

Taxmen may reduce TDS-related paperwork for assesseees

If your income is not taxable and you are getting interest income, then you may get some relief from the paperwork for non-deduction of tax at source.

According to a highly-placed government source, "CBDT is to examine the possibility of getting Form 15G/15H once in a life time from very senior citizens (80 years and above) and once in 3-5 years from other depositors."

CURRENT PROVISION

The current provision prescribes tax deduction at source (TDS) if interest income from deposits exceeds Rs 10,000. Tax will be deducted at the rate of 10 per cent (plus education cess).

However, if the depositors do not give PAN (permanent account number), then TDS will be at 20 per cent (plus education cess)

Section 197A of the Income-Tax Act 1961 prescribes norms for non deduction of tax. Accordingly, persons without taxable income and below the age of 60 are required to submit Form 15G, and those above the age of 60, Form 15H.

These forms have to be submitted before end of June every year to avoid deduction of tax.

Declarations on these forms help in claiming dividends and interest on securities, besides interest from bank deposits, without deduction of tax at source.

Some banks even insist on submitting of Form 15G afresh before opening a deposit account.

"Such arrangements create problems not just for the individuals but also for the institutions as yearly submissions increase the paper work," the source added.

He also said that the tax authorities will also have to see whether such relaxation is possible just by executive order or it requires amendments to the Income-Tax Act.

According to a bank official, such a relaxation will be more helpful for very senior citizens (above the age of 80).

TAX EXPERTS

However, tax experts are not very excited about such an idea. Says tax specialist Subhash Lakhotia, "Such a move may lead to tax evasion as there is no guarantee that non-taxable income will remain same for 3 or 5 years."

He also felt that giving declaration on yearly basis is not a big problem.

(The Hindu Business)