

Govt exempts TDS and TCS on transfer of assets by Air India to SPV



The government has exempted taxes on transfer of assets by Air India to SPV [Air India Assets Holding Ltd](#), a move aimed at facilitating strategic disinvestment of the national carrier.

As a precursor to [Air India](#) sale, the government in 2019 had set up a special purpose vehicle Air India Assets Holding Ltd (AIAHL) for transfer of debt and non-core assets of the [Air India](#) group.

In a set of notifications, the Central Board of Direct Taxes (CBDT) has said that no TDS shall be deducted under section 194Q in case of transfer of goods by Air India Ltd to AIAHL.

Also, no TDS shall be deducted under section 194-IA of I-T Act on payments made to [Air India](#) for transfer of immovable property to AIAHL.

The CBDT also said that [Air India](#) would not be considered as 'seller' for the purposes of deduction of TCS for with regard to transfer of goods by it to AIAHL.

It said that transfer of capital asset under a plan approved by central government from [Air India](#) Ltd to AIAHL would not be regarded as transfer for the purpose of income tax.

Last week, the CBDT had allowed new owners of erstwhile public sector companies to carry forward losses and set it off against future profits.

This is an effort towards making disinvestment deals of ailing state-owned firms more attractive for strategic investors.

The government is seeking to sell 100 per cent of its stake in the state-owned national airline, including Air India's 100 per cent shareholding in AI Express Ltd and 50 per cent in [Air India](#) SATS Airport Services Pvt Ltd.

The strategic sale has reached the crucial phase with September 15 being the last date for putting in financial bids by potential buyers.

The government wants to complete the long pending [Air India](#) strategic sale this fiscal. The disinvestment target for this fiscal has been set at Rs 1.75 trillion.

[Air India](#)