

No.402/92/2006-MC (04 of 2010)
Government of India / Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi dated 20th January 2010

PRESS RELEASE

A new provision relating to tax deduction at source (TDS) under the Income Tax Act 1961 will become applicable with effect from 1st April 2010. Tax at higher of the prescribed rate or 20% will be deducted on all transactions liable to TDS, where the Permanent Account Number (PAN) of the deductee is not available. The law will also apply to all non-residents in respect of payments / remittances liable to TDS. As per the new provisions, certificate for deduction at lower rate or no deduction shall not be given by the assessing officer under section 197, or declaration by deductee under section 197A for non-deduction of TDS on payments shall not be valid, unless the application bears PAN of the applicant / deductee.

2. All deductors are liable to deduct tax at the higher rate in all transactions not having PAN of the deductees on or after 1st April 2010. In order that there is no dispute regarding quoting / non-quoting of PAN or accuracy thereof, the law requires all deductees and deductors to quote PAN of deductees in all correspondences, bills, vouchers and other documents sent to each other. All deductors are, therefore, advised to intimate their deductees to obtain and furnish their PAN so as to avoid TDS at a higher rate. All deductees, including non-residents having transactions in India liable to TDS, are advised to obtain PAN by 31st March 2010 and communicate the same to their deductors before tax is actually deducted on transactions after that date.

3. The procedure for obtaining PAN is simple, inexpensive and quick. Application for PAN can be filed in Form 49A to National Securities Depository Ltd. (NSDL) or Unit Trust of India Investor Services Ltd. (UTIISL) or their intermediaries. Non-residents can apply through the local embassy / consulate of India. Applications can also be filed, paid for or tracked online through the Internet on the following web-sites:-

<http://incometaxindia.gov.in/>
<https://incometaxindiaefiling.gov.in/portal/index.jsp>
<http://www.tin-nsdl.com/>
<http://www.utitsl.co.in/>

4. The Central Board of Direct Taxes (CBDT) has issued Notification No.94/2009 relating to taxation of perquisites / profits in lieu of salary and Circular No.1/2010 for the guidance of tax deductors for salaries. These documents are available on the department's web site at **<http://incometaxindia.gov.in/>**

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