

Certificate for
Lower/NIL deduction
u/s 197
For non-residents

What is certificate u/s 197

An option is provided to the tax payers to obtain certificate from his Assessing Officer for deduction of tax at source at lower rates or NIL rate as compared to the rate specified under the Income Tax Act, 1961.

The application is required to be made in Form No. 13.

How is the application required to be made

Vide Notification No. G.S.R. 1068 (E) (Notification No. 74 / 2018) dated 25.10.2018, the CBDT had notified that the application for deduction of income-tax at lower / NIL rates shall be made in Form No. 13 electronically, - under digital signature; or through electronic verification code.

How is the application required to be made

Vide Press Release dated 24.12.2018, the resident applicants were allowed to file manual application in Form No. 13 upto 31.12.2018 and non-resident applicants allowed to file manual application in Form No. 13 upto 31.03.2019.

Types of Income for which application can be made:

- Sect. 192 – Salary income
- Sect. 193 – Interest on securities
- Sect. 194 – Dividends
- Sect. 194A – Interest other than interest on securities
- Sect. 194C – Contractors income
- Sect. 194D – Insurance commission
- Sect. 194G – Commission/remuneration/prize on lottery tickets

Types of Income for which application can be made:

- Sect. 194H – Commission or brokerage
- Sect. 194-I – Rent
- Sect. 194J – Fee for Professional or technical services
- Sect. 194LA – Compensation on acquisition of immovable property
- Sect. 194LBB – Income in respect of units of investment fund
- Sect. 194LBC – Income in respect of investment in securitization trust
- Sect. 195 – Income of non residents

Procedure for online filing of application in Form No. 13

The CBDT Notification No 08/2018 dated 31.12.2018 specifies the procedure, format and standard for filing the Form No. 13

The tax-payer / deductee who is not registered at TRACES shall be first required to register at TRACES (www.tdscpc.gov.in) for login and filing application in Form 13.

Procedure for online filing of application in Form No. 13

NRI taxpayer will login through the link www.nriservices.tdscpc.gov.in

To register at TRACES, taxpayer needs to click on “Register as “New User-Taxpayer”

Procedure for online filing of application in Form No. 13

Registration Process at TRACES

Step 1 :-

Taxpayer needs to provide PAN, date of birth, name (first, middle & surname) after verifying the same from incometaxefiling.gov.in.

Taxpayer is required to fill details in either Option 1 or Option 2.

Procedure for online filing of application in Form No. 13

Registration Process at TRACES

Option 1 – Details can be filled from 26AS and Form 16 / 16A provided by the deductor.

Option 2 – Details can be filled from the challan paid by the taxpayer for self assessment tax, advance tax & TDS on property.

Procedure for online filing of application in Form No. 13

Registration Process at TRACES

Step 2 :-

Taxpayer is required to fill communication address & details such as House No. Block, Mobile Number & E-mail ID to proceed to Step 3.

Step 3 :-

Taxpayer is required to create password followed by the security question to proceed to Step 4.

Procedure for online filing of application in Form No. 13

Registration Process at TRACES

Step 4 :-

Taxpayer can see all the details filled earlier and can edit the details if required or else can confirm the same to proceed further.

After completion of Step 1 to Step 4, Taxpayer will receive activation link followed by activation code on registered E-mail ID which can be used for activation of account. In case of incorrect verification data, registration failure mail will be sent to Taxpayer.

Procedure for online filing of application in Form No. 13

Registration Process at TRACES

After activation of account, Taxpayer will be able to Login on TRACES. If the Taxpayer does not activate the link within 48 hours of receipt of email, his account in TDS CPC would be de-activated and all data entered during registration will be removed from System.

Procedure for online filing of application in Form No. 13

- Registered Taxpayer should login to TRACES website with UserID, Password & Verification Code.
- Taxpayer should then go to “Statement / Forms” tab and click on “Request for Form 13” to initiate request. Taxpayer needs to fill the details which are required to be furnished in Form No. 13.

Procedure for online filing of application in Form No. 13

- After submitting declaration, Taxpayer has to click on “Preview & Submit” button to review the form details.
- A Pop Up will appear on screen to validate the form request through DSC (Digital Signature Certificate) or E-verification (through Internet Banking). E-verification (EVC) option is not available on NRI website for NRIs – www.nriservices.tdscpc.gov.in

Procedure for online filing of application in Form No. 13

- After validation, request for Form 13 will be submitted successfully. An email & an SMS will be sent for submission of Form No. 13.

Procedure to be followed by Assessing Officer

- On the basis of details furnished by applicant in Form No. 13, the application will be forwarded to the concerned TDS Assessing Officer.
- If the Assessing Officer requires any further clarification or information or documents from the applicant for arriving at his / her decision, the same shall be obtained online using the option 'Seek Clarification' available within the functionality.

Procedure to be followed by Assessing Officer

- The query raised by the Assessing Officer will be forwarded to the applicant through systems for furnishing a suitable response. The response submitted by the applicant will be visible to the Assessing Officer.
- The AO will take a decision on the application filed by the applicant after considering all the relevant and essential data submitted by the applicant and also obtained from CPC-ITR, E-filing & ITBA modules.

Procedure to be followed by Assessing Officer

- Once the Assessing Officer has taken a decision, the application will be forwarded to the Range Head i.e. Jt. CIT for according administrative approval.
- If required, the Range Head may seek clarification from the Assessing Officer and after submission of clarification by the Assessing Officer through the AO portal, the Range Head shall take a final decision on the application.

Procedure to be followed by Assessing Officer

- The administrative approval of Range Head will be marked back electronically on AO portal to the Assessing Officer for issuance / rejection of the certificate u/s 197(1) / 206C(9).
- If the revenue foregone is more than Rs. 50 lakhs, the administrative approval of the concerned CIT will be required.

Procedure to be followed by Assessing Officer

Once approval of the competent authority has been received, the Assessing Officer will generate the approved certificate / close the request (in case of rejection) based on decision taken on application. This will be carried out electronically on AO portal and the certificate will be system generated and hence will not require a signature.

Procedure to be followed by Assessing Officer

The generated certificates shall be available to the deductor and the applicant for download through their TRACES login.

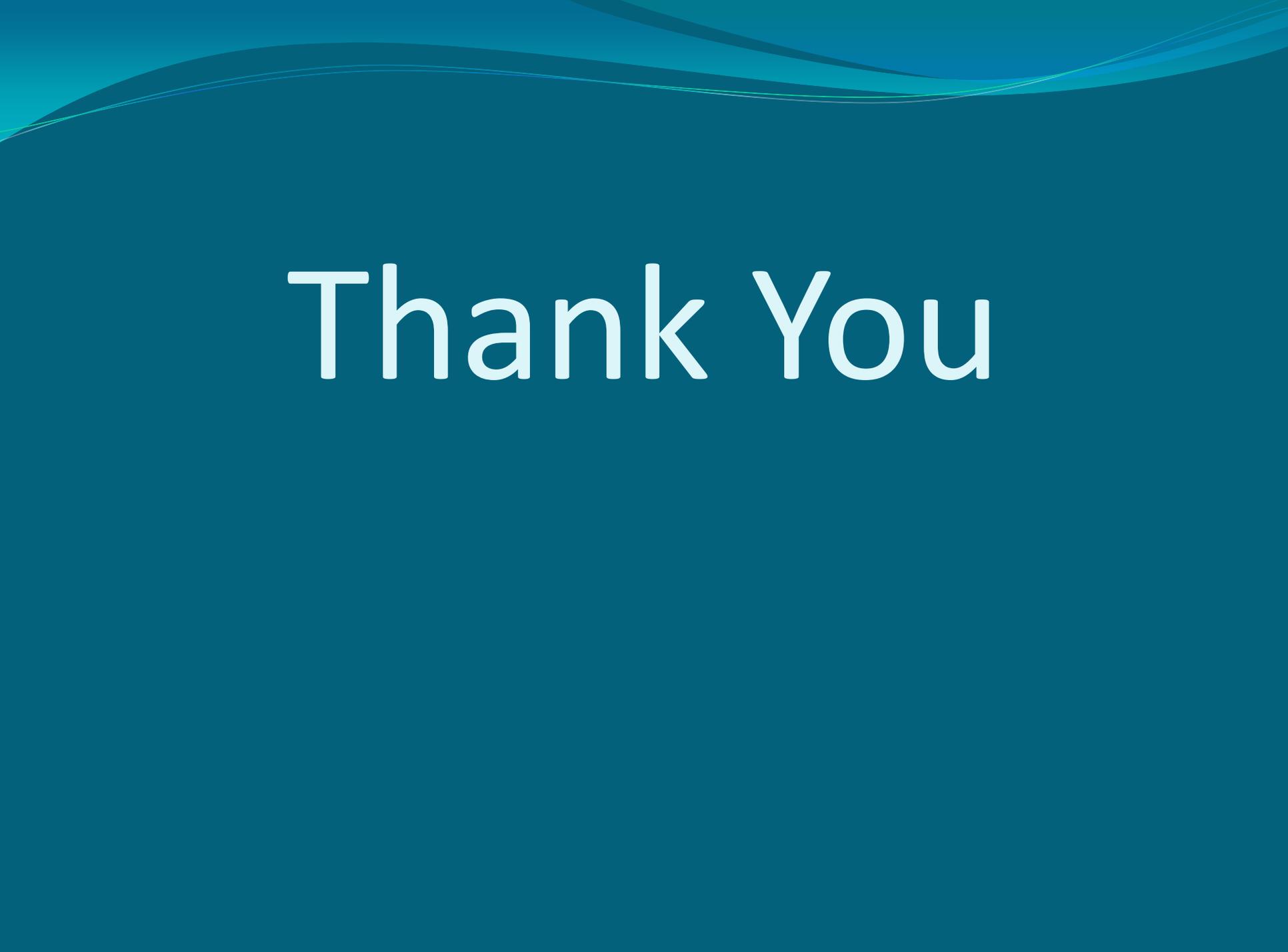
The issued certificates will be available to the officers for view through path ‘Lower / No Deduction Certificate > History > Certificate Issued’.

Compliance to be made by deductor after making payment to non-resident

The deductor deducting tax at source from the payment made to the non-resident is required to pay the tax to the credit of the Central Government within 7 days from the end of the month in which the deduction is made. The tax is to be deposited in Challan No. ITNS 281 and the code of payment should be mentioned as '195'

Compliance to be made by deductor after making payment to non-resident

The deductor will file a statement in Form No. 27Q by the 31st of the month following the QE 30th June, 30th September & 31st December and by 31st May of the immediately following financial year for the QE 31st March relating to the quarter in which tax has been deducted at source and payment made to the non-resident.



Thank You