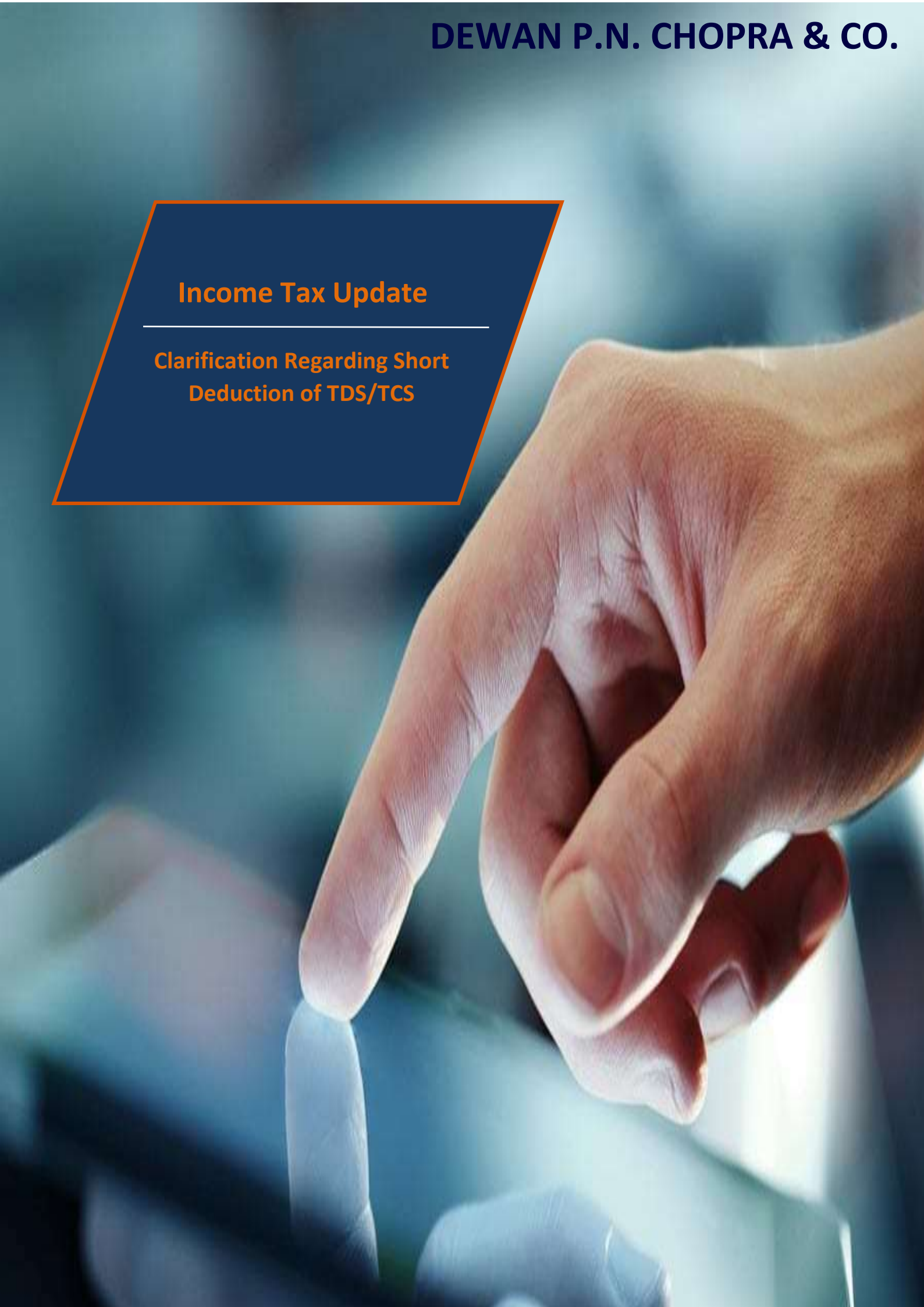


Income Tax Update

**Clarification Regarding Short
Deduction of TDS/TCS**



Clarification regarding short deduction of TDS/TCS due to increase in rates of surcharge by Finance (No.2) Act, 2019 (F.A 2019)

F.A. 2019 increased surcharge rate in certain cases w.e.f 1.4.2019 though Finance Bill was tabled on 05.07.2019. This led to situation where certain deductors/collectors were held as assessee in default for short deduction/collection of TDS/TCS where final transaction was done before 05.07.2019. In this context it has now been clarified that a person will not be considered to be an assessee in default in respect of transactions where:

- Such transaction has been completed & entire payment has been made to deductee/payee on or before 5th July 2019 & there is no subsequent transaction between deductor/collector and deductee/payee in FY 2019-20 from which shortfall of tax could have been deducted/collected;
- TDS deducted or TCS collected is as per rates in force;
- TDS deducted or TCS collected has been deposited on or before due date; and
- TDS/TCS statement has been filed on or before due date.

It has also been clarified that deductor/collector who has deducted/collected shortfall of tax after 5 July 2019 from transaction(s) made subsequently after the said date, interest for delay in deduction/collection of tax shall not be levied.

For more details please refer the link to the Circular:

https://www.incometaxindia.gov.in/Communications/Circular/circular_8_2020.pdf

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