



NOTICE

TDS deductions u/s 206AB and 206CCA in the Income-tax Act 1961

Finance Act, 2021 has inserted two new sections 206AB and 206CCA in the Income-tax Act 1961 which takes effect from 1st day of July, 2021 which is notified vide Government of India's Circular no. 11 of 2021 dated 21st June, 2021.

1. These sections mandate tax deduction (section 206AB) or tax collection (section 206CCA) at higher rate in case of certain non-filers (specified persons) with respect to tax deductions (other than under sections 192, 192A, 194B, 194BB, 194LBC and 194N) and tax collections. Higher rate is twice the prescribed rate or 5%, whichever is higher. Specified person means a person who satisfies both the following conditions: -
 - (i) He has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately before the previous year in which tax is required to be deducted / collected. Two previous years to be counted are required to be those whose return filing date under sub-section (1) of section 139 has expired.
 - (ii) Aggregate of tax deducted at source and tax collected at source is Rs. 50,000/- or more in each of these two previous years.

Additionally, Deductee/Collectee can give self-declaration in prescribed format to their respective tax deductor/collector about the non-applicability of Section 206AB/206CCA upon them.

Please note that Bank will deduct Tax at source on the interest earned on term deposits at a higher rate which is twice the prescribed rate (presently twice of 10% i.e. 20%) unless the self-declaration is provided by the customer.

By Order

Chief Executive Officer