

Amendment in Form 13

This is to inform you that the Central Board of Direct Taxes (CBDT) vide **Notification No. 16/2011 dated March 29th 2011** (Already sent to the subscribers on 31st March-2011) has notified Income-tax (Second Amendment) Rules, 2011 which amends Rule-28AA dealing with issue of Certificate for deduction at lower rates or no deduction of tax from income other than dividends as well as Form No. 13. The amended Rule 28AA will apply only in respect of Certificate for deduction at lower rates or no deduction of tax from income other than dividends to be issued on or after April 1st 2011 pursuant to an application to be made in the amended Form 13 (read with Rule 28).

The salient features of amended Rule-28AA are as under:

The Assessing Officer should satisfy that the existing existing and estimated tax liability of a person justifies the deduction of tax at lower rate or no deduction of tax, as the case may be.

- The existing and estimated liability shall be determined by the Assessing Officer after taking into account the following:
- Tax payable on estimated income of the previous year relevant to the assessment year for which application in Form No. 13 is made
- Tax payable on the assessed or returned income, as the case may be, of the last three previous years;
- Existing liability under the Income-tax Act, 1961 and Wealth-tax Act, 1957;
- Advance tax payment for the assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 28;
- Tax deducted at source for the assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 28; and
- Tax collected at source for the assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 28.
- The certificate shall be valid for such period of the previous year as may be specified in the certificate, unless it is cancelled by the Assessing Officer at any time before the expiry of the specified period.
- The certificate shall be valid only with regard to the person responsible for deducting the tax and named therein.

- The certificate shall be issued direct to the person responsible for deducting the tax under advice to the person who made an application for issue of such certificate."
- In the quarterly statement of e-TDS, the following particulars are also to be given, namely:
 1. The amount paid or credited on which tax was not deducted in view of the issue of certificate of no deduction of tax under section 197 by the Assessing Officer of the payee;
 2. The amount paid or credited on which tax was not deducted in view of the compliance of provisions of sub-section (6) of section 194C by the payee.

Further, in the revised Form No. 13, certain new sub-clauses are inserted/amended to Clause 2, mainly sub-clauses (iv) to (ix). Please go through the same

In view of the above, the application for issue of Nil/Lower Tax deduction certificate under section 197 on or after April 1st 2011 needs to be made in the amended Form No.

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