

**Tax Deduction at Source (TDS) for FY 2021-22 at Higher Rate for non-filers of Income Tax Returns (Section 206AB)**

Applicability : With effect from 01<sup>st</sup> July 2021

Deductor : All persons who are required to deduct TDS

Deductee : Specified Persons satisfying the following conditions:

- i. a person who has not filed the returns of income for both of the two assessment years (FY 2018-19 and FY 2019-20) and
- ii. the aggregate of tax deducted at source and tax collected at source in his case is Rs.50,000 or more in each of these two previous years.

Payments : All payments subject to TDS except those covered U/s 192, 192A, 194B, 194BB, 194LBC or 194N of Income Tax Act

TDS Rate : Rates as Tabulated below

Section	Description	TDS Rate for ITR Filers		TDS Rate for Non ITR Filers as per section 206AB w.e.f July 1, 2021		TDS Rate where PAN has become inoperative due to non-linking with AadharU/s 206AA
		Ind/HUF	Others	Ind/HUF	Others	
194C	Payments to Contracts	1%	2%	5%	5%	20%
194H	Commission & Brokerage	5%	5%	10%	10%	20%
194I	Rent					
	Use of machinery or plant or equipment	2%	2%	5%	5%	20%
	Others	10%	10%	20%	20%	20%
194J	Fees for professional services & Royalty	10%	10%	20%	20%	20%
	Fees for technical services	2%	2%	5%	5%	20%
194Q	Payment for purchase of goods	0.1%	0.1%	5%	5%	20%

Other Points:

- In light of the aforesaid amendment, collect from your vendors declaration and acknowledgement of Income Tax returns filed in ITR-V for FY 2019-20 (AY 2020-21) and FY 2018-19 (AY 2019-20) so as to enable you 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 Tax deduction is the responsibility of the payer, hence where no confirmation is provided, you shall deduct TDS as per the rates provided in section 206AB/206AA as applicable as indicated above.
- The format of confirmation is provided in Annexure.

**Annexure**

**(on the letterhead of the Vendor)**

**To,**

**Company name (Deductor)**

**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.

<b>PAN</b>		
<b>Name as per PAN</b>		
<b>Information required under Sec.206AB</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Whether TDS, TCS Claimed in Income tax return of Rs. 50,000 or more in each of the financial year (Yes/No/NA)		
Whether Income Tax return has been filed as per sec.139(1) (Yes/No/NA).If Yes, Submit copy of ITR Acknowledgement or screenshot of the Income Tax e-filing portal confirming the ITR filing status for both years ( FY 2018-19 & FY 2019-20)		
Whether PAN & Aadhar are linked in Income Tax Website. (Applicable for Individual assessee only)( Yes/No/NA)		

**Indemnity**

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