

F.No. Pr. DGIT(S)/CPC(TDS)/NOTIFICATION/2018-19

**Government of India
Ministry of Finance
Central Board of Direct Taxes
Directorate of Income-tax (Systems)
New Delhi**

Notification No. 08/2018

New Delhi, 31st December, 2018

Subject: – Procedure, format and standards for filing an application for grant of certificate for deduction of Income-tax at any lower rate or no deduction of Income-tax under sub-section (1) of Section 197 / collection of the tax at any lower rate under sub-section (9) of Section 206C of the Income-tax Act, 1961 through TRACES– reg.

1. As per sub-section (1) of section 197 of the Income-tax Act, 1961, where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA [, 194LBB, 194LBC] and 195, if the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate. Further as per sub-section (9) of section 206C of the Income-tax Act, 1961, where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1) or sub-section (1C), the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (1) or sub-section (1C).
2. Vide Central Board of Direct Taxes Notification No. 74/2018 dated 25.10.2018, Rule 28 / 37G of the Income-tax Rules, 1962 has been amended to provide for filing an application for grant of certificate for deduction of Income-tax at any lower rate or no deduction of Income-tax under sub-section (1) of Section 197 / collection of the tax at any lower rate under sub-section (9) of Section 206C of the Income-tax Act, 1961 to be made in Form No. 13 electronically in accordance to the procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents to be laid down by the Principal Director General of Income-tax (Systems).
3. In exercise of the powers delegated by the Central Board of Direct Taxes, under sub-rule (2) of Rule 28 / sub-rule (2) of Rule 37G of the Income-tax Rules, 1962, the Principal Director General of Income-tax (Systems) hereby specifies the procedure, format and standards for the purpose of electronic filing of Form No. 13 and generation of certificate

F.No. Pr. DGIT(S)/CPC(TDS)/NOTIFICATION/2018-19

under sub-section (1) of section 197 / sub-section (9) of section 206C through TRACES, as per procedure in the succeeding paragraphs.

4. Procedure for electronic filing of Form 13 shall be as follows:

4.1 The tax-payer/Deductee shall login in to the TRACES website for submission of application in Form 13 electronically, for grant of certificate for deduction of Income-tax at any lower rate or no deduction of Income-tax under sub-section (1) of Section 197 / collection of the tax at any lower rate under sub-section (9) of Section 206C of the Income-tax Act, 1961 through TRACES, as per procedure specified herein.

4.1.1 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. Detailed procedure for registration can be accessed through the link <https://contents.tdscpc.gov.in/en/taxpayer-registration-login-etutorial.html>

4.2 The tax-payer/Deductee shall submit the Form No. 13 along with supporting documents electronically,

- (i) under digital signature; or
- (ii) through electronic verification code.

4.3 After an online request for lower/no deduction certificate has been submitted successfully, it shall reach the TDS-Assessing Officer on 'TRACES AO Portal' on his/her login. The tax-payer/Deductee can track the status of his / her application through option '*Track Request for Form 13*' under the tab '*Statement/Forms*'.

5. Procedure for assignment of application to the TDS Assessing Officers:

5.1 On the basis of details furnished by the applicant in Form No. 13, the application shall be forwarded to the concerned TDS Assessing Officer.

5.2 For applications filed in Delhi, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, Ahmedabad and Pune, cases where revenue foregone exceeds a sum of Rs. 50 Lakh, the applications shall be assigned to the DCIT/ACIT exercising jurisdiction over TDS matters, and in other cases, the applications shall be assigned to the ITO exercising jurisdiction over TDS matters. If the jurisdiction orders are otherwise, the applications shall be assigned in accordance to such jurisdiction orders.

5.3 For applications filed in remaining cities / towns / jurisdictions, the applications where revenue foregone exceeds a sum of Rs. 10 Lakh, application shall be assigned to the DCIT/ACIT exercising jurisdiction over TDS matters, and in other cases, the applications shall be assigned to the ITO exercising jurisdiction over TDS matters. If the jurisdiction

F.No. Pr. DGIT(S)/CPC(TDS)/NOTIFICATION/2018-19

orders are otherwise, the applications shall be assigned in accordance to such jurisdiction orders.

5.4 After the applicant has successfully submitted application in Form 13, the following data, which are considered relevant and essential for the Assessing Officer to take a decision on the application will be obtained from CPC – ITR, E-filing and ITBA modules:

- (i) Processed data of Income Tax Returns of previous 4 F.Ys (if available).
- (ii) PAN Demand.
- (iii) e-filed Income Tax Returns of previous 4 F.Ys.
- (iv) Audit Report (along with form 3CD if accounts are audited) of previous 4 F.Ys.
- (v) Assessment Orders of previous 4 F.Ys (if available).

5.5 The application in Form 13 will then be assigned to the Assessing Officer exercising jurisdiction over TDS matters in respect of the applicant as explained in para 5.2 and 5.3. Such applications can be accessed by the Assessing Officer through path 'Lower/No Deduction Certificate > Generate Certificate> Certificate u/s 197(1)/206C (9) and select 'Open/ Restored' Request(s)'.

6. Processing of the tax-payer/Deductee's request by the TDS Assessing Officer, Range Heads and Commissioners of Income-tax:

6.1 Role of TDS Assessing Officer:

The Assessing Officer shall be required to process the application through TRACES - AO Portal after login using his / her credentials.

6.1.1 By navigating through the path 'Lower/No Deduction Certificate > Generate Certificate> Certificate u/s 197(1)/206C (9) and select 'Open/ Restored' Request(s)', the Assessing Officer shall be able to access the following information:

- (i) Information furnished by the tax-payer/Deductee.
- (ii) Documents submitted by the tax-payer/Deductee.
- (iii) Information essential for processing the request in respect of the tax-payer/Deductee, as received from CPC (ITR), E-filing and ITBA.
- (iv) Information essential for processing the request in respect of the tax-payer/Deductee, as available at CPC (TDS).

6.1.2 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. The query raised by the Assessing Officer shall be forwarded to the applicant through systems for furnishing a suitable response. The query will be available to the applicant in his/ her/ its Inbox in TRACES Portal through the applicants login. The response submitted by the tax-

F.No. Pr. DGIT(S)/CPC(TDS)/NOTIFICATION/2018-19

payer/Deductee shall be visible to the Assessing Officer within the functionality for taking a decision on the application.

- 6.1.2 (a) Based on the parameters defined in rule 28AA / 28AB / 37H of the Income-tax Rules, 1962 an estimated rate of tax will be suggested by the system functionality. However, the AO shall be free to arrive at independent rate based on his / her method of calculation or by taking into consideration any other information available with him/her.
- 6.1.3 Based on his/her findings, the Assessing Officer shall allow the deduction / collection at such rate as evidenced in the "Permitted Tax Rate Table" by making any adjustments in respect of the rate, if required. The Assessing Officer may state the reason for arriving at a modified rate, if so is the case.
- 6.1.4 Once the Assessing Officer has taken a decision on the application in Form No. 13, the application will be forwarded to the supervisory authority, i.e. the JCIT or JCIT & CIT for according administrative approval in accordance to CBDT's Instructions on the subject.

6.2. Role of Range Head:

The Range Head shall be required to process the application through TRACES - AO Portal after login using his / her credentials for granting administrative approval to the recommendation of the AO or otherwise.

- 6.2.1 The Range Head may view the application details, received for administrative approval, through the path 'Lower/No Deduction Certificate > Generate Certificate> Certificate u/s 197(1)/206C (9) and select 'Open Request(s)''. The following information will be available for viewing by the Range Head:

- (i) Information furnished by the tax-payer/Deductee.
- (ii) Documents submitted by the tax-payer/Deductee.
- (iii) Information essential for processing the request in respect of the tax-payer/Deductee, as received from CPC (ITR), E-filing and ITBA.
- (iv) Information essential for processing the request in respect of the tax-payer/Deductee, as available at CPC (TDS).
- (v) Recommendation of the TDS Assessing Officer.

- 6.2.2 If required, the Range Head may seek clarification from the AO and after submission of clarification by the AO through the AO Portal, the Range Head shall take a final decision on the application. All these steps shall be carried out on AO Portal in electronic mode under respective logins of Range Head and AO.

- 6.2.3 After a decision on the application has been taken by the Range Head, if the revenue foregone is within the powers conferred upon the Range Head (as per CBDT's Instructions on the subject) to accord administrative approval, the application will be marked back electronically on AO Portal to the Assessing Officer for issuance / rejection of the

F.No. Pr. DGIT(S)/CPC(TDS)/NOTIFICATION/2018-19

certificate under section 197(1) / 206C(9) of the Income-tax Act, 1961. The procedure for issuance of certificate is prescribed below in paragraph 7. However, if the revenue foregone is within the powers conferred upon the CIT (as per CBDT's Instructions on the subject) to accord administrative approval, the application shall be forwarded to the CIT for a decision in the matter.

6.3. Role of the CIT:

The CIT shall be required to process the application through TRACES - AO Portal after login using his / her credentials for granting administrative approval to the recommendation of the AO or otherwise.

6.3.1 The CIT may view the application details, received for administrative approval, through the path 'Lower/No Deduction Certificate > Generate Certificate> Certificate u/s 197(1)/206C (9) and select 'Open Request(s)''. The following information will be available for viewing by the CIT:

- (i) Information furnished by the tax-payer/Deductee.
- (ii) Documents submitted by the tax-payer/Deductee.
- (iii) Information essential for processing the request in respect of the tax-payer/Deductee, as received from CPC (ITR), E-filing and ITBA.
- (iv) Information essential for processing the request in respect of the tax-payer/Deductee as available at CPC (TDS).
- (v) Recommendation of the TDS Assessing Officer.
- (vi) Recommendation of the Range Head.

6.3.2 If any clarification is required by the CIT, the application may be sent back to the Range Head through TRACES AO-Portal for submitting clarification on the observations of the CIT by the Range Head / AO. All these steps shall be carried out on AO Portal in electronic mode under respective logins of the CIT, Range Head and AO.

6.3.3 The Range Head shall resubmit the case to CIT alongwith the clarifications as required by the CIT. This will be carried out electronically on AO Portal.

6.3.4 Based on the information available and the report of the Range Head and the Assessing Officer, the CIT shall take a decision in the case.

6.3.5 After a final decision on the application has been taken by the CIT, the application will be marked back electronically on AO Portal to the Assessing Officer for issuance / rejection of the certificate under section 197(1) / 206C(9) of the Income-tax Act, 1961. The procedure for issuance of certificate is prescribed below in paragraph 7.

7. Issuance of Certificate:

F.No. Pr. DGIT(S)/CPC(TDS)/NOTIFICATION/2018-19

- 7.1 Once approval of the competent authority has been received, the Assessing Officer shall generate the approved certificate / close the request (in case of rejection) based on decision taken on application filed in Form No. 13 through TRACES AO Portal. This will be carried out electronically on AO Portal and the certificate will be system generated and hence will not require a signature.
- 7.2 The generated certificates shall be available to the deductor and the applicant for download through their TRACES login.
- 7.3 The issued certificates shall be available to the officers for view through path 'Lower / No Deduction Certificate > History > Certificate Issued'.
8. This issues with prior approval of the Pr. Director General of Income-tax (Systems).



(Ravikant Kumar Choudhary)

Dy. Commissioner of Income Tax (CPC-TDS)

O/o The Pr. Director General of Income-tax (Systems)

Copy for kind information to:

1. PPS to the Chairman and all Members, CBDT, North Block, New Delhi.
2. All Pr. Chief Commissioners/ Pr. Director Generals of Income-tax/ Chief Commissioners of Income-tax /Pr. Commissioners of Income-tax/ Commissioners of Income-tax / Commissioners of Income-tax(TDS) – with a request to circulate amongst all officers in their regions/charges.
3. JS (TPL)-I&II / Media coordinator and Official spokesperson of CBDT.
4. ADG (IT)/ADG (Audit)/ ADG (Vig.)/ ADG (Systems)-1,2,3,4,5 /ADG(TPS)-1,2/CIT(CPC-ITR)/ Bangalore.
5. ADG (PR, PP &OL) with a request for advertisement campaign for the notification.
6. TPL and ITA Divisions of CBDT
7. The Institute of Chartered Accountants of India, IP Estate, New Delhi.
8. The Web Manager, 'incometaxindia.gov.in' for hosting on the website.
9. Database cell for uploading on www.irsofficersonline.gov.in and in Pr. DGIT (Systems) corner.
10. ITBA publisher for uploading on ITBA Portal
11. ITO (CPC-TDS)-II for uploading on TRACES portal.



Dy. Commissioner of Income Tax (CPC-TDS)

O/o The Pr. Director General of Income-tax (Systems)