

Central Government relaxes provisions of TDS u/s 194A of the Income-tax Act, 1961 in view of section of 10(26) of the Act

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The Central Government in exercise of the powers conferred by sub-section(1F) of section 197A of the Income-tax Act, 1961("the Act") notified that no deduction of tax shall be made on the following payment under section 194A of the Act, namely payment in the nature of interest, other than interest on securities, made by a Scheduled Bank (hereinafter the 'payer') located in a specified area to a member of Scheduled Tribe (hereinafter the 'receiver') residing in any specified area as referred to in s.10(26) of the Act, subject to the following conditions:

- i. the payer satisfies itself that the receiver is a member of Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26) of the Act, during the previous year relevant for the assessment year in which the payment is made, by obtaining necessary documentary evidences in support of the same;
- ii. the payer reports the above payment in the statements of deduction of tax as referred to in sub-section (3) of section 200 of the Act;
- iii. the payment made or aggregate of payments made during the previous year does not exceed twenty lakh rupees.

For the purposes of the said notification, 'Scheduled Bank' means a bank included in the Second Schedule of the Reserve Bank of India Act,1934.

Notification no. 110/2021 dated 17th September, 2021 has been issued. It is available on www.incometaxindia.gov.in and also on www.egazette.nic.in .

RM/KMN

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