

Sir/Madam,

Ref: New section 206AB introduced under the Income Tax Act, 1961 with effect from 01 July 2021 by the Finance Act, 2021.

Sub: Tax Deduction at Source (TDS) for FY 2021-22 at Higher Rate for non-filers of Income Tax Returns

This has reference to the amendment introduced in the Income Tax Act, 1961 ('the Act') by insertion of new section 206AB with effect from July 1, 2021 requiring deduction of tax at higher rate for non-filers of the Income Tax Returns.

In terms of the provisions of the said new section 206AB of the Act, TDS shall be deducted at the rates as tabulated hereunder in cases where the person is a non-filer of Income Tax Return for immediately two previous years i.e FY 2018-19 and FY 2019-20.

Section	Description	TDS Rate for ITR Filers		TDS Rate for Non ITR Filers as per section 206AB w.e.f July 1, 2021	
		Ind/HUF	Others	Ind/HUF	Others
194C	Payments to Contracts	1%	2%	5%	5%
194H	Commission & Brokerage	5%	5%	10%	10%
194I	Rent				
	Use of machinery or plant or equipment	2%	2%	5%	5%
	Others	10%	10%	20%	20%
194J	Fees for Professional or Technical Services				
	Fees for professional services & Royalty	10%	10%	20%	20%
	Fees for technical services	2%	2%	5%	5%
194Q	Payment for purchase of goods	0.1%	0.1%	5%	5%

In light of the aforesaid amendment, we request you to provide confirmation and acknowledgement number of Income Tax returns filed for FY 2019-20 (AY 2020-21) and FY 2018-19 (AY 2019-20) to enable us to deduct TDS at the applicable rates for FY 2021-22.

Further for individuals where PAN has become inoperative due to non-linking with Aadhar, TDS shall be deducted as per section 206AA @ 20%.

Kindly note where no confirmation is provided as requested, we shall deduct TDS as per the rates provided in section 206AB/206AA as applicable as indicated above and we shall not be liable for any refund / adjustments in such a case. The format of confirmation is provided in Annexure-1.

Tax deduction is the responsibility of the payer and we hope that the necessary information shall be provided by you to enable us to comply with the relevant provisions. For any clarification you can write to us on xxxxxxxxxxxxxxxxxxxx.

Thank You.

Annexure-1

(on the letterhead of the Company)

To,

Respective company name

Dear Sir,

Ref: Your communication w.r.t section 206AB of the Income Tax Act, 1961

Sub: Confirmation for Income Tax Return Filing for the purpose of Tax Deduction at Source

I, ----- on behalf of _____(vendor company name), provide the following information to _____(name of the Company) for the purpose of determining the TDS rate for any sum or income or payment made or credited to our account during the FY 2021-22, for the purpose of section 206AB of the Income Tax Act, 1961.

PAN		
ITR Acknowledgement number FY 2018-19 and date of filing ITR		
ITR Acknowledgement number FY 2019-20 and date of filing ITR		

For Individuals- I confirm that my PAN is linked with Aadhar and is operative as on date.

I / We, further state the above confirmation is true and correct and in case of any incorrect declaration, I / We agree to indemnify the Company for any shortfall in deduction of TDS including any interest / penalty thereon.

For-----

Authorised Signatory