



COTTON UNIVERSITY

Panbazar, Guwahati, Assam-781001

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Memo No. CU/FIN/2020/107/ 4582

Dated 06.07.2021

OFFICE CIRCULAR

In pursuance to Central Board of Direct Taxes (CTBT) Circular No. 11 of 2021 dated 21st June-2021, w.e.f. 1st July, 2021 new rule for Tax Deducted at Source (other than salary) under Section 206AB have come in effect. Under this new section of the Income Tax Act, non-filers of income tax return (ITR) will be subject to higher TDS rates (as mentioned below) in case aggregate of Tax deducted at source is rupees fifty thousand or more in each of these two previous years.

RATE OF TDS TO BE DEDUCTED U/S 206AB

- Sub-section (1) of Section 206AB gives the applicable TDS rate if the amount is paid/ credited to a Specified person, **whichever is higher** :
 - at twice the rate specified in the relevant provision of the Act; or
 - twice the rate /rates in force; or
 - at the rate of five(5) per cent.

In view of the above, all Contractors/Vendors/ Suppliers/ Consultants are hereby requested to submit the attached declaration form along with relevant documentary evidence to the Finance Department while submitting their bills.

Copies of CTBT Circular & the Declaration Form(s) are available in the University web-site.

By order,

Registrar

Memo No. CU/FIN/2020/107/ 4582-90

Dated 06.07.2021

Copy to :-

1. PS to Vice Chancellor for favour of kind information to Hon'ble VC.
2. All HoDs for information.
3. Department of Store
4. Engineering Dept.
5. General Administration Dept.
6. Finance Department
7. Computer System Manager with a request to upload the Circular along with & declaration form in the University website.
8. Office copy

Declaration form for not imposing TDS Rate as per Sec. 206AB of the Income Tax Act

To,
The Registrar,
COTTON UNIVERSITY,

I/We, _____, having Permanent Account Number _____, am/are resident in India and hereby declare as follows:

I/We have filed Income Tax Returns for below mentioned immediately preceding Financial Years relevant to the year of declaration.

F.Y.	Whether amount of TDS is more than 50,000	Due Date of Filing of ITR	Actual Date of Filing of ITR	ITR -V Ack No.
2019-2020	Yes / No-			
2020-2021	Yes / No-			

We have read and understood the provisions of Section 206AB of the Act and related applicable rules, notifications, circulars. Further, above mentioned **PAN** and IT returns details are correct.

We authorize Cotton University to recover the differential tax at higher rates along with applicable interest and penalties in case above mentioned information is proved to be incorrect.

With submitting this declaration, it is kindly requested to consider us to be compliant with the requirements of the Sec.206AB of the Act.

Yours Truly,

(Name of Contractor/Supplier/ Vendor/Consultant

Signature.

Date:

Place:

F. No. 370133/7/2021-TPL
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)

Dated: 21st June, 2021

Sub.: Circular regarding use of functionality under Section 206AB and 206CCA of the Income-tax Act, 1961- reg.

Finance Act, 2021 inserted two new sections 206AB and 206CCA in the Income-tax Act 1961 (hereinafter referred to as "the Act") which takes effect from 1st day of July, 2021. 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 rupees fifty thousand or more in each of these two previous years.

2. It can be seen that the tax deductor or the tax collector is required to do a due diligence of satisfying himself if the deductee or the collectee is a specified person. This can lead to extra compliance burden on such tax deductor or tax collector. To ease this compliance burden the Central Board of Direct Taxes is issuing a new functionality "**Compliance Check for Sections 206AB & 206CCA**". This functionality is made available through reporting portal of the Income-tax Department. The tax deductor or the collector can feed the single PAN (PAN search) or multiple PANs (bulk search) of the deductee or collectee and can get a response from the functionality if such deductee or collectee is a specified person. For PAN Search, response will be visible on the screen which can be downloaded in the PDF formant. For Bulk Search, response would be in the form of downloadable file which can be kept for record.

3. The logic of the functionality is as under:

- A list of specified persons is prepared as on the start of the financial year 2021-22, taking previous years 2018-19 and 2019-20 as the two relevant previous years. List contains name of taxpayers who did not file return of income for both assessment

years 2019-20 and 2020-21 and have aggregate of TDS and TCS of fifty thousand rupees or more in each of these two previous years.

- During the financial year 2021-22, no new names are added in the list of specified persons. This is a taxpayer friendly measure to reduce the burden on tax deductor and collector of checking PANs of non-specified person more than once during the financial year.
- If any specified person files a valid return of income (filed & verified) for assessment year 2019-20 or 2020-21 during the financial year 2021-22, his name would be removed from the list of specified persons. This would be done on the date of filing of the valid return of income during the financial year 2021-22.
- If any specified person files a valid return of income (filed & verified) for assessment year 2021-22, his name would be removed from the list of specified persons. This will be done on the due date of filing of return of income for A.Y. 2021-22 or the date of actual filing of valid return(filed & verified) whichever is later.
- If the aggregate of TDS and TCS, in the case of a specified person, in the previous year 2020-21, is less than fifty thousand rupees, his name would be removed from the list of specified persons. This would be done on the first due date under sub-section (1) of section 139 of the Act falling in the financial year 2021-22. For the financial year 2021-22 this due date of 31st July 2021 has been extended to 30th Sept 2021.
- Belated and revised TCS & TDS returns of the relevant financial years filed during the financial year 2021-22 would also be considered for removing persons from the list of specified persons on a regular basis.

4. The deductor or the collector may check the PAN in the functionality at the beginning of the financial year and then he is not required to check the PAN of non-specified person during that financial year. To illustrate, let us assume that a deductor has 10,000 vendors that he deals with. He can use the functionality in the bulk search mode and can get the result of all these 10,000 PANs at one go. Let us assume that the functionality has shown that out of these 10,000 PANs, 5 PANs are specified persons for the purposes of sections 206AB and 206CCA of the Act. Now with respect of the remaining 9,995 PAN, it is clear that they are not in the list of specified persons for that financial year. Since no new name would be added in the list of specified persons during the financial year, the deductor or collector can be assured that these 9,995 PANs would remain outside the list of specified persons during that financial year. Thus, deductor or collector need not check again with respect to these 9,995 PANs during that financial year. There are chances that the 5 PANs which are of specified persons may move out of the list during the financial year and for that there will be need to recheck at the time of making tax deduction or tax collection.

5. The list would be drawn afresh at the start of each financial year and the above process would have to be repeated. For example, at the beginning of the financial year 2022-23 a fresh list would be prepared with previous years 2019-20 and 2020-21 as the two relevant previous years. Then, no name would be added to the list of specified persons during the financial year and only name would be removed based on the logic given in the 3rd to 6th bullets of paragraph 3 above.

6. It may be noted that as per the provisos of sections 206AB & 206CCA of the Act, the specified persons shall not include a non-resident who does not have a permanent establishment in India. Tax deductors & collectors are expected to carry out necessary due

diligence in respect of a specified person established by the above referred functionality to consider him as non-specified, if he fall under these provisos.

Shefal
21.06.2021

(Shefali Singh)

Under Secretary to the Govt. of India

Copy to:

1. PS to FM/ OSD to FM/ PS to MoS(F) OSD to MoS(F)
2. PPS to Secretary (Revenue)
3. Chairman, CBDT & All Members, CBDT
4. All Pr. DGsIT/ Pr. CCsIT
5. All Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries of CBDT
6. The C&AG of India
7. The JS & Legal Adviser, Ministry of Law & Justice, New Delhi
8. CIT (M&TP), Official Spokesperson of CBDT
9. O/o Pr. DGIT (Systems) for uploading on official website.
10. JCIT (Database Cell) for uploading on www.irsofficersonline.gov.in

Insertion of new section 206AB.

57. After section 206AA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of July, 2021, namely:—

'206AB. *Special provision for deduction of tax at source for non-filers of income-tax return.*—(1) Notwithstanding anything contained in any other provisions of this Act, where tax is required to be deducted at source under the provisions of Chapter XVIIB, other than section 192, 192A, 194B, 194BB, 194LBC or 194N on any sum or income or amount paid, or payable or credited, by a person (hereafter referred to as deductee) to a specified person, the tax shall be deducted at the higher of the following rates, namely:—

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

(2) If the provisions of section 206AA is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA.

(3) For the purposes of this section "specified person" means a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years:

Provided that the specified person shall not include a non-resident who does not have a 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.'