to the deductor and both shall indicate the same in all the correspondence, bills, vouchers and other documents which are sent to each other.

(6) Where the Permanent Account Number provided to the deductor is invalid or does not belong to the deductee, it shall be deemed that the deductee has not furnished his Permanent Account Number to the deductor and the provisions of sub-section (1) shall apply accordingly.]

⁶[(7) The provisions of this section shall not apply to a non-resident, not being a company, or to a foreign company, in respect of—

- (i) payment of interest on long-term bonds as referred to in section 194LC; and
- (ii) any other payment subject to such conditions as may be prescribed.]

206B. [Person paying dividend to certain residents without deduction of tax to furnish prescribed return].—*Omitted by the Finance (No. 2) Act, 1996(33 of 1996), s. 51(w.e.f. 1-10-1996).*

1. Ins. by Act 18 of 2005, s. 52 (w.e.f. 1-6-2005).

2. Subs. by Act 22 of 2007, s. 60, for “not exceeding five thousand rupees” (w.e.f. 1-6-2007).

3. Subs. by Act 33 of 2009, s. 68, for “quarterly returns for the period ending on the 30th June, the 30th September, the 31st December and the 31st March in each financial year” (w.e.f. 1-10-2009).

4. Subs. by s. 68, *ibid.*, for “quarterly returns” (w.e.f. 1-10-2009).

5. Ins. by s. 69, *ibid.* (w.e.f. 1-4-2010).

6. Subs. by Act 28 of 2016, s. 87, for sub-section (7) (w.e.f. 1-6-2016).

206C. Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.—²[(1) Every person, being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax:

³[TABLE]

<i>Sl. No.</i>	<i>Nature of goods</i>	<i>Percentage</i>
(1)	(2)	(3)
(i)	Alcoholic Liquor for human consumption	One per cent
(ii)	Tendu leaves	Five per cent
(iii)	Timber obtained under a forest lease	Two and one-half per cent
(iv)	Timber obtained by any mode other than under a forest lease	Two and one-half per cent
(v)	Any other forest produce not being timber or tendu leaves	Two and one-half per cent
(vi)	Scrap	One per cent]
⁴ [(vii)	Minerals, being coal or lignite or iron ore	One per cent:]

⁵[Provided that every person, being a seller shall at the time, during the period beginning on the 1st day of June, 2003 and ending on the day immediately preceding the date on which the Taxation Laws (Amendment) Act, 2003 comes into force, of debiting of the amount payable by the buyer to the account of the buyer or of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table as it stood immediately before the 1st day of June, 2003, a sum equal to the percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax in accordance with the provisions of this section as they stood immediately before the 1st day of June, 2003.]]

⁶[(1A) Notwithstanding anything contained in sub-section (1), no collection of tax shall be made in the case of a buyer, who is resident in India, if such buyer furnishes to the person responsible for collecting tax, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the goods referred to in column (2) of the aforesaid Table are to be utilised for the purposes of manufacturing, processing or producing articles or things ⁴[or for the purposes of generation of power] and not for trading purposes.

1. Ins. by 26 of 1988, s. 40 (w.e.f. 1-6-1988).

2. Subs. by Act 18 of 1992, s. 79, for sub-section (1) (w.e.f. 1-4-1992). Earlier sub-section (1) amended by Act 3 of 1989, s. 34 (w.e.f. 1-6-1988).

3. Subs. by Act 54 of 2003, s. 9, for the Table (w.e.f. 8-9-2003). Earlier substitution by 18 of 1992, s. 75 (w.e.f. 1-4-1992), as so amended by Act 32 of 2003, s. 86 (w.e.f. 1-6-2003).

4. Ins. by Act 23 of 2012, s. 81 (w.e.f. 1-7-2012).

5. Subs. by Act 54 of 2003, s. 9, for the proviso (w.e.f. 8-9-2003).

6. Ins. by s. 9, *ibid.* (w.e.f. 8-9-2003).

(1B) The person responsible for collecting tax under this section shall deliver or cause to be delivered to the ¹[Principal Chief Commissioner or Chief Commissioner] or ²[Principal Commissioner or Commissioner] one copy of the declaration referred to in sub-section (1A) on or before the seventh day of the month next following the month in which the declaration is furnished to him.]

³[(1C) Every person, who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest either in whole or in part in any parking lot or toll plaza or mine or quarry, to another person, other than a public sector company (hereafter in this section referred to as “licensee or lessee”) for the use of such parking lot or toll plaza or mine or quarry for the purpose of business shall, at the time of debiting of the amount payable by the licensee or lessee to the account of the licensee or lessee or at the time of receipt of such amount from the licensee or lessee in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the licensee or lessee of any such licence, contract or lease of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax:

TABLE

<i>Sl. No.</i>	<i>Nature of contract or licence or lease, etc.</i>	<i>Percentage</i>
(1)	(2)	(3)
(i)	Parking lot	Two per cent.
(ii)	Toll plaza	Two per cent.
(iii)	Mining and quarrying	Two per cent.]

⁴[*Explanation 1.*—For the purposes of this sub-section, “mining and quarrying” shall not include mining and quarrying of mineral oil.

Explanation 2.—For the purposes of *Explanation 1*, “mineral oil” includes petroleum and natural gas.]

⁵* * * * *

(1F) Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent of the sale consideration as income-tax.]

(2) The power to recover tax by collection under sub-section (1) ³[or sub-section (1C)] ⁶***shall be without prejudice to any other mode of recovery.

(3) Any person collecting any amount under sub-section (1) ³[or sub-section (1C)] ⁶***shall pay within ⁷[the prescribed time] the amount so collected to the credit of the Central Government or as the Board directs:

⁸[Provided that the person collecting tax on or after the 1st day of April, 2005 in accordance with the foregoing provisions of this section shall, after paying the tax collected to the credit of the Central Government within the prescribed time, ⁹[prepare such statements for such period as may be prescribed] and deliver or cause to be delivered to the prescribed income-tax authority, or the person authorised by such authority, such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed.]

1. Subs. by Act 25 of 2014, s. 4, for “Chief Commissioner” (w.e.f. 1-6-2013).

2. Subs. by s. 4, *ibid.*, for “Commissioner” (w.e.f. 1-6-2013).

3. Ins. by Act 23 of 2004, s. 50 (w.e.f. 1-10-2004).

4. The *Explanations* ins. by Act 22 of 2007, s. 61 (w.e.f. 1-6-2007).

5. Sub-sections (1D) and (1E) omitted by Act 7 of 2017, s. 72 (w.e.f. 1-4-2017).

6. The words “or sub-section (1D)” omitted by s. 72, *ibid.* (w.e.f. 1-4-2017).

7. Subs. by Act 54 of 2003, s. 9, for “seven days” (w.e.f. 8-9-2003).

8. Ins. by Act 23 of 2003, s. 50 (w.e.f. 1-4-2005).

9. Subs. by Act 33 of 2009, s. 70, for “prepare quarterly statements for the period ending on the 30th June, the 30th September, the 31st December and the 31st March in each financial year” (w.e.f. 1-10-2009).

¹[Provided that the Board may, if it considers necessary or expedient so to do, frame a scheme for the purposes of filing such returns with such other authority or agency referred to in this sub-section.]

²[(5B) Without prejudice to the provisions of sub-section (5A), any person collecting tax, other than in a case where the seller is a company, the Central Government or a State Government, may at his option, deliver or cause to be delivered such return to the prescribed income-tax authority in accordance with such scheme as may be specified by the Board in this behalf, by notification in the Official Gazette, and subject to such conditions as may be specified therein, on or before the prescribed time after the end of each financial year, on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media (hereinafter referred to as the computer media) and in the manner as may be specified in that scheme:

Provided that where the person collecting tax is a company or the Central Government or a State Government, such person shall, in accordance with the provisions of this section, deliver or cause to be delivered, within the prescribed time after the end of each financial year, such returns on computer media under the said scheme.

(5C) Notwithstanding anything contained in any other law for the time being in force, a return filed on computer media shall be deemed to be a return for the purposes of sub-section (5A) and the rules made thereunder and shall be admissible in any proceedings made thereunder, without further proof of production of the original, as evidence of any contents of the original or of any facts stated therein.

(5D) Where the Assessing Officer considers that the return delivered or caused to be delivered under sub-section (5B) is defective, he may intimate the defect to the person collecting tax and give him an opportunity of rectifying the defect within a period of fifteen days from the date of such intimation or within such further period which, on an application made in this behalf, the Assessing Officer may, in his discretion, allow; and if the defect is not rectified within the said period of fifteen days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such return shall be treated as an invalid return and the provisions of this Act shall apply as if such person had failed to deliver the return.]

(6) Any person responsible for collecting the tax who fails to collect the tax in accordance with the provisions of this section, shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (3).

³[(6A) If any person responsible for collecting tax in accordance with the provisions of this section does not collect the whole or any part of the tax or after collecting, fails to pay the tax as required by or under this Act, he shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of the tax:

⁴[Provided that any person⁵***responsible for collecting tax in accordance with the provisions of this section, who fails to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of the buyer or licensee or lessee shall not be deemed to be an assessee in default in respect of such tax if such buyer or licensee or lessee—

(i) has furnished his return of income under section 139;

1. Ins. by Act 23 of 2004, s. 50 (w.e.f. 1-10-2004).

2. Subs. by s. 50, *ibid.*, for sub-sections (5B) and (5C) (w.e.f. 1-4-2005).

3. Ins. by Act 21 of 2006, s. 47 (w.e.f. 1-4-2007).

4. Ins. by Act 23 of 2012, s. 81 (w.e.f. 1-7-2012).

5. The words “, other than a person referred to in sub-section (1D),” omitted by Act 7 of 2017, s. 72 (w.e.f. 1-4-2017).

(ii) has taken into account such amount for computing income in such return of income; and

(iii) has paid the tax due on the income declared by him in such return of income,

and the person furnishes a certificate to this effect from an accountant in such form as may be prescribed:]

¹[Provided further that] no penalty shall be charged under section 221 from such person unless the Assessing Officer is satisfied that the person has without good and sufficient reasons failed to collect and pay the tax.]

(7) Without prejudice to the provisions of sub-section (6), if the ²[person responsible for collecting tax] does not collect the tax or after collecting the tax fails to pay it as required under this section, he shall be liable to pay simple interest at the rate of ³[one per cent.] per month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which the tax was actually paid ⁴[and such interest shall be paid before furnishing the quarterly statement for each quarter in accordance with the provisions of sub-section (3)]:

⁵[Provided that in case any person^{6***}responsible for collecting tax in accordance with the provisions of this section, fails to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of the buyer or licensee or lessee but is not deemed to be an assessee in default under the first proviso of sub-section (6A), the interest shall be payable from the date on which such tax was collectible to the date of furnishing of return of income by such buyer or licensee or lessee.]

(8) Where the tax has not been paid as aforesaid, after it is collected, the amount of the tax together with the amount of simple interest thereon referred to in sub-section (7) shall be a charge upon all the assets of the ²[person responsible for collecting tax].]

⁷[(9) Where the Assessing Officer is satisfied that the total income of the ⁸[buyer or licensee or lessee] justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1) ⁹[or sub-section (1C)] ^{10***}, the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (1) ⁹[or sub-section (1C)] ^{10***}.

(10) Where a certificate under sub-section (9) is given, the person responsible for collecting the tax shall, until such certificate is cancelled by the Assessing Officer, collect the tax at the rates specified in such certificate.

1. Subs. by Act 23 of 2012, s. 81, for "Provided that" (w.e.f. 1-7-2012).

2. Subs. by Act 21 of 2006, s. 47, for "seller" (w.e.f. 1-4-2007).

3. Subs. by Act 54 of 2003, s. 9, for "one and one-fourth per cent." (w.e.f. 8-9-2003).

4. Ins. by Act 21 of 2006, s. 47 (w.e.f. 1-6-2006).

5. Ins. by Act 23 of 2012, s. 81 (w.e.f. 1-7-2012).

6. The words "other than a person referred to in sub-section (1D)," omitted by Act 7 of 2017, s. 72 (w.e.f. 1-4-2017).

7. Ins. by Act 27 of 1999, s. 80 (w.e.f. 1-6-1999).

8. Subs. by Act 23 of 2004, s. 50, for "buyer" (w.e.f. 1-10-2004).

9. Ins. by s. 50, *ibid.* (w.e.f. 1-10-2004).

10. The words "or sub-section (1D)" omitted by Act 7 of 2017, s. 72 (w.e.f. 1-4-2017).

(11) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (9) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.]

¹[*Explanation*.—For the purposes of this section,—

²[(a) “accountant” shall have the meaning assigned to it in the *Explanation* to sub-section (2) of section 288;

(aa) “buyer” with respect to—

(i) sub-section (1) means a person who obtains in any sale, by way of auction, tender or any other mode, goods of the nature specified in the Table in sub-section (1) or the right to receive any such goods but does not include,—

(A) a public sector company, the Central Government, a State Government, and an embassy, a High Commission, legation, commission, consulate and the trade representation, of a foreign State and a club; or

(B) a buyer in the retail sale of such goods purchased by him for personal consumption;

³* * * *

⁴[(iii) sub-section (1F) means a person who obtains in any sale, goods of the nature specified in the said sub-section, but does not include,—

(A) the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or

(B) a local authority as defined in *Explanation* to clause (20) of section 10; or

(C) a public sector company which is engaged in the business of carrying passengers.]

⁵* * * *

⁶[(b) “scrap” means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage, cutting up, wear and other reasons;]

(c) “seller” means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which the goods of the nature specified in the Table in sub-section (1) ⁷[are sold].

1. Ins. by Act 18 of 1992, s. 79 (w.e.f. 1-4-1992).

2. Subs. by Act 23 of 2012, s. 81, for clause (a) (w.e.f. 1-7-2012).

3. Sub-clause (ii) omitted by Act 7 of 2017, s. 72 (w.e.f. 1-4-2017).

4. Ins. by s. 72, *ibid.* (w.e.f. 1-4-2017).

5. Clause (ab) omitted by s. 72, *ibid.* (w.e.f. 1-4-2017).

6. Subs. by Act 32 of 2003, s. 87, for clause (b) (w.e.f. 1-6-2003).

7. Subs. by Act 7 of 2017, s. 72, for “or sub-section (1D) are sold or services referred to in sub-section (1D) are provided” (w.e.f. 1-4-2017).

¹**[206CA. Tax collection account number.—**(1) Every person collecting tax in accordance with the provisions of section 206C, shall, within such time as may be prescribed, apply to the Assessing Officer for the allotment of a tax collection account number.

(2) Where a tax collection account number has been allotted to a person, such person shall quote such number—

(a) in all challans for the payment of any sum in accordance with the provisions of sub-section (3) of section 206C;

(b) in all certificates furnished under sub-section (5) of section 206C;

(c) in all the returns delivered in accordance with the provisions of sub-section (5A) or sub-section (5B) of section 206C to any income-tax authority; and

(d) in all other documents pertaining to such transactions as may be prescribed in the interest of revenue:]

²[Provided that the provisions of this section shall not apply on or after the 1st day of October, 2004.]

³**[206CB. Processing of statements of tax collected at source.—**(1) Where a statement of tax collection at source or a correction statement has been made by a person collecting any sum (herein referred to as collector) under section 206C, such statement shall be processed in the following manner, namely:—

(a) the sums collectible under this Chapter shall be computed after making the following adjustments, namely:—

(i) any arithmetical error in the statement;

(ii) an incorrect claim, apparent from any information in the statement;

(b) the interest, if any, shall be computed on the basis of the sums collectible as computed in the statement;

(c) the fee, if any, shall be computed in accordance with the provisions of section 234E;

(d) the sum payable by, or the amount of refund due to, the collector, shall be determined after adjustment of the amount computed under clause (b) and clause (c) against any amount paid under section 206C or section 234E and any amount paid otherwise by way of tax or interest or fee;

(e) an intimation shall be prepared or generated and sent to the collector specifying the sum determined to be payable by, or the amount of refund due to, him under clause (d); and

(f) the amount of refund due to the collector in pursuance of the determination under clause (d) shall be granted to the collector:

Provided that no intimation under this sub-section shall be sent after the expiry of the period of one year from the end of the financial year in which the statement is filed.

Explanation.—For the purposes of this sub-section, “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—

(i) of an item, which is inconsistent with another entry of the same or some other item in such statement;

1. Ins. by Act 20 of 2002, s. 91 (w.e.f. 1-6-2002).

2. Ins. by Act 23 of 2004, s. 51 (w.e.f. 1-10-2004).

3. Ins. by Act 20 of 2015, s. 55 (w.e.f. 1-6-2015).

(ii) in respect of rate of collection of tax at source, where such rate is not in accordance with the provisions of this Act.

(2) The Board may make a scheme for centralised processing of statements of tax collected at source to expeditiously determine the tax payable by, or the refund due to, the collector, as required under sub-section (1).]

¹**[206CC. Requirement to furnish Permanent Account number by collectee.—(1)** Notwithstanding anything contained in any other provisions of this Act, any person paying any sum or amount, on which tax is collectible at source under Chapter XVII-BB (herein referred to as collectee) shall furnish his Permanent Account Number to the person responsible for collecting such tax (herein referred to as collector), failing which tax shall be collected at the higher of the following rates, namely:—

(i) at twice the rate specified in the relevant provision of this Act; or

(ii) at the rate of five per cent.

(2) No declaration under sub-section (1A) of section 206C shall be valid unless the person furnishes his Permanent Account Number in such declaration.

(3) In case any declaration becomes invalid under sub-section (2), the collector shall collect the tax at source in accordance with the provisions of sub-section (1).

(4) No certificate under sub-section (9) of section 206C shall be granted unless the application made under that section contains the Permanent Account Number of the applicant.

(5) The collectee shall furnish his Permanent Account Number to the collector and both shall indicate the same in all the correspondence, bills, vouchers and other documents which are sent to each other.

(6) Where the Permanent Account Number provided to the collector is invalid or does not belong to the collectee, it shall be deemed that the collectee has not furnished his Permanent Account Number to the collector and the provisions of sub-section (1) shall apply accordingly.

(7) The provisions of this section shall not apply to a non-resident who does not have permanent establishment in India.

Explanation.—For the purposes of this sub-section, the expression “permanent establishment” includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.]

²**[207. Liability for payment of advance tax.—³[(1)]** Tax shall be payable in advance during any financial year, in accordance with the provisions of sections 208 to 219 (both inclusive), in respect of the total income of the assessee which would be chargeable to tax for the assessment year immediately following that financial year, such income being hereafter in this Chapter referred to as “current income”.

⁴[(2) The provisions of sub-section (1) shall not apply to an individual resident in India, who—

(a) does not have any income chargeable under the head “Profits and gains of business or profession”; and

1. Ins. by Act 7 of 2017, s. 73 (w.e.f. 1-4-2017).

2. Subs. by Act 4 of 1988, s. 76, for sections 207 and 208 (w.e.f. 1-4-1988). Earlier amended by Act 16 of 1972, s. 33 (w.e.f. 1-4-1972).

3. Section 207 renumbered as sub-section (1) thereof by Act 23 of 2012, s. 82 (w.e.f. 1-4-2012).

4. Ins. by s. 82, *ibid.* (w.e.f. 1-4-2012).

(b) is of the age of sixty years or more at any time during the previous year.]

208. Conditions of liability to pay advance tax.—Advance tax shall be payable during a financial year in every case where the amount of such tax payable by the assessee during that year, as computed in accordance with the provisions of this Chapter, is ten thousand rupees or more.]

209. Computation of advance tax.—¹[(1) The amount of advance tax payable by an assessee in the financial year shall, subject to the provisions of sub-sections (2) and (3), be computed as follows, namely:—

(a) where the calculation is made by the assessee for the purposes of payment of advance tax under sub-section (1) or sub-section (2) or sub-section (5) or sub-section (6) of section 210, he shall first estimate his current income and income-tax thereon shall be calculated at the rates in force in the financial year;

(b) where the calculation is made by the Assessing Officer for the purpose of making an order under sub-section (3) of section 210, the total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment or the total income returned by the assessee in any return of income furnished by him for any subsequent previous year, whichever is higher, shall be taken and income-tax thereon shall be calculated at the rates in force in the financial year;

(c) where the calculation is made by the Assessing Officer for the purpose of making an amended order under sub-section (4) of section 210, the total income declared in the return furnished by the assessee for the later previous year, or, as the case may be, the total income in respect of which the regular assessment, referred to in that sub-section has been made, shall be taken and income-tax thereon shall be calculated at the rates in force in the financial year;

(d) the income-tax calculated under clause (a) or clause (b) or clause (c) shall, in each case, be reduced by the amount of income-tax which would be ²[deductible or collectible at source] during the said financial year under any provision of this Act from any income (as computed before allowing any deductions admissible under this Act) which has been taken into account in computing the current income or, as the case may be, the total income aforesaid; and the amount of income-tax as so reduced shall be the advance tax payable:]

³[Provided that for computing liability for advance tax, income-tax calculated under clause (a) or clause (b) or clause (c) shall not, in each case, be reduced by the aforesaid amount of income-tax which would be deductible or collectible at source during the said financial year under any provision of this Act from any income, if the person responsible for deducting tax has paid or credited such income without deduction of tax or it has been received or debited by the person responsible for collecting tax without collection of such tax.]

1. Subs. by Act 4 of 1988, s. 77, for sub-section (1) (w.e.f. 1-4-1988).

2. Subs. by Act 3 of 1989, s. 35, for “deductible at source” (w.r.e.f. 1-6-1988).

3. Ins. by Act 23 of 2012, s. 83 (w.e.f. 1-4-2012).

¹[(2) Where the Finance Act of the relevant year provides that, in the case of any class of assessee, net agricultural income (as defined in that Act) shall be taken into account for the purposes of computing advance tax, then, the net agricultural income to be taken into account in the case of any assessee falling in that class, shall be—

(a) in cases ²[where the Assessing Officer makes an order under sub-section (3) or sub-section (4) of section 210],—

(i) if the total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment forms the basis of computation of advance tax payable by him, the net agricultural income which has been taken into account for the purposes of charging income-tax for the assessment year relevant to that previous year; or

³[(ii) if the total income declared by the assessee for the later previous year referred to in sub-section (4) of section 210 forms the basis of computation of advance tax, the net agricultural income as returned by the assessee in the return of income for the assessment year relevant to such later previous year;]

⁴[(b) in cases where the advance tax is paid by the assessee on the basis of his estimate of his current income under sub-section (1) or sub-section (2) or sub-section (5) or sub-section (6) of section 210, the net agricultural income, as estimated by him, of the period which would be the previous year for the immediately following assessment year.]

(3) Where the Finance Act of the relevant year specifies any separate rate or rates for the purposes of computing advance tax in the case of every Hindu undivided family which has at least one member whose total income of the previous year exceeds the maximum amount not chargeable to income-tax in his case, then, the ⁵[Assessing Officer] shall, for making an order under ⁶[sub-section (3) or sub-section (4) of section 210] in the case of any such Hindu undivided family, compute (subject to the provisions of section 164) the advance tax at such rate or rates—

(a) in a case where the total income of the latest previous year in respect of which the Hindu undivided family has been assessed by way of regular assessment forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such latest previous year exceeds the maximum amount not chargeable to income-tax in his case;

(b) in a case where the total income of the previous year ⁷[in respect of which a return of income is furnished by the Hindu undivided family under section 139 or in response to a notice under sub-section (1) of section 142] forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such previous year exceeds the maximum amount not chargeable to income-tax in his case.]

1. Ins. by Act 20 of 1974, s. 11 (w.e.f. 1-4-1974).

2. Subs. by Act 4 of 1988, s. 77, for “where the assessee sends a statement under sub-section (1) of section 209A or where the Income-tax Officer makes an order under sub-section (1) or sub-section (3) of section 210” (w.e.f. 1-4-1988).

3. Subs. by s. 77, *ibid.*, for sub-clause (ii) (w.e.f. 1-4-1988).

4. Subs. by s. 77, *ibid.*, for clause (b) (w.e.f. 1-4-1988).

5. Subs. by s. 2, *ibid.*, for “Income-tax Officer” (w.e.f. 1-4-1988).

6. Subs. by s. 77, *ibid.*, for “under section 210” (w.e.f. 1-4-1988).

7. Subs. by s. 77, *ibid.*, for “on the basis of which tax has been paid by the Hindu undivided family under section 140A” (w.e.f. 1-4-1988).

209A. [Computation and payment of advance tax by assessee.] *Omitted by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), s. 78 (w.e.f. 1-4-1988). Original section was inserted by the Finance Act, 1978 (19 of 1978), s. 24 (w.e.f. 1-6-1978).*

¹**[210. Payment of advance tax by the assessee of his own accord or in pursuance of order of Assessing Officer.]**—(1) Every person who is liable to pay advance tax under section 208 (whether or not he has been previously assessed by way of regular assessment) shall, of his own accord, pay, on or before each of the due dates specified in section 211, the appropriate percentage, specified in that section, of the advance tax on his current income, calculated in the manner laid down in section 209.

(2) A person who pays any instalment or instalments of advance tax under sub-section (1), may increase or reduce the amount of advance tax payable in the remaining instalment or instalments to accord with his estimate of his current income and the advance tax payable thereon, and make payment of the said amount in the remaining instalment or instalments accordingly.

(3) In the case of a person who has been already assessed by way of regular assessment in respect of the total income of any previous year, ^{2****} the Assessing Officer, if he is of opinion that such person is liable to pay advance tax, may, at any time during the financial year but not later than the last day of February, by order in writing, require such person to pay advance tax calculated in the manner laid down in section 209, and issue to such person a notice of demand under section 156 specifying the instalment or instalments in which such tax is to be paid.

(4) If, after the making of an order by the Assessing Officer under sub-section (3) and at any time before the 1st day of March, a return of income is furnished by the assessee under section 139 or in response to a notice under sub-section (1) of section 142, or a regular assessment of the assessee is made in respect of a previous year later than that referred to in sub-section (3), the Assessing Officer may make an amended order and issue to such assessee a notice of demand under section 156 requiring the assessee to pay, on or before the due date or each of the due dates specified in section 211 falling after the date of the amended order, the appropriate percentage, specified in section 211, of the advance tax computed on the basis of the total income declared in such return or in respect of which the regular assessment aforesaid has been made.

(5) A person who is served with an order of the Assessing Officer under sub-section (3) or an amended order under sub-section (4) may, if in his estimation the advance tax payable on his current income would be less than the amount of the advance tax specified in such order or amended order, send an intimation in the prescribed form to the Assessing Officer to that effect and pay such advance tax as accords with his estimate, calculated in the manner laid down in section 209, at the appropriate percentage thereof specified in section 211, on or before the due date or each of the due dates specified in section 211 falling after the date of such intimation.

(6) A person who is served with an order of the Assessing Officer under sub-section (3) or amended order under sub-section (4) shall, if in his estimation the advance tax payable on his current income would exceed the amount of advance tax specified in such order or amended order or intimated by him under sub-section (5), pay on or before the due date of the last instalment specified in section 211, the appropriate part or, as the case may be, the whole of such higher amount of advance tax as accords with his estimate, calculated in the manner laid down in section 209.]

1. Subs. by Act 4 of 1988, s. 79, for section 210 (w.e.f. 1-4-1988).

2. The words “and who has not paid any advance tax under sub-section (1)” omitted by Act 20 of 2002, s. 92 (w.e.f. 1-6-2002).

¹[**211. Instalments of advance tax and due dates.**—²(1) Advance tax on the current income calculated in the manner laid down in section 209 shall be payable by—

(a) all the assesseees, other than the assessee referred to in clause (b), who are liable to pay the same, in four instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in the Table below:

TABLE

Due date of instalment	Amount payable
On or before the 15th June	Not less than fifteen per cent. of such advance tax.
On or before the 15th September	Not less than forty-five per cent. of such advance tax, as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th December	Not less than seventy-five per cent. of such advance tax, as reduced by the amount of amounts, if any, paid in the earlier instalment or instalments.
On or before the 15th March	The whole amount of such advance tax, as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments;

(b) ³[an assessee who declares profits and gains in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA, as the case may be], to the extent of the whole amount of such advance tax during each financial year on or before the 15th March:

Provided that any amount paid by way of advance tax on or before the 31st day of March shall also be treated as advance tax paid during the financial year ending on that day for all the purposes of this Act.]

(2) If the notice of demand issued under section 156 in pursuance of an order of the Assessing Officer under sub-section (3) or sub-section (4) of section 210 is served after any of the due dates specified in sub-section (1), the appropriate part or, as the case may be, the whole of the amount of the advance tax specified in such notice shall be payable on or before each of such of those dates as fall after the date of service of the notice of demand.]

212. [Estimate by assessee.] *Omitted by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), s. 81 (w.e.f. 1-4-1988).*

213. [Commission receipts.] *Omitted by s.81, ibid. (w.e.f. 1-4-1988).*

1. Subs. by Act 4 of 1988, s. 80, for section 211 (w.e.f. 1-4-1988).

2. Subs. by Act 28 of 2016, s. 89, for sub-section (1) (w.e.f. 1-6-2016).

3. Subs. by Act 7 of 2017, s. 74, for “an eligible assessee in respect of an eligible business referred to in section 44AD” (w.e.f. 1-4-2017).

214. Interest payable by Government.—⁽¹⁾ The Central Government shall pay simple interest at ¹[fifteen per cent.] per annum on the amount by which the aggregate sum of any instalments of advance tax paid during any financial year in which they are payable under sections 207 to 213 exceeds the amount of the ²[assessed tax] from the 1st day of April next following the said financial year to the date of the regular assessment for the assessment year immediately following the said financial year, and where any such instalment is paid after the expiry of the financial year, during which it is payable by reason of the provisions of section 213, interest as aforesaid shall also be payable on that instalment from the date of its payment to the date of regular assessment:

³[Provided that in respect of any amount refunded on a provisional assessment under section 141A, no interest shall be paid for any period after the date of such provisional assessment.]

⁴[(1A) Where as a result of an order under section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 ⁵[or an order of the Settlement Commission under sub-section (4) of section 245D], the amount on which interest was payable under sub-section (1) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and in a case where the interest is reduced, the ⁶[Assessing Officer] shall serve on the assessee, a notice of demand in the prescribed form specifying the amount of the excess interest payable and requiring him to pay such amount; and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly.]

(2) On any portion of such amount which is refunded under this Chapter, interest shall be payable only up to the date on which the refund was made.

⁷[(3) This section and sections 215, 216 and 217 shall not apply in respect of any assessment for the assessment year commencing on the 1st day of April, 1989, or any subsequent assessment year and, in the application of the said sections to the assessment for any earlier assessment year, references therein [except in sub-section (1A) and sub-section (3) of section 215] to the other provisions of this Act shall be construed as references to those provisions as for the time being in force and applicable to the relevant assessment year.]

⁸[*Explanation 1.*—In this section, “assessed tax” shall have the same meaning as in sub-section (5) of section 215.

Explanation 2.—Where, in relation to an assessment year, an assessment is made for the first time under section 147, the assessment so made shall be regarded as a regular assessment for the purposes of this section.]

215. Interest payable by assessee.—⁹[(1)Where, in any financial year, an assessee has paid ¹⁰[advance tax under section 209A or section 212 on the basis of his own estimate (including revised

1. Subs. by Act 67 of 1984, s. 24, for “twelve per cent.” (w.e.f. 1-10-1984).

2. Subs. by s. 35, *ibid.*, for “tax determined on regular assessment” (w.e.f. 1-4-1985).

3. Added by Act 19 of 1968, s. 16 (w.e.f. 1-4-1968).

4. Subs. by Act 67 of 1984, s. 35, for sub-section (1A) (w.e.f. 1-4-1985).

5. Ins. by Act 4 of 1988, s. 82 (w.e.f. 1-4-1989).

6. Subs. by s. 2, *ibid.*, for “Income-tax Officer” (w.e.f. 1-4-1988).

7. Ins. by s. 82, *ibid.* (w.e.f. 1-4-1989).

8. Ins. by Act 67 of 1984, s. 35 (w.e.f. 1-4-1985).

9. Subs. by Act 14 of 1969, s. 18, for sub-section (1) (w.e.f. 1-4-1970).

10. Subs. by Act 19 of 1978, s. 27, for “advance tax under section 212 on the basis of his own estimate” (w.e.f. 1-6-1978).

estimate)], and the advance tax so paid is less than seventy-five per cent. of the assessed tax, simple interest at the rate of¹[fifteen per cent.] per annum from the 1st day of April next following the said financial year up to the date of the regular assessment shall be payable by the assessee upon the amount by which the advance tax so paid falls short of the assessed tax:]

²[Provided that in the case of an assessee, being a company, the provisions of this sub-section shall have effect as if for the words “seventy-five per cent.”, the words “eighty-three and one-third per cent.” had been substituted.]

³[(2) Where before the date of completion of a regular assessment, tax is paid by the assessee under section 140A or otherwise,—

(i) interest shall be calculated in accordance with the foregoing provision up to the date on which the tax is so paid ; and

(ii) thereafter, interest shall be calculated at the rate aforesaid on the amount by which the tax as so paid (in so far as it relates to income subject to advance tax) falls short of the assessed tax.]

⁴[(3) Where as a result of an order under section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264⁵[or an order of the Settlement Commission under sub-section (4) of section 245D], the amount on which interest was payable under sub-section (1) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the ⁶[Assessing Officer] shall serve on the assessee, a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.]

(4) In such cases and under such circumstances as may be prescribed, the ⁶[Assessing Officer] may reduce or waive the interest payable by the assessee under this section.

⁷[(5) In this section and sections 217 and 273, “assessed tax” means the tax determined on the basis of the regular assessment (reduced by the amount of tax deductible in accordance with the provisions of sections 192 to 194,⁸[section 194A, section 194C] ⁹[, section 194D] ¹⁰[, section 195 and section 196A] so far as such tax relates to income subject to advance tax and so far as it is not due to variations in the rates of tax made by the Finance Act enacted for the year for which the regular assessment is made.]

¹¹[(6) Where, in relation to an assessment year, an assessment is made for the first time under section 147, the assessment so made shall be regarded as a regular assessment for the purposes of this section and sections 216, 217 and 273.]

1. Subs. by Act 67 of 1984, s. 24, for “twelve per cent.” (w.e.f. 1-10-1984).

2. Ins. by Act 44 of 1980, s. 32 (w.e.f. 1-9-1980).

3. Subs. by Act 42 of 1970, s. 37, for sub-section (2) (w.e.f. 1-4-1971).

4. Subs. by Act 67 of 1984, s. 36, for sub-section (3) (w.e.f. 1-4-1985).

5. Ins. by Act 4 of 1988, s. 83 (w.e.f. 1-4-1989).

6. Subs. by s. 2, *ibid.*, for “Income-tax Officer” (w.e.f. 1-4-1988).

7. Ins. by Act 14 of 1969, s. 18 (w.e.f. 1-4-1970).

8. Subs. by Act 16 of 1972, s. 38, for “section 194A” (w.e.f. 1-4-1972).

9. Ins. by Act 21 of 1973, s. 19 (w.e.f. 1-4-1973).

10. Subs. by Act 3 of 1989, s. 33, for “and section 195” (w.e.f. 1-4-1989).

11. Ins. by Act 67 of 1984, s. 36 (w.e.f. 1-4-1985).

216. Interest payable by assessee in case of under-estimate, etc.—Where, on making the regular assessment, the ¹[Assessing Officer] finds that any assessee has—

²[(a) under ³[section 209A or section 212] under-estimated the advance tax payable by him and thereby reduced the amount payable in either of the first two instalments; or

(b) under section 213 wrongly deferred the payment of advance tax on a part of his income;

he may direct that the assessee shall pay simple interest at ⁴[fifteen per cent.] per annum—

(i) in the case referred to in clause (a), for the period during which the payment was deficient, on the difference between the amount paid in each such instalment and the amount which should have been paid, having regard to the aggregate advance tax actually paid during the year; and

(ii) in the case referred to in clause (b), for the period during which the payment of advance tax was so deferred.

Explanation.—For the purposes of this section, any instalment due before the expiry of six months from the commencement of the previous year in respect of which it is to be paid shall be deemed to have become due fifteen days after the expiry of the said six months.

217. Interest payable by assessee when no estimate made.—⁵[(1) Where, on making the regular assessment, ⁶[the ¹[Assessing Officer] finds—

(a) that any such person as is referred to in clause (a) of sub-section (1) of section 209A has not sent the statement referred to in that clause or the estimate in lieu of such statement referred to in sub-section (2) of that section; or

(b) that any such person as is referred to in clause (b) of sub-section (1) of section 209A has not sent the estimate referred to in that clause,

simple interest at the rate of ⁴[fifteen per cent.] per annum] from the 1st day of April next following the financial year in which the advance tax was payable in accordance with ⁷[the said sub-section (1) or sub-section (2)] up to the date of the regular assessment shall be payable by the assessee upon the amount equal to the assessed tax as defined in sub-section (5) of section 215.

(1A) Where, on making the regular assessment, the ¹[Assessing Officer] finds that ⁸[any person who is required to send an estimate under sub-section (4) of section 209A or] any such person as is referred to in sub-section (3A) of section 212 has not sent the estimate referred to therein, simple interest at the rate of ⁴[fifteen per cent.] per annum from the 1st day of April next following the financial year in which the advance tax was payable in accordance with ⁹[the said sub-section (4) or, as the case may be, sub-section (3A)] up to the date of the regular assessment shall be payable by the assessee upon the amount by which the advance tax paid by him falls short of the assessed tax as defined in sub-section (5) of section 215.]

1. Subs. by Act 4 of 1988, s. 2, for “Income-tax officer” (w.e.f. 1-4-1988).

² Subs. by Act 14 of 1969, s. 19, for clause (a) (w.e.f. 1-4-1970).

3. Subs. by Act 19 of 1978, s. 28, for “sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) of section 212” (w.e.f. 1-6-1978).

4. Subs. by Act 67 of 1984, s. 24, for “twelve per cent.” (w.e.f. 1-10-1984). Earlier the quoted words were substituted by Act 16 of 1972, s. 25 for “nine per cent.” (w.e.f. 1-4-1972).

5. Subs. by Act 14 of 1969, s. 20, for sub-section (1) (w.e.f. 1-4-1970).

6. Subs. by Act 19 of 1978, s. 29, for “the Income-tax Officer finds that any such person as is referred to in sub-section (3) of section 212 has not sent the estimate referred to therein, simple interest at the rate of twelve per cent. per annum” (w.e.f. 1-6-1978).

7. Subs. by s. 29, *ibid.*, for “the said sub-section” (w.e.f. 1-6-1978).

8. Ins. by s. 29, *ibid.* (w.e.f. 1-6-1978).

9. Subs. by s. 29, *ibid.*, for “the said sub-section” (w.e.f. 1-6-1978).

(2) The provisions of sub-sections (2), (3) and (4) of section 215 shall apply to interest payable under this section as they apply to interest payable under that section.

¹[**218. When assessee deemed to be in default.**—If any assessee does not pay on the date specified in sub-section (1) of section 211, any instalment of the advance tax that he is required to pay by an order of the Assessing Officer under sub-section (3) or sub-section (4) of section 210 and does not, on or before the date on which any such instalment as is not paid becomes due, send to the Assessing Officer an intimation under sub-section (5) of section 210 or does not pay on the basis of his estimate of his current income the advance tax payable by him under sub-section (6) of section 210, he shall be deemed to be an assessee in default in respect of such instalment or instalments.]

219. Credit for advance tax.—Any sum, other than a penalty or interest, paid by or recovered from an assessee as advance tax in pursuance of this Chapter shall be treated as a payment of tax in respect of the income of the period which would be the previous year for an assessment for the assessment year next following the financial year in which it was payable, and credit therefor shall be given to the assessee in the regular assessment.

²* * * *

D.—Collection and recovery

220. When tax payable and when assessee deemed in default.—(1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 156 shall be paid within ³[thirty days] of the service of the notice at the place and to the person mentioned in the notice :

Provided that, where the ⁴[Assessing Officer] has any reason to believe that it will be detrimental to revenue if the full period of ³[thirty days] aforesaid is allowed, he may, with the previous approval of the ⁵[Joint Commissioner], direct that the sum specified in the notice of demand shall be paid within such period being a period less than the period of ³[thirty days] aforesaid, as may be specified by him in the notice of demand.

⁶[(1A) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then, such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings, as the case may be, and any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964 (11 of 1964).]

(2) If the amount specified in any notice of demand under section 156 is not paid within the period limited under sub-section (1), the assessee shall be liable to pay simple interest at ⁷⁸[one per cent.] for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-section (1) and ending with the day on which the amount is paid]:

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1. Subs. by Act 4 of 1988, s. 84, for section 218 (w.e.f. 1-4-1988). Earlier section 218 was amended by Act 21 of 1979, s. 19 (w.e.f. 1-4-1979) which was substituted by Act 19 of 1978, s. 30 (w.e.f. 1-6-1978).
 2. The proviso omitted by s. 126, *ibid.* (w.e.f. 1-4-1989).
 3. Subs. by s. 85, *ibid.*, for “thirty-five days” (w.e.f. 1-4-1989).
 4. Subs. by s. 2, *ibid.*, for “Income-tax Officer” (w.e.f. 1-4-1988).
 5. Subs. by Act 21 of 1998, s. 3, for “Deputy Commissioner” (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 2, for “Inspecting Assistant Commissioner” (w.e.f. 1-4-1988).
 6. Ins. by Act 25 of 2014, s. 64 (w.e.f. 1-10-2014).
 7. Subs. by Act 4 of 1988, s. 85 for “fifteen per cent. per annum from the day commencing after the end of the period mentioned in sub-section (1)” (w.e.f. 1-4-1989).
 8. Subs. by Act 54 of 2003, s. 10, for “one and one-fourth per cent.” (w.e.f. 8-9-2003). Earlier the quoted words were subs. by Act 14 of 2001, s. 76, for “one and one-half per cent.” (w.e.f. 1-6-2001).

¹[Provided that, where as a result of an order under section 154, or section 155, or section 250, or section 254, or section 260, or section 262, or section 264 ²[or an order of the Settlement Commission under sub-section (4) of section 245D], the amount on which interest was payable under this section had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded:]

³[Provided further that where as a result of an order under sections specified in the first proviso, the amount on which interest was payable under this section had been reduced and subsequently as a result of an order under said sections or section 263, the amount on which interest was payable under this section is increased, the assessee shall be liable to pay interest under sub-section (2) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1) and ending with the day on which the amount is paid:]

²⁴[Provided also] that in respect of any period commencing on or before the 31st day of March, 1989 and ending after that date, such interest shall, in respect of so much of such period as falls after that date, be calculated at the rate of one and one-half per cent for every month or part of a month.]

⁵[(2A) Notwithstanding anything contained in sub-section (2), ⁶[the ⁷⁸[Principal Chief Commissioner or Chief Commissioner] or ⁹[Principal Commissioner or Commissioner]] may] reduce or waive the amount of ¹⁰[interest paid or payable by an assessee] under the said sub-section if, ¹¹[he is satisfied] that—

(i) payment of such amount ¹²[has caused or would cause genuine hardship] to the assessee;

(ii) default in the payment of the amount on which ¹³[interest has been paid or was payable] under the said sub-section was due to circumstances beyond the control of the assessee; and

(iii) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him:]

¹⁴[Provided that the order accepting or rejecting the application of the assessee, either in full or in part, shall be passed within a period of twelve months from the end of the month in which the application is received:

1. Ins. by Act 13 of 1963, s. 14 (w.r.e.f. 1-4-1962).

2. Ins. by Act 4 of 1988, s. 85 (w.e.f. 1-4-1989).

3. Ins. by Act 25 of 2014, s. 64 (w.e.f. 1-10-2014).

4. Subs. by s. 64, *ibid.*, for “Provided further” (w.e.f. 1-10-2014).

5. Ins. by Act 67 of 1984, s. 37 (w.e.f. 1-10-1984).

6. Subs. by Act 46 of 1986, s. 13, for “the Board may” (w.e.f. 1-4-1987).

7. Subs. by Act 4 of 1988, s. 2, for “Commissiонер” (w.e.f. 1-4-1988).

8. Subs. by Act 25 of 2014, s. 4, for “Chief Commissioner” (w.r.e.f. 1-6-2013).

9. Subs. by s. 4, *ibid.*, for “Commissiонер” (w.r.e.f. 1-6-2013).

10. Subs. by Act 46 of 1986, s. 13, for “interest payable by an assessee” (w.r.e.f. 1-10-1984).

11. Subs. by s. 13, *ibid.*, for “on the recommendation made by the Commissioner in this behalf, if is satisfied” (w.e.f. 1-4-1987).

12. Subs. by s. 13, *ibid.*, for “would cause genuine hardship” (w.r.e.f. 1-10-1984).

13. Subs. by s. 13, *ibid.*, for “interest was payable” (w.r.e.f. 1-10-1984).

14. Ins. by Act 28 of 2016, s. 90 (w.e.f. 1-6-2016).

Provided further that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard:

Provided also that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017.]

¹[(2B) Notwithstanding anything contained in sub-section (2), where interest is charged under sub-section (1A) of section 201 on the amount of tax specified in the intimation issued under sub-section (1) of section 200A for any period, then, no interest shall be charged under sub-section (2) on the same amount for the same period.]

²[(2C) Notwithstanding anything contained in sub-section (2), where interest is charged under sub-section (7) of section 206C on the amount of tax specified in the intimation issued under sub-section (1) of section 206CB for any period, then, no interest shall be charged under sub-section (2) on the same amount for the same period.]

(3) Without prejudice to the provisions contained in sub-section (2), on an application made by the assessee before the expiry of the due date under sub-section (1), the ³[Assessing Officer] may extend the time for payment or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.

(4) If the amount is not paid within the time limited under sub-section (1) or extended under sub-section (3), as the case may be, at the place and to the person mentioned in the said notice the assessee shall be deemed to be in default.

(5) If, in a case where payment by instalments is allowed under sub-section (3), the assessee commits defaults in paying any one of the instalments within the time fixed under that sub-section, the assessee shall be deemed to be in default as to the whole of the amount then outstanding, and the other instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.

(6) Where an assessee has presented an appeal under section 246 ⁴[or section 246A] the ³[Assessing Officer] may, in his discretion and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, as long as such appeal remains undisposed of.

(7) Where an assessee has been assessed in respect of income arising outside India in a country the laws of which prohibit or restrict the remittance of money to India, the ³[Assessing Officer] shall not treat the assessee as in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India, and shall continue to treat the assessee as not in default in respect of such part of the tax until the prohibition or restriction is removed.

Explanation.—For the purposes of this section, income shall be deemed to have been brought into India if it has been utilised or could have been utilised for the purposes of any expenditure actually incurred by the assessee outside India or if the income, whether capitalised or not, has been brought into India in any form.

1. Ins. by Act 23 of 2012, s. 84 (w.e.f. 1-7-2012).

2. Ins. by Act 20 of 2015, s. 56 (w.e.f. 1-6-2015).

3. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

4. Ins. by Act 10 of 2000, s. 62 (w.e.f. 1-6-2000).

221. Penalty payable when tax in default.—¹[(1) When an assessee is in default or is deemed to be in default in making a payment of tax, he shall, in addition to the amount of the arrears and the amount of interest payable under sub-section (2) of section 220, be liable, by way of penalty, to pay such amount as the ²[Assessing Officer] may direct, and in the case of a continuing default, such further amount or amounts as the ²[Assessing Officer] may, from time to time, direct, so, however, that the total amount of penalty does not exceed the amount of tax in arrears:

Provided that before levying any such penalty, the assessee shall be given a reasonable opportunity of being heard:

³[Provided further that where the assessee proves to the satisfaction of the ²[Assessing Officer] that the default was for good and sufficient reasons, no penalty shall be levied under this section.]]

⁴[*Explanation.*—For the removal of doubt, it is hereby declared that an assessee shall not cease to be liable to any penalty under this sub-section merely by reason of the fact that before the levy of such penalty he has paid the tax.]

(2) Where as a result of any final order the amount of tax, with respect to the default in the payment of which the penalty was levied, has been wholly reduced, the penalty levied shall be cancelled and the amount of penalty paid shall be refunded.

222. Certificate to Tax Recovery Officer.—(1) ⁵[When an assessee is in default or is deemed to be in default in making a payment of tax, the Tax Recovery Officer may draw up under his signature a statement in the prescribed form specifying the amount of arrears due from the assessee (such statement being hereafter in this Chapter and in the Second Schedule referred to as “certificate”) and shall proceed to recover from such assessee the amount specified in the certificate by one or more of the modes mentioned below, in accordance with the rules laid down in the Second Schedule—]

(a) attachment and sale of the assessee’s movable property;

(b) attachment and sale of the assessee’s immovable property;

(c) arrest of the assessee and his detention in prison;

(d) appointing a receiver for the management of the assessee’s movable and immovable properties.

⁶[*Explanation.*—For the purposes of this sub-section, the assessee’s movable or immovable property shall include any property which has been transferred, directly or indirectly on or after the 1st day of June, 1973, by the assessee to his spouse or minor child or son’s wife or son’s minor child, otherwise than for adequate consideration, and which is held by, or stands in the name of, any of the persons aforesaid; and so far as the movable or immovable property so transferred to his minor child or his son’s minor child is concerned, it shall, even after the date of attainment of majority by such minor child or son’s minor child, as the case may be, continue to be included in the assessee’s movable or immovable property for recovering any arrears due from the assessee in respect of any period prior to such date.]

⁷[(2) The Tax Recovery Officer may take action under sub-section (1), notwithstanding that proceedings for recovery of the arrears by any other mode have been taken.]

1. Subs. by Act 42 of 1970, s. 38, for sub-section (1) (w.e.f. 1-4-1971).

2. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

3. Subs. by Act 46 of 1986, s. 14, for the second proviso (w.e.f. 10-9-1986).

4. Ins. by Act 41 of 1975, s. 53 (w.e.f. 1-10-1975).

5. Subs. by Act 4 of 1988, s. 86, for certain words (w.e.f. 1-4-1989).

6. Ins. by Act 41 of 1975, s. 54 (w.e.f. 1-10-1975).

7. Subs. by Act 4 of 1988, s. 86, for sub-section (2) (w.e.f. 1-4-1989).

¹[**223. Tax Recovery Officer by whom recovery is to be effected.**—(1) The Tax Recovery Officer competent to take action under section 222 shall be—

(a) the Tax Recovery Officer within whose jurisdiction the assessee carries on his business or profession or within whose jurisdiction the principal place of his business or profession is situate, or

(b) the Tax Recovery Officer within whose jurisdiction the assessee resides or any movable or immovable property of the assessee is situate,

the jurisdiction for this purpose being the jurisdiction assigned to the Tax Recovery Officer under the orders or directions issued by the Board, or by the ²[Principal Chief Commissioner or Chief Commissioner] or ³[Principal Commissioner or Commissioner] who is authorised in this behalf by the Board in pursuance of section 120.

(2) Where an assessee has property within the jurisdiction of more than one Tax Recovery Officer and the Tax Recovery Officer by whom the certificate is drawn up—

(a) is not able to recover the entire amount by sale of the property, movable or immovable, within his jurisdiction, or

(b) is of the opinion that, for the purpose of expediting or securing the recovery of the whole or any part of the amount under this Chapter, it is necessary so to do,

he may send the certificate or, where only a part of the amount is to be recovered, a copy of the certificate certified in the prescribed manner and specifying the amount to be recovered to a Tax Recovery Officer within whose jurisdiction the assessee resides or has property and, thereupon, that Tax Recovery Officer shall also proceed to recover the amount under this Chapter as if the certificate or copy thereof had been drawn up by him.

224. Validity of certificate and cancellation or amendment thereof.—It shall not be open to the assessee to dispute the correctness of any certificate drawn up by the Tax Recovery Officer on any ground whatsoever, but it shall be lawful for the Tax Recovery Officer to cancel the certificate if, for any reason, he thinks it necessary so to do, or to correct any clerical or arithmetical mistake therein.

225. Stay of proceedings in pursuance of certificate and amendment or cancellation thereof.—(1) It shall be lawful for the Tax Recovery Officer to grant time for the payment of any tax and when he does so, he shall stay the proceedings for the recovery of such tax until the expiry of the time so granted.

(2) Where the order giving rise to a demand of tax for which a certificate has been drawn up is modified in appeal or other proceeding under this Act, and, as a consequence thereof, the demand is reduced but the order is the subject-matter of further proceeding under this Act, the Tax Recovery Officer shall stay the recovery of such part of the amount specified in the certificate as pertains to the said reduction for the period for which the appeal or other proceeding remains pending.

(3) Where a certificate has been drawn up and subsequently the amount of the outstanding demand is reduced as a result of an appeal or other proceeding under this Act, the Tax Recovery Officer shall, when the order which was the subject-matter of such appeal or other proceeding has become final and conclusive, amend the certificate, or cancel it, as the case may be.]

1. Subs. by Act 4 of 1988, s. 87, for sections 223, 224 and 225 (w.e.f. 1-4-1989).

2. Subs. by Act 25 of 2014, s. 4, for “Chief Commissioner” (w.e.f. 1-6-2013).

3. Subs. by s. 4, *ibid.*, for “Commissioner” (w.e.f. 1-6-2013).

226. Other modes of recovery.—¹[(1) Where no certificate has been drawn up under section 222, the Assessing Officer may recover the tax by any one or more of the modes provided in this section.

(1A) Where a certificate has been drawn up under section 222, the Tax Recovery Officer may, without prejudice to the modes of recovery specified in that section, recover the tax by any one or more of the modes provided in this section.]

(2) If any assessee is in receipt of any income chargeable under the head “Salaries”, the ²[Assessing Officer] ³[or Tax Recovery Officer] may require any person paying the same to deduct from any payment subsequent to the date of such requisition any arrears of tax due from such assessee, and such person shall comply with any such requisition and shall pay the sum so deducted to the credit of the Central Government or as the Board directs:

Provided that any part of the salary exempt from attachment in execution of a decree of a civil court under section 60 of the Code of Civil Procedure, 1908 (5 of 1908), shall be exempt from any requisition made under this sub-section.

(3) (i) The ²[Assessing Officer] ³[or Tax Recovery Officer] may, at any time or from time to time, by notice in writing require any person from whom money is due or may become due to the assessee or any person who holds or may subsequently hold money for or on account of the assessee to pay to the ²[Assessing Officer] ³[or Tax Recovery Officer] either forthwith upon the money becoming due or being held or at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due by the assessee in respect of arrears or the whole of the money when it is equal to or less than that amount.

(ii) A notice under this sub-section may be issued to any person who holds or may subsequently hold any money for or on account of the assessee jointly with any other person and for the purposes of this sub-section, the shares of the joint holders in such account shall be presumed, until the contrary is proved, to be equal.

(iii) A copy of the notice shall be forwarded to the assessee at his last address known to the ²[Assessing Officer] ³[or Tax Recovery Officer], and in the case of a joint account to all the joint holders at their last addresses known to the ²[Assessing Officer] ³[or Tax Recovery Officer].

(iv) Save as otherwise provided in this sub-section, every person to whom a notice is issued under this sub-section shall be bound to comply with such notice, and, in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary.

(v) Any claim respecting any property in relation to which a notice under this sub-section has been issued arising after the date of the notice shall be void as against any demand contained in the notice.

(vi) Where a person to whom a notice under this sub-section is sent objects to it by a statement on oath that the sum demanded or any part thereof is not due to the assessee or that he does not hold any money for or on account of the assessee, then nothing contained in this sub-section shall be deemed to require such person to pay any such sum or part thereof, as the case may be, but if it is discovered that such statement was false in any material particular, such person shall be personally liable to the ²[Assessing Officer] ³[or Tax Recovery Officer] to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee’s liability for any sum due under this Act, whichever is less.

1. Subs. by Act 4 of 1988, s. 88, for sub-section (1) (w.e.f. 1-4-1989).

2. Subs. by Act 3 of 1989, s. 36, for “Income-tax Officer” (w.e.f. 1-4-1988).

3. Ins. by s. 37, *ibid* (w.e.f. 1-4-1989).

(vii) The ¹[Assessing Officer] ²[or Tax Recovery Officer] may, at any time or from time to time, amend or revoke any notice issued under this sub-section or extend the time for making any payment in pursuance of such notice.

(viii) The ¹[Assessing Officer] ²[or Tax Recovery Officer] shall grant a receipt for any amount paid in compliance with a notice issued under this sub-section, and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid.

(ix) Any person discharging any liability to the assessee after receipt of a notice under this sub-section shall be personally liable to the ¹[Assessing Officer] ²[or Tax Recovery Officer] to the extent of his own liability to the assessee so discharged or to the extent of the assessee's liability for any sum due under this Act, whichever is less.

(x) If the person to whom a notice under this sub-section is sent fails to make payment in pursuance thereof to the ¹[Assessing Officer] ²[or Tax Recovery Officer], he shall be deemed to be an assessee in default in respect of the amount specified in the notice and further proceedings may be taken against him for the realisation of the amount as if it were an arrear of tax due from him, in the manner provided in sections 222 to 225 and the notice shall have the same effect as an attachment of a debt by the Tax Recovery Officer in exercise of his powers under section 222.

(4) The ¹[Assessing Officer] ²[or Tax Recovery Officer] may apply to the court in whose custody there is money belonging to the assessee for payment to him of the entire amount of such money, or, if it is more than the tax due, an amount sufficient to discharge the tax.

³[(5) The ¹[Assessing Officer] ²[or Tax Recovery Officer] may, if so authorised by the ⁴[⁵[Principal Chief Commissioner or Chief Commissioner] or ⁶[Principal Commissioner or Commissioner]] by general or special order, recover any arrears of tax due from an assessee by distraint and sale of his movable property in the manner laid down in the Third Schedule.]

227. Recovery through State Government.—If the recovery of tax in any area has been entrusted to a State Government under clause (1) of article 258 of the Constitution, the State Government may direct, with respect to that area or any part thereof; that tax shall be recovered therein with, and as an addition to, any municipal tax or local rate, by the same person and in the same manner as the municipal tax or local rate is recovered.

228. [Recovery of Indian tax in Pakistan and Pakistan tax in India.] *Omitted by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), s. 89 (w.e.f. 1-4-1989).*

⁷[**228A. Recovery of tax in pursuance of agreements with foreign countries.**—(1) Where an agreement is entered into by the Central Government with the Government of any country outside India for recovery of income-tax under this Act and the corresponding law in force in that country and the Government of that country or any authority under that Government which is specified in this behalf in such agreement sends to the Board a certificate for the recovery of any tax due under such corresponding law from a person having any property in India, the Board may forward such certificate to any Tax

1. Subs. by Act 3 of 1989, s. 36, for "Income-tax Officer" (w.e.f. 1-4-1988).

2. Ins. by s. 37, *ibid.* (w.e.f. 1-4-1989).

3. Subs. by Act 10 of 1965, s. 54, for sub-section (5) (w.e.f. 1-4-1965).

4. Subs. by Act 4 of 1988, s. 2, for "Commissioner" (w.e.f. 1-4-1988).

5. Subs. by Act 25 of 2014, s. 4, for "Chief Commissioner" (w.e.f. 1-6-2013).

6. Subs. by s. 4, *ibid.*, for "Commissioner" (w.e.f. 1-6-2013).

7. Ins. by Act 16 of 1972, s. 39 (w.e.f. 1-4-1972).

Recovery Officer within whose jurisdiction such property is situated and thereupon such Tax Recovery Officer shall—

(a) proceed to recover the amount specified in the certificate in the manner in which he would proceed to recover the amount ¹[specified in a certificate drawn up by him under section 222]; and

(b) remit any sum so recovered by him to the Board after deducting his expenses in connection with the recovery proceedings.

²[(2) Where an assessee is in default or is deemed to be in default in making a payment of tax, the Tax Recovery Officer may, if the assessee has property in a country outside India (being a country with which the Central Government has entered into an agreement for the recovery of income-tax under this Act and the corresponding law in force in that country), forward to the Board a certificate drawn up by him under section 222 and the Board may take such action thereon as it may deem appropriate having regard to the terms of the agreement with such country.]]

229. Recovery of penalties, fine, interest and other sums.—Any sum imposed by way of interest, fine, penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Chapter for the recovery of arrears of tax.

230. Tax clearance certificate.—³[(1) Subject to such exceptions as the Central Government may, by notification in the Official Gazette, specify in this behalf, no person,—

(a) who is not domiciled in India;

(b) who has come to India in connection with business, profession or employment; and

(c) who has income derived from any source in India,

shall leave the territory of India by land, sea or air unless he furnishes to such authority as may be prescribed—

(i) an undertaking in the prescribed form from his employer; or

(ii) through whom such person is in receipt of the income,

to the effect that tax payable by such person who is not domiciled in India shall be paid by the employer referred to in clause (i) or the person referred to in clause (ii), and the prescribed authority shall, on receipt of the undertaking, immediately give to such person a no objection certificate, for leaving India:

Provided that nothing contained in sub-section (1) shall apply to a person who is not domiciled in India but visits India as a foreign tourist or for any other purpose not connected with business, profession or employment.

(1A) Subject to such exceptions as the Central Government may, by notification in the Official Gazette, specify in this behalf, every person, who is domiciled in India at the time of his departure from India, shall furnish, in the prescribed form to the income-tax authority or such other authority as may be prescribed—

(a) the permanent account number allotted to him under section 139A:

1. Subs. by Act 4 of 1988, s. 90, for “specified in a certificate received from an Assessing Officer” (w.e.f. 1-4-1989).

2. Subs. by s. 90, *ibid.*, for sub-section (2) (w.e.f. 1-4-1989).

3. Subs. by Act 32 of 2003, s. 88, for sub-section (1) (w.e.f. 1-6-2003).

Provided that in case no such permanent account number has been allotted to him, or his total income is not chargeable to income-tax or he is not required to obtain a permanent account number under this Act, such person shall furnish a certificate in the prescribed form;

(b) the purpose of his visit outside India;

(c) the estimated period of his stay outside India:

Provided that no person—

(i) who is domiciled in India at the time of his departure; and

(ii) in respect of whom circumstances exist which, in the opinion of an income-tax authority render it necessary for such person to obtain a certificate under this section,

shall leave the territory of India by land, sea or air unless he obtains a certificate from the income-tax authority stating that he has no liabilities under this Act, or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Expenditure-tax Act, 1987 (35 of 1987), or that satisfactory arrangements have been made for the payment of all or any of such taxes which are or may become payable by that person:

Provided that no income-tax authority shall make it necessary for any person who is domiciled in India to obtain a certificate under this section unless he records the reasons therefor and obtains the prior approval of the ¹[Principal Chief Commissioner or Chief Commissioner] of Income-tax.]

(2) If the owner or charterer of any ship or aircraft carrying persons from any place in the territory of India to any place outside India allows any person to whom sub-section (1) ²[or the first proviso to sub-section (1A)] applies to travel by such ship or aircraft without first satisfying himself that such person is in possession of a certificate as required by that sub-section, he shall be personally liable to pay the whole or any part of the amount of tax, if any, payable by such person as the ³[Assessing Officer] may, having regard to the circumstances of the case, determine.

(3) In respect of any sum payable by the owner or charterer of any ship or aircraft under sub-section (2), the owner or charterer, as the case may be, shall be deemed to be an assessee in default for such sum, and such sum shall be recoverable from him in the manner provided in this Chapter as if it were an arrear of tax.

(4) The Board may make rules for regulating any matter necessary for, or incidental to, the purpose of carrying out the provisions of this section.

Explanation.—For the purposes of this section, the expressions “owner” and “charterer” include any representative, agent or employee empowered by the owner or charterer to allow persons to travel by the ship or aircraft.

230A. [Restrictions on registration of transfers of immovable property in certain cases.]—*Omitted by the Finance Act, 2001 (14 of 2001), s. 77 (w.e.f. 1-6-2001).*

1. Subs. by Act 25 of 2014, s. 4, for “Chief Commissioner” (w.e.f. 1-6-2013).

2. Ins. by Act 54 of 2003, s. 11 (w.e.f. 1-6-2003).

3. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

231. [Period for commencing recovery proceedings.]—*Omitted by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), s. 93 (w.e.f. 1-4-1989).*

232. Recovery by suit or under other law not affected.—The several modes of recovery specified in this Chapter shall not affect in any way—

(a) any other law for the time being in force relating to the recovery of debts due to Government;
or

(b) the right of the Government to institute a suit for the recovery of the arrears due from the assessee;

and it shall be lawful for the ¹[Assessing Officer] or the Government, as the case may be, to have recourse to any such law or suit, notwithstanding that the tax due is being recovered from the assessee by any mode specified in this Chapter.

E.—Tax payable under provisional assessment

233. [Recovery of tax payable under provisional assessment.]—*Omitted by the Taxation Laws (Amendment) Act, 1970 (42 of 1970), s. 39 (w.e.f. 1-4-1971).*

234. [Tax paid by deduction or advance payment.]—*Omitted by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), s. 126 (w.e.f. 1-4-1989).*

²[*F.—Interest chargeable in certain cases*

234A. Interest for defaults in furnishing return of income.—(1) Where the return of income for any assessment year under sub-section (1) or sub-section (4) of section 139, or in response to a notice under sub-section (1) of section 142, is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of ³[one per cent.] for every month or part of a month comprised in the period commencing on the date immediately following the due date, and,—

(a) where the return is furnished after the due date, ending on the date of furnishing of the return;
or

(b) where no return has been furnished, ending on the date of completion of the assessment under section 144,

⁴[on the amount of the tax on the total income as determined under sub-section (1) of section 143, and where a regular assessment is made, on the amount of the tax on the total income determined under regular assessment, as reduced by the amount of,—

(i) advance tax, if any, paid;

(ii) any tax deducted or collected at source;

(iii) any relief of tax allowed under section 90 on account of tax paid in a country outside India;

(iv) any relief of tax allowed under section 90A on account of tax paid in a specified territory outside India referred to in that section;

(v) any deduction, from the Indian income-tax payable, allowed under section 91, on account of tax paid in a country outside India; and

1. Subs. by Act 4 of 1988, s. 2, for “Income-tax” (w.e.f. 1-4-1988).

2. Ins. by s. 94, *ibid.* (w.e.f. 1-4-1989).

3. Subs. by Act 54 of 2003, s. 12, for “one and one-fourth per cent.” (w.e.f. 8-9-2003). Earlier substitution by Act 27 of 1999, s. 81 (w.e.f. 1-6-1999).

4. Subs. by Act 21 of 2006, s. 48, for “on the amount of the tax on the total income as determined under sub-section (1) of section 143 or on regular assessment as reduced by the advance tax, if any, paid and any tax deducted or collected at source” (w.e.f. 1-4-2007). Earlier were amended by 3 of 1989, s. 38 (w.e.f. 1-4-1989).

(vi) any tax credit allowed to be set off in accordance with the provisions of section 115JAA ¹[or section 115JD].]

Explanation 1.—In this section, “due date” means the date specified in sub-section (1) of section 139 as applicable in the case of the assessee.

²[*Explanation 2.*—In this sub-section, “tax on the total income as determined under sub-section (1) of section 143” shall not include the additional income-tax, if any, payable under section 143.]

Explanation 3.—Where, in relation to an assessment year, an assessment is made for the first time ³[under section 147 or section 153A], the assessment so made shall be regarded as a regular assessment for the purposes of this section.

⁴* * * * *

(2) The interest payable under sub-section (1) shall be reduced by the interest, if any, paid under section 140A towards the interest chargeable under this section.

(3) Where the return of income for any assessment year, required ³[by a notice under section 148 or section 153A] issued ⁵[after the determination of income under sub-section (1) of section 143 or] after the completion of an assessment under sub-section (3) of section 143 or section 144 or section 147, is furnished after the expiry of the time allowed under such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of ⁶[one per cent.] for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time allowed as aforesaid, and,—

(a) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return; or

(b) where no return has been furnished, ending on the date of completion of the reassessment or recomputation under section 147 ⁷[or reassessment under section 153A],

on the amount by which the tax on the total income determined on the basis of such reassessment or recomputation exceeds the tax on the total ⁸[income determined under sub-section (1) of section 143 or on the basis of the earlier assessment aforesaid].

⁹* * * * *

(4) Where as a result of an order under section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount of tax on which interest was payable under sub-section (1) or sub-section (3) of this section has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1989 and subsequent assessment years.]

1. Ins. by Act 23 of 2012, s. 85 (w.e.f. 1-4-2013).

2. Subs. by Act 3 of 1989, s. 38, for Explanation (w.e.f. 1-4-1989).

3. Subs. by Act 32 of 2003, s. 89, for “under section 147” (w.e.f. 1-6-2003).

4. *Explanation* omitted by Act 14 of 2001, s. 78 (w.r.e.f. 1-4-1989).

5. Ins. by Act 3 of 1989, s. 38 (w.e.f. 1-4-1989).

⁶ Subs. by Act 54 of 2003, s. 12, for “one and one-fourth per cent.” (w.e.f. 8-9-2003). Earlier substitution by Act 27 of 1999, s. 81 (w.e.f. 1-6-1999).

7. Ins. by Act 32 of 2003, s. 89 (w.e.f. 1-6-2003).

8. Subs. by Act 3 of 1989, s. 38, for “income determined on the basis of the earlier assessment aforesaid” (w.e.f. 1-4-1989).

9. The *Explanation* omitted by s. 38, *ibid.* (w.e.f. 1-4-1989).

234B. Interest for defaults in payment of advance tax.—(1) Subject to the other provisions of this section, where, in any financial year, an assessee who is liable to pay advance tax under section 208 has failed to pay such tax or, where the advance tax paid by such assessee under the provisions of section 210 is less than ninety per cent. of the assessed tax, the assessee shall be liable to pay simple interest at the rate of ¹[one per cent.] for every month or part of a month comprised in the period from the 1st day of April next following such financial year ²[to the date of determination of total income under sub-section (1) of section 143 ³[and where a regular assessment is made, to the date of such regular assessment, on an amount]] equal to the assessed tax or, as the case may be, on the amount by which the advance tax paid as aforesaid falls short of the assessed tax.

⁴[*Explanation 1.*—In this section, “assessed tax” means the tax on the total income determined under sub-section (1) of section 143 and where a regular assessment is made, the tax on the total income determined under such regular assessment as reduced by the amount of,—

(i) any tax deducted or collected at source in accordance with the provisions of Chapter XVII on any income which is subject to such deduction or collection and which is taken into account in computing such total income;

(ii) any relief of tax allowed under section 90 on account of tax paid in a country outside India;

(iii) any relief of tax allowed under section 90A on account of tax paid in a specified territory outside India referred to in that section;

(iv) any deduction, from the Indian income-tax payable, allowed under section 91, on account of tax paid in a country outside India; and

(v) any tax credit allowed to be set off in accordance with the provisions of section 115JAA ⁵[or section 115JD].]

Explanation 2.—Where, in relation to an assessment year, an assessment is made for the first time ⁶[under section 147 or section 153A], the assessment so made shall be regarded as a regular assessment for the purposes of this section.

⁷[*Explanation 3.*—In *Explanation 1* and in sub-section (3) “tax on the total income determined under sub-section (1) of section 143” shall not include the additional income-tax, if any, payable under section 143.]

(2) Where, before the date of ⁸[determination of total income under sub-section (1) of section 143 or] completion of a regular assessment, tax is paid by the assessee under section 140A or otherwise,—

(i) interest shall be calculated in accordance with the foregoing provisions of this section up to the date on which the tax is so paid, and reduced by the interest, if any, paid under section 140A towards the interest chargeable under this section;

1. Subs. by Act 54 of 2003, s. 13, for “one and one-fourth per cent.” (w.e.f. 8-9-2003).

2. Subs. by Act 3 of 1989, s. 39, for “to the date of the regular assessment” (w.e.f. 1-4-1989).

3. Subs. by Act 22 of 1995, s. 42, for “or regular assessment, on an amount” (w.e.f. 1-4-1989).

4. Subs. by Act 21 of 2006, s. 49, for *Explanation 1* (w.e.f. 1-4-2007).

5. Ins. by Act 23 of 2012, s. 86 (w.e.f. 1-4-2013).

6. Subs. by Act 32 of 2003, s. 90, for “under section 147” (w.e.f. 1-6-2003).

7. Subs. by Act 3 of 1989, s. 39, for *Explanation 3* (w.e.f. 1-4-1989).

8. Ins. by s. 39, *ibid* (w.e.f. 1-4-1989).

(ii) thereafter, interest shall be calculated at the rate aforesaid on the amount by which the tax so paid together with the advance tax paid falls short of the assessed tax.

¹[(2A) (a) where an application under sub-section (1) of section 245C for any assessment year has been made, the assessee shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of making such application, on the additional amount of income-tax referred to in that sub-section;

(b) where as a result of an order of the Settlement Commission under sub-section (4) of section 245D for any assessment year, the amount of total income disclosed in the application under sub-section (1) of section 245C is increased, the assessee shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of such order, on the amount by which the tax on the total income determined on the basis of such order exceeds the tax on the total income disclosed in the application filed under sub-section (1) of section 245C;

(c) where, as a result of an order under sub-section (6B) of section 245D, the amount on which interest was payable under clause (b) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly;]

²[(3) where, as a result of an order of reassessment or recomputation under section 147 or section 153A, the amount on which interest was payable in respect of shortfall in payment of advance tax for any financial year under sub-section (1) is increased, the assessee shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April next following such financial year and ending on the date of the reassessment or recomputation under section 147 or section 153A, on the amount by which the tax on the total income determined on the basis of the reassessment or recomputation exceeds the tax on the total income determined under sub-section (1) of section 143 or on the basis of the regular assessment as referred to in sub-section (1), as the case may be;]

(4) where, as a result of an order under section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 ^{3****}, the amount on which interest was payable under sub-section (1) or sub-section (3) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded;

(5) the provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1989 and subsequent assessment years.]

1. Ins. by Act 20 of 2015, s. 57 (w.e.f. 1-6-2015).

2. Subs. by s. 57, *ibid.*, for sub-section (3) (w.e.f. 1-6-2015).

3. The words, brackets, figures and letter “or an order of the Settlement Commission under sub-section (4) of section 245D” omitted by s. 57, *ibid* (w.e.f. 1-6-2015).

234C. Interest for deferment of advance tax.—¹[(I) Where in any financial year,—

²[(a) an assessee, other than ³[the assessee referred to in clause (b)], who is liable to pay advance tax under section 208 has failed to pay such tax or—

(i) the advance tax paid by such assessee on its current income on or before the 15th day of June is less than fifteen per cent. of the tax due on the returned income or the amount of such advance tax paid on or before the 15th day of September is less than forty-five per cent. of the tax due on the returned income or the amount of such advance tax paid on or before the 15th day of December is less than seventy-five per cent. of the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one per cent. per month for a period of three months on the amount of the shortfall from fifteen per cent or forty-five per cent. or seventy-five per cent., as the case may be, of the tax due on the returned income;

(ii) the advance tax paid by the assessee on the current income on or before the 15th day of March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one per cent. on the amount of the shortfall from the tax due on the returned income:]

Provided that if the advance tax paid by the assessee on the current income, on or before the 15th day of June or the 15th day of September, is not less than twelve per cent or, as the case may be, thirty-six per cent. of the tax due on the returned income, then, the assessee shall not be liable to pay any interest on the amount of the shortfall on those dates;]

(b) ⁴[⁵[an assessee who declares profits and gains in accordance with the provisions of sub-section (I) of section 44AD or sub-section (I) of section 44ADA, as the case may be], who is liable to pay advance tax under section 208 has failed to pay such tax or the advance tax paid by the assessee on its current income on or before the 15th day of March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one per cent on the amount of the shortfall from the tax due on the returned income:]

⁶[Provided that nothing contained in this sub-section shall apply to any shortfall in the payment of the tax due on the returned income where such shortfall is on account of under-estimate or failure to estimate—

(a) the amount of capital gains; or

(b) income of the nature referred to in sub-clause (ix) of clause (24) of ⁷[section 2; or]

⁸[(c) income under the head “Profits and gains of business or profession” in cases where the income accrues or arises under the said head for the ⁹[first time; or]]

¹⁰[(d) income of the nature referred to in sub-section (I) of section 115BBDA,]

1. Subs. by Act 32 of 1994, s. 45, for certain words (w.e.f. 1-4-1995).

2. Subs. by Act 28 of 2016, s. 91, for clause (a) (w.e.f. 1-6-2016).

3. Subs. by Act 7 of 2017, s. 75, for “an eligible assessee in respect of the eligible business referred to in section 44AD” (w.e.f. 1-4-2017).

4. Subs. by Act 28 of 2016, s. 91, for certain words (w.e.f. 1-6-2016).

5. Subs. by Act 7 of 2017, s. 75, for “an eligible assessee in respect of the eligible business referred to in section 44AD” (w.e.f. 1-4-2017).

6. Ins. by Act 3 of 1989, s. 40 (w.e.f. 1-4-1989).

7. Subs. by Act 28 of 2016, s. 91, for “section 2” (w.e.f. 1-6-2016).

8. Ins. by s. 91, *ibid.* (w.e.f. 1-6-2016).

9. Subs. by Act 7 of 2017, s. 75, for “first time,” (w.e.f. 1-4-2017).

10. Ins. by s. 75, *ibid.* (w.e.f. 1-4-2017).

and the assessee has paid the whole of the amount of tax payable in respect of income referred to in clause (a) ¹[or clause (b) or clause (c) ²[or clause (d)]]], as the case may be, had such income been a part of the total income, as part of the ³[remaining instalments of advance tax which are due or where no such instalments are due], by the 31st day of March of the financial year:]

⁴[Provided further that nothing contained in this sub-section shall apply to any shortfall in the payment of the tax due on the returned income where such shortfall is on account of increase in the rate of surcharge under section 2 of the Finance Act, 2000 (10 of 2000), as amended by the Taxation Laws (Amendment) Act, 2000 (1 of 2001), and the assessee has paid the amount of shortfall, on or before the 15th day of March, 2001 in respect of the instalment of advance tax due on the 15th day of June, 2000, the 15th day of September, 2000 and the 15th day of December, 2000:]

⁵[Provided also that nothing contained in this sub-section shall apply to any shortfall in the payment of the tax due on the returned income where such shortfall is on account of increase in the rate of surcharge under section 2 of the Finance Act, 2000 (10 of 2000) as amended by the Taxation Laws (Amendment) Act, 2001 (4 of 2001) and the assessee has paid the amount of shortfall on or before the 15th day of March, 2001 in respect of the instalment of advance tax due on the 15th day of June, 2000, the 15th day of September, 2000 and 15th day of December, 2000.]

⁶[*Explanation.*—In this section, “tax due on the returned income” means the tax chargeable on the total income declared in the return of income furnished by the assessee for the assessment year commencing on the 1st day of April immediately following the financial year in which the advance tax is paid or payable, as reduced by the amount of,—

(i) any tax deductible or collectible at source in accordance with the provisions of Chapter XVII on any income which is subject to such deduction or collection and which is taken into account in computing such total income;

(ii) any relief of tax allowed under section 90 on account of tax paid in a country outside India;

(iii) any relief of tax allowed under section 90A on account of tax paid in a specified territory outside India referred to in that section;

(iv) any deduction, from the Indian income-tax payable, allowed under section 91, on account of tax paid in a country outside India; and

(v) any tax credit allowed to be set off in accordance with the provisions of section 115JAA ⁷[or section 115JD].]

(2) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1989 and subsequent assessment years.]]

1. Subs. by Act 28 of 2016, s. 91, for “or clause (b)” (w.e.f. 1-6-2016).

2. Ins. by Act 7 of 2017, s. 75 (w.e.f. 1-4-2017).

3. Subs. by Act 33 of 1996, s. 54, for “instalment of advance tax which is immediately due or where no such instalment is so due” (w.e.f. 1-4-1997).

4. Ins. by Act 1 of 2001, s. 4 (w.e.f. 4-1-2001).

5. Ins. by Act 4 of 2001, s. 7 (w.e.f. 3-2-2001).

6. Subs. by Act 21 of 2006, s. 50, for the *Explanation* (w.e.f. 1-4-2007).

7. Ins. by Act 23 of 2012, s. 87 (w.e.f. 1-4-2013).

¹**[234D. Interest on excess refund.]**—(1) Subject to the other provisions of this Act, where any refund is granted to the assessee under sub-section (1) of section 143, and—

(a) no refund is due on regular assessment; or

(b) the amount refunded under sub-section (1) of section 143 exceeds the amount refundable on regular assessment,

the assessee shall be liable to pay simple interest at the rate of ²[one-half per cent.] on the whole or the excess amount so refunded, for every month or part of a month comprised in the period from the date of grant of refund to the date of such regular assessment.

(2) Where, as a result of an order under section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount of refund granted under sub-section (1) of section 143 is held to be correctly allowed, either in whole or in part, as the case may be, then, the interest chargeable, if any, under sub-section (1) shall be reduced accordingly.

³[*Explanation 1.*—Where, in relation to an assessment year, an assessment is made for the first time under section 147 or section 153A, the assessment so made shall be regarded as a regular assessment for the purposes of this section.]

⁴[*Explanation 2.*—For the removal of doubts, it is hereby declared that the provisions of this section shall also apply to an assessment year commencing before the 1st day of June, 2003 if the proceedings in respect of such assessment year is completed after the said date.]

⁵[*G.—Levy of fee in certain cases*

234E. Fee for default in furnishing statements.—(1) Without prejudice to the provisions of the Act, where a person fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C, he shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues.

(2) The amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible, as the case may be.

(3) The amount of fee referred to in sub-section (1) shall be paid before delivering or causing to be delivered a statement in accordance with sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C.

(4) The provisions of this section shall apply to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.]

1. Ins. by Act 32 of 2003, s. 91 (w.e.f. 1-6-2003).

2. Subs. by Act 54 of 2003, s. 15, for “two-third per cent.” (w.e.f. 8-9-2003).

3. The *Explanation* numbered as *Explanation 1* by Act 23 of 2012, s. 88 (w.e.f. 1-6-2003).

4. Ins. by s. 88, *ibid.* (w.e.f. 1-6-2003).

5. Ins. by s. 89, *ibid.* (w.e.f. 1-7-2012).

¹[**234F. Fee for default in furnishing return of income.**—(1) Without prejudice to the provisions of this Act, where a person required to furnish a return of income under section 139, fails to do so within the time prescribed in sub-section (1) of the said section, he shall pay, by way of fee, a sum of,—

(a) five thousand rupees, if the return is furnished on or before the 31st day of December of the assessment year;

(b) ten thousand rupees in any other case:

Provided that if the total income of the person does not exceed five lakh rupees, the fee payable under this section shall not exceed one thousand rupees.

(2) The provisions of this section shall apply in respect of return of income required to be furnished for the assessment year commencing on or after the 1st day of April, 2018.]

CHAPTER XVIII

RELIEF RESPECTING TAX ON DIVIDENDS IN CERTAIN CASES

235. Relief to shareholders in respect of agricultural income-tax attributable to dividends.—[*Omitted by the Finance (No. 2) (Act, 32 of 1971), s. 28 (w.e.f. 1-4-1972). Prior to its omission, it was amended by the Taxation Laws (Amendment) (Act, 42 of 1970), s. 41 (w.e.f. 1-4-1971) and with retrospective effect from 1-4-1962, the Finance Act, (13 of 1966), s. 27 (w.e.f. 1-4-1966) and the Finance Act, 10 of 1965, s. 55 (w.e.f. 1-4-1965).*]

236. Relief to company in respect of dividend paid out of past taxed profits.—(1) Where in respect of any previous year relevant to the assessment year commencing after the 31st day of March, 1960, an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends within India, pays any dividend wholly or partly out of its profits and gains actually charged to income-tax for any assessment year ending before the 1st day of April, 1960, and deducts tax therefrom in accordance with the provisions of Chapter XVIIIB, credit shall be given to the company against the income-tax, if any, payable by it on the profits and gains of the previous year during which the dividend is paid, of a sum calculated in accordance with the provisions of sub-section (2), and, where the amount of credit so calculated exceeds the income-tax payable by the company as aforesaid, the excess shall be refunded.

(2) The amount of income-tax to be given as credit under sub-section (1) shall be a sum equal to ten per cent of so much of the dividends referred to in sub-section (1) as are paid out of the profits and gains actually charged to income-tax for any assessment year ending before the 1st day of April, 1960.

Explanation 1.—For the purposes of this section, the aggregate of the dividends declared by a company in respect of any previous year shall be deemed first to have come out of the distributable income of that previous year and the balance, if any, out of the undistributed part of the distributable income of one or more previous years immediately preceding that previous year as would be just sufficient to cover the amount of such balance and as has not likewise been taken into account for covering such balance of any other previous year.

1. Ins. by Act 7 of 2017, s. 76 (w.e.f. 1-4-2018).

Explanation 2.—The expression “distributable income of any previous year” shall mean ¹[the total income (as computed before making any deduction under Chapter VIA) assessed for that year] as reduced by—

(i) the amount of tax payable by the company in respect of ²[its total income];

(ii) the amount of any other tax levied under any law for the time being in force on the company by the Government or by a local authority in excess of the amount, if any, which has been allowed in computing the total income;

³[(iii) any sum with reference to which a deduction is allowable to the company under the provisions of section 80G; and]

(iv) in the case of a banking company, the amount actually transferred to a reserve fund under section 17 of the Banking Companies Act, 1949 (10 of 1949),

and as increased by—

(a) any profits and gains or receipts of the company, not included in its ⁴[total income (as computed before making any deduction under Chapter VIA)]; and

(b) any amount attributable to any allowance made in computing the profits and gains of the company for purposes of assessment, which the company has not taken into account in its profit and loss account.

⁵**[236A. Relief to certain charitable institutions or funds in respect of certain dividends.—(1)**
⁶[Where seventy-five per cent of the share capital of any company is throughout the previous year beneficially held by an institution or fund established in India for a charitable purpose the income from dividend whereof is exempt under section 11], credit shall be given to the institution or fund against the tax, if any, payable by it, of a sum calculated in accordance with the provisions of sub-section (2), in respect of its income from dividends (other than dividends on preference shares) declared or distributed during the previous year relevant to any assessment year beginning on or after the ⁷[1st day of April, 1966] ⁸[by such company], and where the amount of credit so calculated exceeds the tax, if any, payable by the said institution or fund, the excess shall be refunded.

⁹[(2) The amount to be given as credit under sub-section (1) shall be a sum which bears to the amount of the tax payable by the company under the provisions of the annual Finance Act with reference to the relevant amount of distributions of dividends by it the same proportion as the amount of the dividends (other than dividends on preference shares) received by the institution or fund from the company bears to the total amount of dividends (other than dividends on preference shares) declared or distributed by the company during the previous year.

1. Subs. by Act 20 of 1967, s. 33 and the Third Schedule for “the total income assessed for that year” (w.e.f. 1-4-1967).

2. Subs. by s. 33 and the Third Schedule, *ibid.*, for “the said total income” (w.e.f. 1-4-1968).

3. Subs. by s. 33 and the Third Schedule, *ibid.*, for clause (iii) (w.e.f. 1-4-1968).

4. Subs. by s. 33 and the Third Schedule, *ibid.*, for “total income” (w.e.f. 1-4-1968).

5. Ins. by Act 31 of 1964, s. 11 (w.e.f. 1-4-1964).

6. Subs. by Act 11 of 1987, s. 74, for “In the case of an institution or fund referred to in clause (iii) of sub-section (2) of section 104” (w.e.f. 1-4-1988).

7. Subs. by Act 13 of 1966, s. 28, for “1st day of April, 1964” (w.e.f. 1-4-1966).

8. Subs. by Act 11 of 1987, s. 74, for “by such a company as is referred to in the said clause” (w.e.f. 1-4-1988).

9. Subs. by Act 13 of 1966, s. 28, for sub-section (2) (w.e.f. 1-4-1966).

Explanation.—In sub-section (2) of this section and in section 280ZB, the expression “the relevant amount of distributions of dividends” has the meaning assigned to it in the Finance Act of the relevant year.]]

CHAPTER XIX

REFUNDS

237. Refunds.—If any person satisfies the ¹[AssessingOfficer] that the amount of tax paid by him or on his behalf or treated as paid by him or on his behalf for any assessment year exceeds the amount with which he is properly chargeable under this Act for that year, he shall be entitled to a refund of the excess.

238. Person entitled to claim refund in certain special cases.—(1) Where the income of one person is included under any provision of this Act in the total income of any other person, the latter alone shall be entitled to a refund under this Chapter in respect of such income.

²[(1A) Where the value of fringe benefits provided or deemed to have been provided by one employer is included under any provisions of Chapter XII-H in the value of fringe benefits provided or deemed to have been provided by any other employer, the latter alone shall be entitled to a refund under this Chapter in respect of such fringe benefits.]

(2) Where through death, incapacity, insolvency, liquidation or other cause, a person is unable to claim or receive any refund due to him, his legal representative or the trustee or guardian or receiver, as the case may be, shall be entitled to claim or receive such refund for the benefit of such person or his estate.

239. Form of claim for refund and limitation.—(1) Every claim for refund under this Chapter shall be made in the prescribed form and verified in the prescribed manner.

³[(2) No such claim shall be allowed, unless it is made within the period specified hereunder, namely:—

(a) where the claim is in respect of income which is assessable for any assessment year commencing on or before the 1st day of April, 1967, four years from the last day of such assessment year;

(b) where the claim is in respect of income which is assessable for the assessment year commencing on the first day of April, 1968, three years from the last day of the assessment year;

(c) where the claim is in respect of income which is assessable for any other assessment year, ⁴[one year] from the last day of such assessment year;]

⁵[(d) where the claim is in respect of fringe benefits which are assessable for any assessment year commencing on or after the first day of April, 2006, one year from the last day of such assessment year.]

240. Refund on appeal, etc.—Where, as a result of any order passed in appeal or other proceeding under this Act, refund of any amount becomes due to the assessee, the ¹[AssessingOfficer] shall, except as otherwise provided in this Act, refund the amount to the assessee without his having to make any claim in that behalf:

1. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

2. Ins. by Act 18 of 2005, s. 54, (w.e.f. 1-4-2006).

3. Subs. by Act 19 of 1968, s. 18, for sub-section (2) (w.e.f. 1-4-1968).

4. Subs. by Act 18 of 1992, s. 82, for “two years” (w.e.f. 1-4-1993).

5. Ins. by Act 18 of 2005, s. 55 (w.e.f. 1-4-2006).

¹[Provided that where, by the order aforesaid,—

(a) an assessment is set aside or cancelled and an order of fresh assessment is directed to be made, the refund, if any, shall become due only on the making of such fresh assessment;

(b) the assessment is annulled, the refund shall become due only of the amount, if any, of the tax paid in excess of the tax chargeable on the total income returned by the assessee.]

241. [Power to withhold refund in certain cases.]—*Omitted by the Finance Act, 14 of 2001, s. 81 (w.e.f. 1-6-2001).*

²**[241A. Withholding of refund in certain cases.]**—For every assessment year commencing on or after the 1st day of April, 2017, where refund of any amount becomes due to the assessee under the provisions of sub-section (1) of section 143 and the Assessing Officer is of the opinion, having regard to the fact that a notice has been issued under sub-section (2) of section 143 in respect of such return, that the grant of the refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or Commissioner, as the case may be, withhold the refund up to the date on which the assessment is made.]

242. Correctness of assessment not to be questioned. — In a claim under this Chapter, it shall not be open to the assessee to question the correctness of any assessment or other matter decided which has become final and conclusive or ask for a review of the same, and the assessee shall not be entitled to any relief on such claim except refund of tax wrongly paid or paid in excess.

243. Interest on delayed refunds.—³[(1) If the ⁴[Assessing Officer] does not grant the refund,—

(a) in any case where the total income of the assessee does not consist solely of income from interest on securities or dividends, within three months from the end of the month in which the total income is determined under this Act, and

(b) in any other case, within three months from the end of the month in which the claim for refund is made under this Chapter,

the Central Government shall pay the assessee simple interest at ⁵[fifteen per cent.] per annum on the amount directed to be refunded from the date immediately following the expiry of the period of three months aforesaid to the date of the order granting the refund.

Explanation.—If the delay in granting the refund within the period of three months aforesaid is attributable to the assessee, whether wholly or in part, the period of the delay attributable to him shall be excluded from the period for which interest is payable.]

(2) Where any question arises as to the period to be excluded for the purposes of calculation of interest under the provisions of this section, such question shall be determined by the ⁶[⁷[Principal Chief Commissioner or Chief Commissioner] or ⁸[Principal Commissioner or Commissioner]] whose decision shall be final.

⁹[(3) The provisions of this section shall not apply in respect of any assessment for the assessment year commencing on the 1st day of April, 1989 or any subsequent assessment years.]

1. The proviso added by Act 4 of 1988, s. 95 (w.e.f. 1-4-1989).

2. Ins. by Act 7 of 2017, s. 77 (w.e.f. 1-4-2017).

3. Subs. by Act 42 of 1970, s. 42, for sub-section (1) (w.e.f. 1-4-1971).

4. Subs. by Act 4 of 1988, s. 2, for “Income-tax” (w.e.f. 1-4-1988).

5. Subs. by Act 67 of 1984, s. 24, for “twelve per cent.” (w.e.f. 1-10-1984).

6. Subs. by Act 4 of 1988, s. 2 for “Commissioner” (w.e.f. 1-4-1988).

7. Subs. by Act 25 of 2014, s. 4 for “Chief Commissioner” (w.e.f. 1-6-2013).

8. Subs. by s. 4, *ibid.*, for “Commissioner” (w.e.f. 1-6-2013).

9. Ins. by Act 4 of 1988, s. 96, (w.e.f. 1-4-1989).

244. Interest on refund where no claim is needed.—(1) Where a refund is due to the assessee in pursuance of an order referred to in section 240 and the ¹[Assessing Officer] does not grant the refund ²[within a period of three months from the end of the month in which such order is passed], the Central Government shall pay to the assessee simple interest at ³[fifteen per cent.] per annum on the amount of refund due from the date immediately following the expiry of ⁴[the period of three months aforesaid] to the date on which the refund is granted.

⁵[(1A) Where the whole or any part of the refund referred to in sub-section (1) is due to the assessee, as a result of any amount having been paid by him after the 31st day of March, 1975, in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (1) on the amount so found to be in excess from the date on which such amount was paid to the date on which the refund is granted :

Provided that where the amount so found to be in excess was paid in instalments, such interest shall be payable on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted :

Provided further that no interest under this sub-section shall be payable for a period of one month from the date of the passing of the order in appeal or other proceeding:

Provided also that where any interest is payable to an assessee under this sub-section, no interest under sub-section (1) shall be payable to him in respect of the amount so found to be in excess.]

⁶[(1B) Where refund of any amount becomes due to the deductor in respect of any amount paid to the credit of the Central Government under Chapter XVIIB, such deductor shall be entitled to receive, in addition to the said amount, simple interest thereon calculated at the rate of one-half per cent. for every month or part of a month comprised in the period, from the date on which—

(a) claim for refund is made in the prescribed form; or

(b) tax is paid, where refund arises on account of giving effect to an order under section 250 or section 254 or section 260 or section 262,

to the date on which the refund is granted.]

(2) Where a refund is withheld under the provisions of section 241, the Central Government shall pay interest at the aforesaid rate on the amount of refund ultimately determined to be due as a result of the appeal or further proceeding for the period commencing after the expiry of ⁷[three months from the end of the month in which the order referred to in section 241 is passed] to the date the refund is granted.

1. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

2. Subs. by Act 42 of 1970, s. 43, for “six months from the date of such order” (w.e.f. 1-4-1971).

³. Subs. by Act 67 of 1984, s. 24, for “twelve per cent.” (w.e.f. 1-10-1984).

4. Subs. by Act 42 of 1970, s. 43, for “the period of six months aforesaid” (w.e.f. 1-4-1971).

5. Ins. by Act 41 of 1975, s. 56 (w.e.f. 1-10-1975).

6. Ins. by Act 7 of 2017, s. 78 (w.e.f. 1-4-2017).

7. Subs. by Act 42 of 1970, s. 43, for “six months from the date of the order referred to in section 241” (w.e.f. 1-4-1971).

¹[(3) The provisions of this section shall not apply in respect of any assessment for the assessment year commencing on the 1st day of April, 1989, or any subsequent assessment years.]

²[**244A. Interest on refunds.**—(1) ³[Where refund of any amount becomes due to the assessee under this Act], he shall, subject to the provisions of this section, be entitled to receive, in addition to the said amount, simple interest thereon calculated in the following manner, namely:—

⁴[(a) where the refund is out of any tax collected at source under section 206C or paid by way of advance tax or treated as paid under section 199, during the financial year immediately preceding the assessment year, such interest shall be calculated at the rate of one-half per cent for every month or part of a month comprised in the period,—

(i) from the 1st day of April of the assessment year to the date on which the refund is granted, if the return of income has been furnished on or before the due date specified under sub-section (1) of section 139; or

(ii) from the date of furnishing of return of income to the date on which the refund is granted, in a case not covered under sub-clause (i);

(aa) where the refund is out of any tax paid under section 140A, such interest shall be calculated at the rate of ⁵[one-half per cent.] for every month or part of a month comprised in the period, from the date of furnishing of return of income or payment of tax, whichever is later, to the date on which the refund is granted:

Provided that no interest under clause (a) or clause (aa) shall be payable, if the amount of refund is less than ten per cent of the tax as determined under sub-section (1) of section 143 or on regular assessment;]

(b) in any other case, such interest shall be calculated at the rate of ⁵[one-half per cent.] for every month or part of a month comprised in the period or periods from the date or, as the case may be, dates of payment of the tax or penalty to the date on which the refund is granted.

Explanation.—For the purposes of this clause, “date of payment of tax or penalty” means the date on and from which the amount of tax or penalty specified in the notice of demand issued under section 156 is paid in excess of such demand.

⁶[(1A) In a case where a refund arises as a result of giving effect to an order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264, wholly or partly, otherwise than by making a fresh assessment or reassessment, the assessee shall be entitled to receive, in addition to the interest payable under sub-section (1), an additional interest on such amount of refund calculated at the rate of three per cent per annum, for the period beginning from the date following the date of expiry of the time allowed under sub-section (5) of section 153 to the date on which the refund is granted.]

1. Ins. by Act 4 of 1988, s. 97 (w.e.f. 1-4-1989).

2. Ins. by s. 98, *ibid.* (w.e.f. 1-4-1989).

3. Subs. by Act 3 of 1989, s. 41, for “Where, in pursuance of any order passed under this Act, refund of any amount becomes due to the assessee” (w.e.f. 1-4-1989).

4. Subs. by Act 28 of 2016, s. 92, for clause (a) (w.e.f. 1-6-2016).

5. Subs. by Act 54 of 2003, s. 16, for “two-third per cent.” (w.e.f. 8-9-2003).

6. Ins. by Act 28 of 2016, s. 92 (w.e.f. 1-6-2016).

¹[(1B) Where refund of any amount becomes due to the deductor in respect of any amount paid to the credit of the Central Government under Chapter XVII-B, such deductor shall be entitled to receive, in addition to the said amount, simple interest thereon calculated at the rate of one-half per cent for every month or part of a month comprised in the period, from the date on which—

(a) claim for refund is made in the prescribed form; or

(b) tax is paid, where refund arises on account of giving effect to an order under section 250 or section 254 or section 260 or section 262,

to the date on which the refund is granted.]

(2) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee ¹[or the deductor, as the case may be,] whether wholly or in part, the period of the delay so attributable to him shall be excluded from the period for which interest is payable ²[under sub-section (1) or (1A)] ¹[or (1B)], and where any question arises as to the period to be excluded, it shall be decided by the ³[Principal Chief Commissioner or Chief Commissioner] or ⁴[Principal Commissioner or Commissioner] whose decision thereon shall be final.

(3) Where, as a ⁵[result of an order under sub-section (3) of section 115WE or section 115WF or section 115WG or] ⁶[sub-section (3) of section 143 or section 144 or] section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount on which interest was payable under sub-section (1) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and in a case where the interest is reduced, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the amount of the excess interest paid and requiring him to pay such amount; and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly.

(4) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1989, and subsequent assessment years:]

⁷[Provided that in respect of assessment of fringe benefits, the provisions of this sub-section shall have effect as if for the figures “1989”, the figures “2006” had been substituted.]

245. Set off of refunds against tax remaining payable.—Where under any of the provisions of this Act, a refund is found to be due to any person, the ⁸[Assessing Officer], ⁹[Deputy Commissioner (Appeals)] ¹⁰[, or the Commissioner (Appeals) or Commissioner or] ¹¹³[Principal Chief Commissioner or Chief Commissioner] or ⁴[Principal Commissioner or Commissioner]], as the case may be, may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against the sum, if any, remaining payable under this Act by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under this section.

1. Ins. by Act 7 of 2017, s. 78 (w.e.f. 1-4-2017).

2. Ins. by Act 28 of 2016, s. 92 (w.e.f. 1-6-2016).

3. Subs. by Act 25 of 2014, s. 4, for “Chief Commissioner” (w.e.f. 1-6-2013).

4. Subs. by s. 4, *ibid.*, for “Commissioner” (w.e.f. 1-6-2013).

5. Subs. by Act 18 of 2005, s. 56, for “result of an order” (w.e.f. 1-4-2006).

6. Ins. by Act 3 of 1989, s. 41 (w.e.f. 1-4-1989).

7. The proviso ins. by Act 18 of 2005, s. 56 (w.e.f. 1-4-2006).

8. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

9. Subs. by s. 2, *ibid.*, “Appellate Assistant Commissioner” (w.e.f. 1-4-1988).

10. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).

11. Subs. by Act 4 of 1988, s. 2, for “Commissioner” (w.e.f. 1-4-1988).

¹[CHAPTER XIXA

SETTLEMENT OF CASES

²[**245A. Definitions.**—In this Chapter, unless the context otherwise requires,—

(a) “Bench” means a Bench of the Settlement Commission;

³[(b) “case” means any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (1) of section 245C is made.

$$4_* \qquad \qquad \qquad * \qquad \qquad \qquad * \qquad \qquad \qquad * \qquad \qquad \qquad *$$

Explanation.—For the purposes of this clause—

⁵[(i) a proceeding for assessment or reassessment or recomputation under section 147 shall be deemed to have commenced—

(a) from the date on which a notice under section 148 is issued for any assessment year;

(b) from the date of issuance of the notice referred to in sub-clause (a), for any other assessment year or assessment years for which a notice under section 148 has not been issued, but such notice could have been issued on such date, if the return of income for the other assessment year or assessment years has been furnished under section 139 or in response to a notice under section 142;]

6* * *

⁷[(iii) a proceeding for making fresh assessment in pursuance of an order under section 254 or section 263 or section 264, setting aside or cancelling an assessment shall be deemed to have commenced from the date on which such order, setting aside or cancelling an assessment was passed;]

⁸[(*iii*) a proceeding for assessment or reassessment for any of the assessment years, referred to in clause (*b*) of sub-section (*1*) of section 153A in case of a person referred to in section 153A or section 153C, shall be deemed to have commenced on the date of issue of notice initiating such proceeding and concluded on the date on which the assessment is made;]

(iv) a proceeding for assessment for any assessment year, other than the proceedings of assessment or reassessment referred to in ⁹[clause (i) or clause (iii) or clause (iiia)], shall be deemed to have commenced ¹⁰[from the date on which the return of income for that assessment year is furnished under section 139 or in response to a notice served under section 142 and concluded on the date on which the assessment is made; or on the expiry of ¹¹[the time specified for making assessment under sub-section (1) of section 153], in case where no assessment is made];]

(c) “Chairman” means the Chairman of the Settlement Commission;

1. Ins. by Act 41 of 1975, s. 57 (w.e.f. 1-4-1976).

2. Subs. by Act 11 of 1987, s. 57, for section 245A (w.e.f. 1-6-1987).

3. Subs. by Act 22 of 2007, s. 62, for clause (b) (w.e.f. 1-6-2007).

4. The proviso omitted by Act 25 of 2014, s. 65 (w.e.f. 1-10-2014).

5. Subs. by Act 20 of 2015, s. 58, for clause (i) (w.e.f. 1-6-2015).

6. Clause (ii) omitted by Act 14 of 2010, s. 45 (w.e.f. 1-6-2010).

7. Subs. by Act 25 of 2014, s. 65, for clause (iii) (w.e.f. 1-10-2014).

8. Ins. by Act 14 of 2010, s. 45 (w.e.f. 1-6-2010).

9. Subs. by Act 25 of 2014, s. 65, for “clause (i) or clause (iv) of the proviso or clause (iiia) of the *Explanation*” (w.e.f. 1-10-2014).

10. Subs. by Act 20 of 2015, s. 58, for “from the 1st day of the assessment year and concluded on the date on which the assessment is made” (w.e.f. 1-6-2015).

11. Subs. by Act 7 of 2017, s. 79, for “two years from the end of the relevant assessment year” (w.e.f. 1-4-2017).

Provided that if at any stage of the hearing of any such case or matter, it appears to the Presiding Officer that the case or matter is of such a nature that it ought to be heard of by a Bench consisting of three Members, the case or matter may be referred by the Presiding Officer of such Bench to the Chairman for transfer to such Bench as the Chairman may deem fit.

¹[(5A) Notwithstanding anything contained in the foregoing provisions of this section, the Chairman may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.]

(6) Subject to the other provisions of this Chapter, the places at which the principal Bench and the additional Benches shall ordinarily sit shall be such as the Central Government may, by notification in the Official Gazette, specify ¹[and the Special Bench shall sit at a place to be fixed by the Chairman].]

²**[245BB. Vice-Chairman to act as Chairman or to discharge his functions in certain circumstances.]—**(1) In the event of the occurrence of any vacancy in the office of the Chairman by reason of his death, resignation or otherwise, the Vice-Chairman or, as the case may be, such one of the Vice-Chairmen as the Central Government may, by notification in the Official Gazette, authorise in this behalf, shall act as the Chairman until the date on which a new Chairman, appointed in accordance with the provisions of this Chapter to fill such vacancy, enters upon his office.

(2) When the Chairman is unable to discharge his functions owing to absence, illness or any other cause, the Vice-Chairman or, as the case may be, such one of the Vice-Chairmen as the Central Government may, by notification in the Official Gazette, authorise in this behalf, shall discharge the functions of the Chairman until the date on which the Chairman resumes his duties.]

²**[245BC. Power of Chairman to transfer cases from one Bench to another.]—**On the application of the assessee or the ³[⁴Principal Chief Commissioner or Chief Commissioner] or ⁵[Principal Commissioner or Commissioner]] and after notice to them, and after hearing such of them as he may desire to be heard, or on his own motion without such notice, the Chairman may transfer any case pending before one Bench, for disposal, to another Bench.]

²**[245BD. Decision to be by majority.]—**If the Members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the Members are equally divided, they shall state the point or points on which they differ, and make a reference to the Chairman who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other Members of the Settlement Commission and such point or points shall be decided according to the opinion of the majority of the Members of the Settlement Commission who have heard the case, including those who first heard it.]

245C. Application for settlement of cases.—⁶[(1) An assessee may, at any stage of a case relating to him, make an application in such form and in such manner as may be prescribed, and containing a full and true disclosure of his income which has not been disclosed before the ⁷[Assessing Officer], the manner in which such income has been derived, the additional amount of income-tax payable on such income and such other particulars as may be prescribed, to the Settlement Commission to have the case settled and any such application shall be disposed of in the manner hereinafter provided:

1. Ins. by Act 49 of 1991, s. 65 (w.e.f. 1-10-1991).

2. Ins. by Act 11 of 1987, s. 59 (w.e.f. 1-6-1987)

3. Subs. by Act 4 of 1988, s. 2 for “Commissioner” (w.e.f. 1-4-1988).

4. Subs. by Act 25 of 2014, s. 4 for “Chief Commissioner” (w.e.f. 1-6-2013).

5. Subs. by s. 4, *ibid.*, for “Commissioner” (w.e.f. 1-6-2013).

6. Subs. by Act 67 of 1984, s. 40 for sub-section (1) (w.e.f. 1-10-1984).

7. Subs. by Act 4 of 1988, s. 2, for “Income tax” (w.e.f. 1-4-1988).

¹[Provided that no such application shall be made unless,—

(i) in a case where proceedings for assessment or reassessment for any of the assessment years referred to in clause (b) of sub-section (1) of section 153A or clause (b) of sub-section (1) of section 153B in case of a person referred to in section 153A or section 153C have been initiated, the additional amount of income-tax payable on the income disclosed in the application exceeds fifty lakh rupees,

²[(ia) in a case where—

(A) the applicant is related to the person referred to in clause (i) who has filed an application (hereafter in this sub-section referred to as “specified person”); and

(B) the proceedings for assessment or re-assessment for any of the assessment years referred to in clause (b) of sub-section (1) of section 153A or clause (b) of sub-section (1) of section 153B in case of the applicant, being a person referred to in section 153A or section 153C, have been initiated,

the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees,]

(ii) in any other case, the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees,

and such tax and the interest thereon, which would have been paid under the provisions of this Act had the income disclosed in the application been declared in the return of income before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.]

²[*Explanation.*—For the purposes of clause (ia),—

(a) the applicant, in relation to the specified person referred to in clause (ia), means,—

(i) where the specified person is an individual, any relative of the specified person;

(ii) where the specified person is a company, firm, association of persons or Hindu undivided family, any director of the company, partner of the firm, or member of the association or family, or any relative of such director, partner or member;

(iii) any individual who has a substantial interest in the business or profession of the specified person, or any relative of such individual;

(iv) a company, firm, association of persons or Hindu undivided family having a substantial interest in the business or profession of the specified person or any director, partner or member of such company, firm, association or family, or any relative of such director, partner or member;

(v) a company, firm, association of persons or Hindu undivided family of which a director, partner or member, as the case may be, has a substantial interest in the business or profession of the specified person; or any director, partner or member of such company, firm, association or family or any relative of such director, partner or member;

(vi) any person who carries on a business or profession,—

(A) where the specified person being an individual, or any relative of such specified person, has a substantial interest in the business or profession of that person; or

(B) where the specified person being a company, firm, association of persons or Hindu undivided family, or any director of such company, partner of such firm or member of the association or family, or any relative of such director, partner or member, has a substantial interest in the business or profession of that person;

1. The proviso subs. by Act 14 of 2010, s. 46, (w.e.f. 1-6-2010).

2. Ins. by Act 8 of 2011, s. 29, (w.e.f. 1-6-2011).

(b) a person shall be deemed to have a substantial interest in a business or profession, if—

(A) in a case where the business or profession is carried on by a company, such person is,¹[on the date of search], the beneficial owner of shares (not being shares entitled to a fixed rate of dividend, whether with or without a right to participate in profits) carrying not less than twenty per cent of the voting power; and

(B) in any other case, such person is,¹[on the date of search], beneficially entitled to not less than twenty per cent of the profits of such business or profession.]

(1A) For the purposes of sub-section (I) of this section ^{2****}, the additional amount of income-tax payable in respect of the income disclosed in an application made under sub-section (I) of this section shall be the amount calculated in accordance with the provisions of sub-sections (1B) to (1D).

³[(1B) Where the income disclosed in the application relates to only one previous year,—

(i) if the applicant has not furnished a return in respect of the total income of that year, then, tax shall be calculated on the income disclosed in the application as if such income were the total income;

(ii) if the applicant has furnished a return in respect of the total income of that year, tax shall be calculated on the aggregate of the total income returned and the income disclosed in the application as if such aggregate were the total income.]

⁴[(1C) The additional amount of income-tax payable in respect of the income disclosed in the application relating to the previous year referred to in sub-section (1B) shall be,—

(a) in a case referred to in clause (i) of that sub-section, the amount of tax calculated under that clause;

(b) in a case referred to in clause (ii) of that sub-section, the amount of tax calculated under that clause as reduced by the amount of tax calculated on the total income returned for that year;

⁵* * * * *

(1D) Where the income disclosed in the application relates to more than one previous year, the additional amount of income-tax payable in respect of the income disclosed for each of the years shall first be calculated in accordance with the provisions of sub-sections (1B) and (1C) and the aggregate of the amount so arrived at in respect of each of the years for which the application has been made under sub-section (I) shall be the additional amount of income-tax payable in respect of the income disclosed in the application.

⁶* * * * *

(2) Every application made under sub-section (I) shall be accompanied by such fees as may be prescribed.

(3) An application made under sub-section (I) shall not be allowed to be withdrawn by the applicant.

⁷[(4) An assessee shall, on the date on which he makes an application under sub-section (I) to the Settlement Commission, also intimate the Assessing Officer in the prescribed manner of having made such application to the said Commission.]

1. Subs. by Act 23 of 2012, s. 90, for “at any time during the previous year” (w.e.f. 1-7-2012).

2. The words, brackets, figures and letters “and sub-sections (2A) to (2D) of section 245D” omitted by Act 22 of 2007, s. 63 (w.e.f. 1-6-2007).

3. Subs. by Act 11 of 1987, s. 60 for sub-sections (1B) or (1C) (w.e.f. 1-6-1987).

4. Subs. by 22 of 2007, s. 63, for sub-section (1B) (w.e.f. 1-6-2007). Earlier it was substituted by Act 11 of 1987, s. 60 (w.e.f. 1-6-1987).

5. Clause (c) omitted by Act 22 of 2007, s. 63 (w.e.f. 1-6-2007).

6. Sub-section (1E) omitted by Act 94 of 2002, s. 94 (w.e.f. 1-6-2002).

7. Ins. by Act 22 of 2007, s. 63 (w.e.f. 1-6-2007).

245D. Procedure on receipt of an application under section 245C.—¹[(1) On receipt of an application under section 245C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with:

Provided that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.]

2* * * *

(2) A copy of every order under sub-section (1) shall be sent to the applicant and to the ³[Principal Commissioner or Commissioner].

⁴[(2A) Where an application was made under section 245C before the 1st day of June, 2007, but an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional tax on the income disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.

Explanation.—In respect of the applications referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under sub-section (1).

(2B) The Settlement Commission shall,—

(i) in respect of an application which is allowed to be proceeded with under sub-section (1), within thirty days from the date on which the application was made; or

(ii) in respect of an application referred to in sub-section (2A) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007,

call for a report from the ³[Principal Commissioner or Commissioner], and the ³[Principal Commissioner or Commissioner] shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

(2C) Where a report of the ³[Principal Commissioner or Commissioner] called for under sub-section (2B) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the ³[Principal Commissioner or Commissioner]:

1. Subs. by Act 22 of 2007, s. 64, for sub-section (1) (w.e.f. 1-6-2007).

2. Sub-section (1A) omitted by Act 49 of 1991, s. 66 (w.e.f. 27-9-1991).

3. Subs. by Act 25 of 2014, s. 4, for “Commissioner” (w.e.f. 1-6-2013).

4. Subs. by Act 22 of 2007, s. 64, for sub-sections (2A), (2B), (2C) and (2D) (w.e.f. 1-6-2007).

Provided that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard:

Provided further that where the ¹[Principal Commissioner or Commissioner] has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the ¹[Principal Commissioner or Commissioner].

(2D) Where an application was made under sub-section (1) of section 245C before the 1st day of June, 2007 and an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, allowing the application to have been proceeded with, has been passed before the 1st day of June, 2007, but an order under the provisions of sub-section (4), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional tax on the income disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.]

²[(3) The Settlement Commission, in respect of—

(i) an application which has not been declared invalid under sub-section (2C); or

(ii) an application referred to in sub-section (2D) which has been allowed to be further proceeded with under that sub-section,

may call for the records from the ¹[Principal Commissioner or Commissioner] and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the ¹[Principal Commissioner or Commissioner] to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the ¹[Principal Commissioner or Commissioner] shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:

Provided that where the ¹[Principal Commissioner or Commissioner] does not furnish the report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (4) without such report.

(4) After examination of the records and the report of the ¹[Principal Commissioner or Commissioner], if any, received under—

(i) sub-section (2B) or sub-section (3), or

(ii) the provisions of sub-section (1) as they stood immediately before their amendment by the Finance Act, 2007,

and after giving an opportunity to the applicant and to the ¹[Principal Commissioner or Commissioner] to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the

1. Subs. by Act 25 of 2014, s. 4, for “Commissioner” (w.e.f. 1-6-2013).

2. Subs. by Act 22 of 2007, s. 64, for sub-sections (3), (4) and (4A) (w.e.f. 1-6-2007).

application and any other matter relating to the case not covered by the application, but referred to in the report of the ¹[Principal Commissioner or Commissioner].

(4A) The Settlement Commission shall pass an order under sub-section (4),—

(i) in respect of an application referred to in sub-section (2A) or sub-section (2D), on or before the 31st day of March, 2008;

(ii) in respect of an application made on or after the 1st day of June, 2007 ²[but before the 1st day of June, 2010], within twelve months from the end of the month in which the application was made;]

³[(iii) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made.]

⁴[(5) Subject to the provisions of section 245BA, the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (4) and, in relation to the passing of such order, the provisions of section 245BD shall apply.]

(6) Every order passed under sub-section (4) shall provide for the terms of settlement including any demand by way of ⁵[tax, penalty or interest], the manner in which any sum due under the settlement shall be paid and all other matters to make the settlement effective and shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts.

⁶[(6A) Where any tax payable in pursuance of an order under sub-section (4) is not paid by the assessee within thirty-five days of the receipt of a copy of the order by him, then, whether or not the Settlement Commission has extended the time for payment of such tax or has allowed payment thereof by instalments, the assessee shall be liable to pay simple interest at ⁷[one and one-fourth per cent. for every month or part of a month] on the amount remaining unpaid from the date of expiry of the period of thirty-five days aforesaid.]

⁸[(6B) The Settlement Commission may, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (4)—

(a) at any time within a period of six months from the end of the month in which the order was passed; or

(b) at any time within the period of six months from the end of the month in which an application for rectification has been made by the Principal Commissioner or the Commissioner or the applicant, as the case may be:

1. Subs. by Act 25 of 2014, s. 4, for “Commissioner” (w.e.f. 1-6-2013).

2. Ins. by Act 14 of 2010, s. 47 (w.e.f. 1-4-2010).

3. Ins. by s. 47, *ibid.* (w.e.f. 1-6-2010).

4. Ins. by Act 11 of 1987, s. 61 (w.e.f. 1-6-1987).

5. Subs. by s. 61, *ibid.*, for “tax or penalty” (w.e.f. 1-6-1987).

6. Ins. by Act 67 of 1984, s. 41 (w.e.f. 1-10-1984).

7. Subs. by Act 22 of 2007, s. 64, for “fifteen per cent. per annum” (w.e.f. 1-4-2008).

8. Subs. by Act 20 of 2015, s. 59, for sub-section (6B) (w.e.f. 1-6-2015).

Provided that no application for rectification shall be made by the Principal Commissioner or the Commissioner or the applicant after the expiry of six months from the end of the month in which an order under sub-section (4) is passed by the Settlement Commission:

Provided further that an amendment which has the effect of modifying the liability of the applicant shall not be made under this sub-section unless the Settlement Commission has given notice to the applicant and the Principal Commissioner or Commissioner of its intention to do so and has allowed the applicant and the Principal Commissioner or Commissioner an opportunity of being heard.]

(7) Where a settlement becomes void as provided under sub-section (6), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the income-tax authority concerned, may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the end of the financial year in which the settlement became void.

¹[(8) For the removal of doubts, it is hereby declared that nothing contained in section 153 shall apply to any order passed under sub-section (4) or to any order of assessment, reassessment or recomputation required to be made by the ²[Assessing Officer] in pursuance of any directions contained in such order passed by the Settlement Commission ³[and nothing contained in the proviso to sub-section (1) of section 186 shall apply to the cancellation of the registration of a firm required to be made in pursuance of any such directions as aforesaid.]]

⁴**[245DD. Power of Settlement Commission to order provisional attachment to protect revenue.—**(1) Where, during the pendency of any proceeding before it, the Settlement Commission is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, it may, by order, attach provisionally any property belonging to the applicant in the manner provided in the Second Schedule:

Provided that where a provisional attachment made under section 281B is pending immediately before an application is made under section 245C, an order under this sub-section shall continue such provisional attachment up to the period up to which an order made under section 281B would have continued if such application had not been made:

Provided further that where the Settlement Commission passes an order under this sub-section after the expiry of the period referred to in the preceding proviso, the provisions of sub-section (2) shall apply to such order as if the said order had originally been passed by the Settlement Commission.

(2) Every provisional attachment made by the Settlement Commission under sub-section (1) shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (1):

Provided that the Settlement Commission may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as it thinks fit ⁵***.]

1. Ins. by Act 67 of 1984, s. 41 (w.e.f. 1-10-1984).

2. Subs. by Act 4 of 1988, s. 2, for “Income-tax Officer” (w.e.f. 1-4-1988).

3. Ins. by Act 11 of 1987, s. 61 (w.e.f. 1-6-1987).

4. Ins. by Act 26 of 1988, s. 42 (w.e.f. 1-4-1988).

5. The words “, so, however, that the total period of extension shall not in any case exceed two years” omitted by Act 22 of 2007, s. 65 (w.e.f. 1-6-2008).

245E. Power of Settlement Commission to reopen completed proceedings.—If the Settlement Commission is of the opinion (the reasons for such opinion to be recorded by it in writing) that, for the proper disposal of the case pending before it, it is necessary or expedient to reopen any proceeding connected with the case but which has been completed ^{1***} under this Act by any income-tax authority before the application under section 245C was made, it may, with the concurrence of the applicant, reopen such proceeding and pass such order thereon as it thinks fit, as if the case in relation to which the application for settlement had been made by the applicant under that section covered such proceeding also:

²[Provided that no proceeding shall be reopened by the Settlement Commission under this section if the period between the end of the assessment year to which such a proceeding relates and the date of application for settlement under section 245C exceeds nine years:]

³[Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 245C is made on or after the 1st day of June, 2007.]

245F. Powers and procedure of Settlement Commission.—(1) In addition to the powers conferred on the Settlement Commission under this Chapter, it shall have all the powers which are vested in an income-tax authority under this Act.

(2) Where an application made under section 245C has been allowed to be proceeded with under section 245D, the Settlement Commission shall, until an order is passed under sub-section (4) of section 245D, have, subject to the provisions of sub-section (3) of that section, exclusive jurisdiction to exercise the powers and perform the functions of an income-tax authority under this Act in relation to the case:

⁴[Provided that where an application has been made under section 245C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:

Provided further that where—

(i) an application made on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 245D; or

(ii) an application is not allowed to be proceeded with under sub-section (2A) of section 245D, or, as the case may be, is declared invalid under sub-section (2C) of that section; or

(iii) an application is not allowed to be further proceeded with under sub-section (2D) of section 245D,

the Settlement Commission, in respect of such application shall have such exclusive jurisdiction upto the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.]

(3) Notwithstanding anything contained in sub-section (2) and in the absence of any express direction to the contrary by the Settlement Commission, nothing contained in this section shall affect the operation of any other provision of this Act requiring the applicant to pay tax on the basis of self-assessment ^{5***} in relation to the matters before the Settlement Commission.

(4) For the removal of doubt, it is hereby declared that, in the absence of any express direction by the Settlement Commission to the contrary, nothing in this Chapter shall affect the operation of the provisions of this Act in so far as they relate to any matters other than those before the Settlement Commission.

⁶[⁷* * * * *]

1. The word and figures “under the Indian Income-tax Act, 1922, or” omitted by Act 67 of 1984, s. 42 (w.e.f. 1-10-1984).

2. Subs. by Act 11 of 1987, s. 62, for the proviso (w.e.f. 1-6-1987).

3. Ins. by Act 22 of 2007, s. 66 (w.e.f. 1-6-2007).

4. Ins. by s. 67, *ibid.* (w.e.f. 1-6-2007).

5. The words “or by way of advance tax” omitted by the 11 of 1987, s. 63 (w.e.f. 1-6-1987).

6. Subs. by Act 46 of 1986, s. 17, for sub-section (5) (w.e.f. 10-9-1986).

7. Sub-sections (5) and (6) omitted by Act 11 of 1987, s. 63 (w.e.f. 1-6-1987).

(7) The Settlement Commission shall, subject to the provisions of this Chapter, have power to regulate its own procedure and the procedure of Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.]

245G. Inspection, etc., of reports.—No person shall be entitled to inspect, or obtain copies of, any reports made by any income-tax authority to the Settlement Commission; but the Settlement Commission may, in its discretion, furnish copies thereof to any such person on an application made to it in this behalf and on payment of the prescribed fee:

Provided that, for the purpose of enabling any person whose case is under consideration to rebut any evidence brought on record against him in any such report, the Settlement Commission shall, on an application made in this behalf, and on payment of the prescribed fee by such person, furnish him with a certified copy of any such report or part thereof relevant for the purpose.

245H. Power of Settlement Commission to grant immunity from prosecution and penalty.—(1) The Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 245C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his income and the manner in which such income has been derived, grant to such person, subject to such conditions as it may think fit to impose ¹[for the reasons to be recorded in writing], immunity from prosecution for any offence under this Act or under the Indian Penal Code (45 of 1860) or under any other Central Act for the time being in force ²[and also (either wholly or in part) from the imposition of any penalty] under this Act, with respect to the case covered by the settlement:

³[Provided that no such immunity shall be granted by the Settlement Commission in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of the application under section 245C:]

⁴[Provided further that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code (45 of 1860) or under any Central Act other than this Act and the Wealth-tax Act, 1957 (27 of 1957) to a person who makes an application under section 245C on or after the 1st day of June, 2007.]

³[(1A) An immunity granted to a person under sub-section (1) shall stand withdrawn if such person fails to pay any sum specified in the order of settlement passed under sub-section (4) of section 245D within the time specified in such order or within such further time as may be allowed by the Settlement Commission, or fails to comply with any other condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.]

(2) An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Settlement Commission, if it is satisfied that such person ^{5***} had, in the course of the settlement proceedings, concealed any particulars material to the settlement or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the settlement and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.

⁶[**245HA. Abatement of proceeding before Settlement Commission.**—(1) Where—

(i) an application made under section 245C on or after the 1st day of June, 2007 has been rejected under sub-section (1) of section 245D; or

1. Ins. by Act 20 of 2015, s. 60 (w.e.f. 1-6-2015).

2. Subs. by Act 67 of 1984, s. 43, for “and also from the imposition of any penalty” (w.e.f. 1-10-1984).

3. Ins. by Act 11 of 1987, s. 64 (w.e.f. 1-6-1987).

4. Ins. by Act 22 of 2007, s. 68 (w.e.f. 1-6-2007).

5. The words “has not complied with the conditions subject to which the immunity was granted or that such person” omitted by Act 11 of 1987, s. 64 (w.e.f. 1-6-1987).

6. Ins. by Act 22 of 2007, s. 69 (w.e.f. 1-6-2007). Earlier section 245HA was inserted by Act 11 of 1987, s. 65 (w.e.f. 1-6-1987) which was amended by Act 4 of 1988, s. 2 (w.e.f. 1-4-1988) and later on omitted by Act 20 of 2002, s. 96 (w.e.f. 1-6-2002).

(ii) an application made under section 245C has not been allowed to be proceeded with under sub-section (2A) or further proceeded with under sub-section (2D) of section 245D; or

(iii) an application made under section 245C has been declared as invalid under sub-section (2C) of section 245D; or

¹[(*iiia*) in respect of any application made under section 245C, an order under sub-section (4) of section 245D has been passed not providing for the terms of settlement; or]

(iv) in respect of any other application made under section 245C, an order under sub-section (4) of section 245D has not been passed within the time or period specified under sub-section (4A) of section 245D,

the proceedings before the Settlement Commission shall abate on the specified date.

Explanation.—For the purposes of this sub-section, "specified date" means—

(a) in respect of an application referred to in clause (i), the day on which the application was rejected;

(b) in respect of an application referred to in clause (ii), the 31st day of July, 2007;

(c) in respect of an application referred to in clause (iii), the last day of the month in which the application was declared invalid;

¹[(*ca*) in respect of an application referred to clause (*iiia*), the day on which the order under sub-section (4) of section 245D was passed not providing for the terms of settlement;]

(d) in respect of an application referred to in clause (iv), on the date on which the time or period specified in sub-section (4A) of section 245D expires.

(2) Where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other income-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 245C had been made.

(3) For the purposes of sub-section (2), the Assessing Officer, or, as the case may be, other income-tax authority, shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other income-tax authority or held or recorded by him in the course of the proceedings before him.

(4) For the purposes of the time-limit under sections 149, 153, 153B, 154, 155, 158BE and 231 and for the purposes of payment of interest under section 243 or 244 or, as the case may be, section 244A, for making the assessment or reassessment under sub-section (2), the period commencing on and from the date of the application to the Settlement Commission under section 245C and ending with "specified date" referred to in sub-section (1) shall be excluded; and where the assessee is a firm, for the purposes of the time-limit for cancellation of registration of the firm under sub-section (1) of section 186, the period aforesaid shall, likewise, be excluded.

245HAA. Credit for tax paid in case of abatement of proceedings.—Where an application made under section 245C on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 245D, or any other application made under section 245C is not allowed to be proceeded with under sub-section (2A) of section 245D or is declared invalid under sub-section (2C) of section 245D or has not been allowed to be further proceeded with under sub-section (2D) of section 245D or an order under sub-section (4) of section 245D has not been passed within the time or period specified under sub-section (4A) of section 245D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission.]

1. Ins. by Act 20 of 2015, s. 61 (w.e.f. 1-6-2015).

245-I. Order of settlement to be conclusive.—Every order of settlement passed under sub-section (4) of section 245D shall be conclusive as to the matters stated therein and no matter covered by such order shall, save as otherwise provided in this Chapter, be reopened in any proceeding under this Act or under any other law for the time being in force.

245J. Recovery of sums due under order of settlement.—Any sum specified in an order of settlement passed under sub-section (4) of section 245D may, subject to such conditions, if any, as may be specified therein, be recovered, and any penalty for default in making payment of such sum may be imposed and recovered in accordance with the provisions of Chapter XVII, by the ¹[Assessing Officer] having jurisdiction over the person who made the application for settlement under section 245C.

²[**245K. Bar on subsequent application for settlement.**—(1) Where—

(i) an order of settlement passed under sub-section (4) of section 245D provides for the imposition of a penalty on the person who made the application under section 245C for settlement, on the ground of concealment of particulars of his income; or

(ii) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter XXII in relation to that case; or

(iii) the case of such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002,

then, ³[he or any person related to such person (herein referred to as related person) shall not be entitled to apply] for settlement under section 245C in relation to any other matter.

(2) Where a person has made an application under section 245C on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 245D, such person ⁴[or any related person shall not be subsequently entitled] to make an application under section 245C.]

⁵[*Explanation.*—For the purposes of this section, “related person” with respect to a person means,—

(i) where such person is an individual, any company in which such person holds more than fifty per cent of the shares or voting rights at any time, or any firm or association of persons or body of individuals in which such person is entitled to more than fifty per cent of the profits at any time, or any Hindu undivided family in which such person is a *karta*;

(ii) where such person is a company, any individual who held more than fifty per cent of the shares or voting rights in such company at any time before the date of application before the Settlement Commission by such person;

1. Subs. by Act 4 of 1988, s. 2, for “Income tax Officer” (w.e.f. 1-4-1988).

2. Subs. by Act 22 of 2007, s. 70, for section 245K (w.e.f. 1-6-2007).

3. Subs. by Act 20 of 2015, s. 62, for “he shall not be entitled to apply” (w.e.f. 1-6-2015).

4. Subs. by s. 62, *ibid.*, for “shall not be subsequently entitled” (w.e.f. 1-6-2015).

5. Ins. by s. 62, *ibid.* (w.e.f. 1-6-2015).

(iii) where such person is a firm or association of persons or body of individuals, any individual who was entitled to more than fifty per cent of the profits in such firm, association of persons or body of individuals, at any time before the date of application before the Settlement Commission by such person;

(iv) where such person is a Hindu undivided family, the *karta* of that Hindu undivided family.]

245L. Proceedings before Settlement Commission to be judicial proceedings.—Any proceeding under this Chapter before the Settlement Commission shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code (45 of 1860).

245M. Certain persons who have filed appeals to the Appellate Tribunal entitled to make applications to the Settlement Commission.—[Omitted by the Finance Act 11 of 1987 s. 67, (w.e.f. 1-6-1987).]

¹[CHAPTER XIX-B

ADVANCE RULINGS

245N. Definitions.—In this Chapter, unless the context otherwise requires,—

²[(a) “advance ruling” means—

(i) a determination by the Authority in relation to a transaction which has been undertaken or is proposed to be undertaken by a non-resident applicant; or

(ii) a determination by the Authority in relation to the ³[tax liability of a non-resident arising out of] a transaction which has been undertaken or is proposed to be undertaken by a resident applicant with ⁴[such non-resident]; ⁵[or]

⁵[(iia) a determination by the Authority in relation to the tax liability of a resident applicant, arising out of a transaction which has been undertaken or is proposed to be undertaken by such applicant,]

and such determination shall include the determination of any question of law or of fact specified in the application;

(iii) a determination or decision by the Authority in respect of an issue relating to computation of total income which is pending before any income-tax authority or the Appellate Tribunal and such determination or decision shall include the determination or decision of any question of law or of fact relating to such computation of total income specified in the application;

1. Chapter XIX-B, consisting of sections 245N to 245V, inserted by Act 38 of 1993, s. 31 (w.e.f. 1-6-1993).

2. Subs. by Act 10 of 2000, s. 63, for clauses (a) and (b) (w.e.f. 1-6-2000).

3. Ins. by Act 32 of 2003, s. 92 (w.e.f. 1-6-2000).

4. Subs. by s. 92, *ibid.*, for “a non-resident” (1-6-2000).

5. Ins. by Act 25 of 2014, s. 66 (w.e.f. 1-10-2014).

¹[(iv) a determination or decision by the Authority whether an arrangement, which is proposed to be undertaken by any person being a resident or a non-resident, is an impermissible avoidance arrangement as referred to in Chapter X-A or not:]

²[Provided that where an advance ruling has been pronounced, before the date on which the Finance Act, 2003 receives the assent of the President, by the Authority in respect of an application by a resident applicant referred to in sub-clause (ii) of this clause as it stood immediately before such date, such ruling shall be binding on the persons specified in section 245S;]

³[(b) “applicant” means—

(A) any person who—

(I) is a non-resident referred to in sub-clause (i) of clause (a); or

(II) is a resident referred to in sub-clause (ii) of clause (a); or

(III) is a resident referred to in sub-clause (iia) of clause (a) falling within any such class or category of persons as the Central Government may, by notification in the Official Gazette, specify; or

(IV) is a resident falling within any such class or category of persons as the Central Government may, by notification in the Official Gazette, specify in this behalf; or

(V) is referred to in sub-clause (iv) of clause (a),

and makes an application under sub-section (I) of section 245Q;

(B) an applicant as defined in clause (c) of section 28E of the Customs Act, 1962 (52 of 1962);

(C) an applicant as defined in clause (c) of section 23A of the Central Excise Act, 1944 (1 of 1944);

(D) an applicant as defined in clause (b) of section 96A of the Finance Act, 1994 (32 of 1994);]

(c) “application” means an application made to the Authority under sub-section (I) of section 245Q;

(d) “Authority” means the Authority for Advance Rulings constituted under section 245-O;

(e) “Chairman” means the Chairman of the Authority;

⁴[(f) “Member” means a Member of the Authority and includes the Chairman and Vice-chairman;

(g) “Vice-chairman” means the Vice-chairman of the Authority.]

245-O. Authority for Advance Rulings.—(I) The Central Government shall constitute an Authority for giving advance rulings, to be known as “Authority for Advance Rulings”:

⁵[Provided that the Authority shall cease to act as an Authority for Advance Rulings for the purposes of Chapter V of the Customs Act, 1962 on and from the date of appointment of the Customs Authority for Advance Rulings under section 28EA of that Act.]

⁵[(IA) On and from the date of appointment of the Customs Authority for Advance Rulings referred to in the proviso to sub-section (1), the Authority shall act as an Appellate Authority, for the purpose of Chapter V of the Customs Act, 1962:

1. Ins. by Act 17 of 2013, s. 53 (w.e.f. 1-4-2015).

2. Ins. by Act 32 of 2003, s. 92 (w.e.f. 14-5-2003).

3. Subs. by Act 7 of 2017, s. 80 (w.e.f. 1-4-2017).

4. Subs. by Act 25 of 2014, s. 66, for clause (f) (w.e.f. 1-10-2014).

5. Ins. by Act 13 of 2018, s. 50 (w.e.f. 1-4-2018).