

NDA Update – Clarifications by CBDT on TDS / TCS

1. Income Tax - Clarification in respect of TDS in case option under section 115BAC of the Income-tax Act, 1961 is exercised (Circular C 1 of 2020 dated 13-04-2020)

CBDT has issued circular clarifying on deduction of tax at source in case of the employee opting under Section 115BAC. Employee shall be required to intimate the employer of his intention to if he or she opts under Section 115BAC. Intimation so given will be applicable for the year and can't be modified/ withdrawn. However employee will still have the right not to exercise such option at the time of filing of ITR.

Link: https://www.incometaxindia.gov.in/news/circular_c1_2020.pdf

2. Clarification regarding short deduction of TDS/TCS due to increase in rates of surcharge (Circular No. 8/2020 dated 13-04-2020)

Surcharge on income tax for certain categories of tax payers was enhanced with effect from 01-04-2019 which was announced on 05-07-2019 while placing the Finance Bill (No. 2) 2019. In between the period of applicability and announcement certain transactions took place where there was short deduction of TDS or short collection of TCS on account of considering surcharge at old rates.

It has now been clarified that in such cases, the assessee will not be considered to be an assessee in default in respect of transactions which have been completed and entire payment has been made to the deductee/payee on or before 5th July, 2019 and there is no subsequent transaction between the deductor/collector and the deductee/payee in the financial year 2019-20 from which the shortfall of tax could have been deducted/collected by the deductor/collector and all other formalities relating to deduction at appropriate rate, deposit of TDS / TCS in time and furnishing of TDS / TCS statement have been duly complied with.

Link: https://www.incometaxindia.gov.in/news/circular_8_2020.pdf