

1. Electronic Submission of form 10F by Select Category of Taxpayers

- The Central Board of Direct Taxes , in exercise of powers conferred under Rule 131(1)/(2) of the Income-tax Rules earlier issued a Notification no. 3/2022 dated 16 July 2022 wherein they have made it mandatory for all the persons to electronically file Form 10F through the e-filing portal of the person.
- On consideration of the practical challenge being faced in making compliance as per the above notification, those non-resident taxpayers who were not having PAN and not required to have PAN as per relevant provisions of the Income-tax Act, 1961, read with Income-tax Rules, 1962, were exempted from mandatory electronic filing of Form 10F till 31st March, 2023 by the competent authority.
- In view of the continued practical challenges and to mitigate the genuine hardship being faced by such category of taxpayers, it has been decided by the competent authority to extend the above-mentioned partial relaxation further till 30th September, 2023.
- For the sake of clarity, it is reiterated that such category of taxpayers may make statutory compliance of filing Form 10F till 30th September, 2023 in manual form as was being done prior to issuance of the DGIT (Systems) Notification No. 3 of 2022.

2. Last date for Linking of PAN-AADHAAR extended

- CIRCULAR NO. 3 OF 2023 [F.NO. 370142/14/2022- TPL], DATED 28-3-2023

- Under the provisions of the Income-tax Act, 1961, every person who has been allotted a PAN as on 1st July, 2017 and is eligible to obtain Aadhaar Number, is required to intimate his Aadhaar to the prescribed authority on or before 31st March, 2023, on payment of a prescribed fee. Failure to do so shall attract certain repercussions under the Act w.e.f. 1st April, 2023. The date for intimating Aadhaar to the prescribed authority for the purpose of linking PAN and Aadhaar has now been extended to 30th June, 2023.
- From 1st July, 2023, the PAN of taxpayers who have failed to intimate their Aadhaar, as required, shall become inoperative and the consequences during the period that PAN remains inoperative will be as follows:(i) no refund shall be made against such PANs;(ii) interest shall not be payable on such refund for the period during which PAN remains inoperative; and(iii) TDS and TCS shall be deducted /collected at higher rate, as provided in the Act.
- The PAN can be made operative again in 30 days, upon intimation of Aadhaar to the prescribed authority after payment of fee of Rs.1,000.
- Those persons who have been exempted from PAN-Aadhaar linking will not be liable to the consequences mentioned above. This category includes those residing in specified States, a non-resident as per the Act, an individual who is not a citizen of India or individuals of the age of eighty years or more at any time during the previous year

3. Clarification regarding Deduction of TDS under Section 192 read with Section 115BAC (1A) of the Act.

CBDT vide CIRCULAR NO. 4 of 2023 [F.NO. 370142/06/2023-TPL], Dated 5-4-2023 clarified as under :-

- Vide Finance Act, 2023, Section 115BAC (1A) of the Income-tax Act, 1961 provided for a new tax regime with effect from the assessment year beginning on or after the 1st day of April, 2024. This regime applies to an individual or Hindu undivided family or association of persons [other than a cooperative society] or body of individuals, whether incorporated or not, or an artificial juridical person.
- Under this new regime, the income-tax in respect of the total income of the person shall be computed at the rates provided in Section 115BAC(1A), subject to certain conditions, including the condition that the person does not avail of specified exemptions and deductions

- The above-mentioned new tax regime is the default tax regime applicable to all persons mentioned above. However, as per Section 115BAC(6) of the Act, a person may exercise an option to opt out of this tax regime. A person not having income from business or profession can exercise this option every year.
- Representations have been received expressing concerns regarding tax to be deducted at source (TDS) on salary income of a person under section 192 of the Act as the deductor, being an employer, would not know if the person, being an employee, would opt out from taxation under Section 115BAC (1A)of the Act or not.
- In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby directs that a deductor, being an employer, shall seek information from each of its employees having income under section 192 of the Act regarding their intended tax regime and each such employee shall intimate the same to the deductor, being his employer, regarding his intended tax regime for each year and upon intimation, the deductor shall compute his total income, and deduct tax at source thereon according to the option exercised.
- If intimation is not made by the employee, it shall be presumed that the employee continues to be in the default tax regime and has not exercised the option to opt out of the new tax regime. Accordingly, in such a case, the employer shall deduct tax at source, on income under section 192 of the Act, in accordance with the rates provided under Section 115BAC(1A) of the Act.
- It is also clarified that the intimation would not amount to exercising option in terms of Section 115BAC(6) of the Act and the person shall be required to do so separately in accordance with the provisions of the sub-section.
- This circular is in supersession of Circular No. C1 of 2020 dated 13.04.2020 and shall be applicable for TDS during the financial year 2023-24 and subsequent years.