

CIRCULAR NO : 20/2015

F.No. 275/192/2015-IT(B)
 Government of India
 Ministry of Finance
 Department of Revenue
 Central Board of Direct Taxes

North Block, New Delhi
 Dated the 2nd December, 2015

**SUBJECT: INCOME-TAX DEDUCTION FROM SALARIES DURING THE
 FINANCIAL YEAR 2015-16 UNDER SECTION 192 OF THE
 INCOME-TAX ACT, 1961.**

Reference is invited to Circular No.17/2014 dated 10.12.2014 whereby the rates of deduction of income-tax from the payment of income under the head "Salaries" under Section 192 of the Income-tax Act, 1961 (hereinafter 'the Act'), during the financial year 2014-15, were intimated. The present Circular contains the rates of deduction of income-tax from the payment of income chargeable under the head "Salaries" during the financial year 2015-16 and explains certain related provisions of the Act and Income-tax Rules, 1962 (hereinafter the Rules). The relevant Acts, Rules, Forms and Notifications are available at the website of the Income Tax Department- www.incometaxindia.gov.in.

2. RATES OF INCOME-TAX AS PER FINANCE ACT, 2015:

As per the Finance Act, 2015, income-tax is required to be deducted under Section 192 of the Act from income chargeable under the head "Salaries" for the financial year 2015-16 (i.e. Assessment Year 2016-17) at the following rates:

2.1 Rates of tax

A. Normal Rates of tax:

Sl N o	Total Income	Rate of tax
1	Where the total income does not exceed Rs. 2,50,000/-.	Nil
2	Where the total income exceeds Rs. 2,50,000/- but does not exceed Rs. 5,00,000/-.	10 per cent of the amount by which the total income exceeds Rs. 2,50,000/-
3	Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-.	Rs. 25,000/- plus 20 per cent of the amount by which the total income exceeds Rs. 5,00,000/-.
4	Where the total income exceeds Rs. 10,00,000/-.	Rs. 1,25,000/- plus 30 per cent of the amount by which the total income exceeds Rs. 10,00,000/-

B. Rates of tax for every individual, resident in India, who is of the age of sixty years or more but less than eighty years at any time during the financial year:

Sl No	Total Income	Rate of tax
1	Where the total income does not exceed Rs. 3,00,000/-	Nil
2	Where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000/-	10 per cent of the amount by which the total income exceeds Rs. 3,00,000/-
3	Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-	Rs. 20,000/- plus 20 per cent of the amount by which the total income exceeds Rs. 5,00,000/-.
4	Where the total income exceeds Rs. 10,00,000/-	Rs. 1,20,000/- plus 30 per cent of the amount by which the total income exceeds Rs. 10,00,000/-

C. In case of every individual being a resident in India, who is of the age of eighty years or more at any time during the financial year:

Sl No	Total Income	Rate of tax
1	Where the total income does not exceed Rs. 5,00,000/-	Nil
2	Where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000/-	20 per cent of the amount by which the total income exceeds Rs. 5,00,000/-
4	Where the total income exceeds Rs. 10,00,000/-	Rs. 1,00,000/- plus 30 per cent of the amount by which the total income exceeds Rs. 10,00,000/-

2.2 Surcharge on Income tax:

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of twelve per cent of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

2.3.1 Education Cess on Income tax:

The amount of income-tax including the surcharge if any, shall be increased by Education Cess on Income Tax at the rate of **two percent** of the income-tax.

2.3.2 Secondary and Higher Education Cess on Income-tax:

An additional education cess is chargeable at the rate of **one percent** of income-tax including the surcharge if any, but not including the Education Cess on income tax as in 2.3.1.

3. SECTION 192 OF THE INCOME-TAX ACT, 1961: BROAD SCHEME OF TAX DEDUCTION AT SOURCE FROM "SALARIES":

3.1 Method of Tax Calculation:

Every person who is responsible for paying any income chargeable under the head "Salaries" shall deduct income-tax on the estimated income of the assessee under the head "Salaries" for the financial year 2015-16. The income-tax is required to be calculated on the basis of the rates given above, subject to the provisions related to requirement to furnish PAN as per sec 206AA of the Act, and shall be deducted at the time of each payment. No tax, however, will be required to be deducted at source in any case unless the estimated salary income including the value of perquisites, for the financial year exceeds Rs. 2,50,000/- or Rs.3,00,000/- or Rs. 5,00,000/-, as the case may be, depending upon the age of the employee. *(Some typical illustrations of computation of tax are given at Annexure-I).*

3.2 Payment of Tax on Perquisites by Employer:

An option has been given to the employer to pay the tax on non-monetary perquisites given to an employee. The employer may, at its option, make payment of the tax on such perquisites himself without making any TDS from the salary of the employee. However, the employer will have to pay the tax at the time when such tax was otherwise deductible i.e. at the time of payment of income chargeable under the head "salaries" to the employee.

3.2.1 Computation of Average Income Tax:

For the purpose of making the payment of tax mentioned in para 3.2 above, tax is to be determined at the average of income tax computed on the basis of rate in force for the financial year, on the income chargeable under the head "salaries", including the value of perquisites for which tax has been paid by the employer himself.

3.2.2 Illustration:

The income chargeable under the head "salaries" of an employee below sixty years of age for the year inclusive of all perquisites is Rs.4,50,000/-, out of which, Rs.50,000/- is on account of non-monetary perquisites and the employer opts to pay the tax on such perquisites as per the provisions discussed in para 3.2 above.

STEPS:

Income Chargeable under the head "Salaries" inclusive of all perquisites	Rs. 4,50,000/-
Tax on Total Salary (including Cess)	Rs. 20,600/-
Average Rate of Tax $[(20,600/4,50,000) \times 100]$	4.57%
Tax payable on Rs.50,000/= (4.57% of 50,000)	Rs. 2285/-
Amount required to be deposited each month	Rs. 19

The tax so paid by the employer shall be deemed to be TDS made from the salary of the employee.

3.3 Salary From More Than One Employer:

Section 192(2) deals with situations where an individual is working under more than one employer or has changed from one employer to another. It provides for deduction of tax at source by such employer (as the tax payer may choose) from the aggregate salary of the employee, who is or has been in receipt of salary from more than one employer. The employee is now required to furnish to the present/chosen employer details of the income under the head "Salaries" due or received from the former/other employer and also tax deducted at source therefrom, **in writing and duly verified by him and by the former/other employer**. The present/chosen employer will be required to deduct tax at source on the aggregate amount of salary (including salary received from the former or other employer).

3.4 Relief When Salary Paid in Arrear or Advance:

3.4.1 Under section 192(2A) where the assessee, being a Government servant or an employee in a company, co-operative society, local authority, university, institution, association or body is entitled to the relief under **Section 89(1)** he may furnish to the person responsible for making the payment referred to in Para (3.1), such particulars in **Form No. 10E duly verified by him**, and thereupon the person responsible, as aforesaid, shall compute the relief on the basis of such particulars and take the same into account in making the deduction under Para(3.1) above.

Here "university" means a university established or incorporated by or under a Central, State or Provincial Act, and includes an institution declared under Section 3 of the University Grants Commission Act, 1956 to be a university for the purpose of that Act.

3.4.2 With effect from 1/04/2010 (AY 2010-11), no such relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in section 10(10C)(i) (read with Rule 2BA), a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been claimed by the assessee under section 10(10C) in respect of such, or any other, assessment year.

3.5 Information regarding Income under any other head:

(i) Section 192(2B) enables a taxpayer to furnish particulars of income under any head other than "Salaries" (not being a loss under any such head other than the loss under the head "Income from house property") received by the taxpayer for the same financial year and of any tax deducted at source thereon. The particulars may now be furnished in a **simple statement**, which is properly signed and verified by the taxpayer in the manner as prescribed under Rule 26B(2) of the Rules and shall be annexed to the simple statement. The form of verification is reproduced as under:

I, (name of the assessee), do declare that what is stated above is true to the best of my information and belief.

It is reiterated that the DDO can take into account any loss only under the head “Income from house property”. Loss under any other head cannot be considered by the DDO for calculating the amount of tax to be deducted.

3.6 Computation of income under the head “ Income from house property”:

While taking into account the loss from House Property, the DDO shall ensure that the employee files the declaration referred to above and encloses therewith a computation of such loss from house property. Following details shall be obtained and kept by the employer in respect of loss claimed under the head “ Income from house property” separately for each house property:

- a) Gross annual rent/value
- b) Municipal Taxes paid, if any
- c) Deduction claimed for interest paid, if any
- d) Other deductions claimed
- e) Address of the property
- f) Amount of loan, if any; and
- g) Name and address of the lender (loan provider)

3.6.1 Conditions for Claim of Deduction of Interest on Borrowed Capital for Computation of Income From House Property [Section 24(b)]:

Section 24(b) of the Act allows deduction from income from houses property on interest on borrowed capital as under:-

- (i) the deduction is allowed only in case of house property which is owned and is in the occupation of the employee for his own residence. However, if it is actually not occupied by the employee in view of his place of the employment being at other place, his residence in that other place should not be in a building belonging to him.
- (ii) the quantum of deduction allowed as per table below:

Sl No	Purpose of borrowing capital	Date of borrowing capital	Maximum Deduction allowable
1	Repair or renewal or reconstruction of the house	Any time	Rs. 30,000/-
2	Acquisition or construction of the house	Before 01.04.1999	Rs. 30,000/-
3	Acquisition or construction of the house	On or after 01.04.1999	Rs. 1,50,000/- (upto AY 2014-15)
			Rs. 2,00,000/- (w. e. f. AY 2015-16)

In case of Serial No. 3 above

- (a) The acquisition or construction of the house should be completed within 3 years from the end of the FY in which the capital was borrowed. Hence, it is necessary for the DDO to have the completion certificate of the house property against which deduction is claimed either from the builder or through self-declaration from the employee.
- (b) Further any prior period interest for the FYs upto the FY in which the property was acquired or constructed (as reduced by any part of interest allowed as deduction under any other section of the Act) shall be deducted in equal installments for the FY in question and subsequent four FYs.

- (c) The employee has to furnish before the DDO a certificate from the person to whom any interest is payable on the borrowed capital specifying the amount of interest payable. In case a new loan is taken to repay the earlier loan, then the certificate should also show the details of Principal and Interest of the loan so repaid.

3.7 Adjustment for Excess or Shortfall of Deduction:

The provisions of Section 192(3) allow the deductor to make adjustments for any excess or shortfall in the deduction of tax already made during the financial year, in subsequent deductions for that employee within that financial year itself.

3.8 Salary Paid in Foreign Currency:

For the purposes of deduction of tax on salary payable in foreign currency, the value in rupees of such salary shall be calculated at the “**Telegraphic transfer buying rate**” of such currency as on the date on which tax is required to be deducted at source (see Rule 26).

4. PERSONS RESPONSIBLE FOR DEDUCTING TAX AND THEIR DUTIES:

4.1. As per section 204(i) of the Act, in the context of payments other than payments by the Central Government or the State Government the "persons responsible for paying" for the purpose of Section 192 means the employer himself or if the employer is a Company, the Company itself including the Principal Officer thereof. Further, as per Section 204(iv), in case the credit, or as the case may be, the payment is made by or on behalf of Central Government or State Government, the DDO or any other person by whatever name called, responsible for crediting, or as the case may be, paying such sum is the "persons responsible for paying" for the purpose of Section 192.

4.2. The tax determined as per para 9 should be deducted from the salary u/s 192 of the Act.

4.3. Deduction of Tax at Lower Rate:

If the jurisdictional TDS officer of the Taxpayer issues a certificate of No Deduction or Lower Deduction of Tax under section 197 of the Act, in response to the application filed before him in Form No 13 by the Taxpayer; then the DDO should take into account such certificate and deduct tax on the salary payable at the rates mentioned therein.(see **Rule 28AA**). The Unique Identification Number of the certificate is required to be reported in Quarterly Statement of TDS (Form 24Q).

4.4. Deposit of Tax Deducted:

Rule 30 prescribes time and mode of payment of tax deducted at source to the account of Central Government.

4.4.1. Due dates for payment of TDS:

Prescribed time of payment/deposit of TDS to the credit of Central Government account is as under:

a) In case of an Office of Government:

Sl No.	Description	Time up to which to be deposited.
1	Tax deposited without Challan [Book Entry]	SAME DAY
2	Tax deposited with Chall	

3	Tax on perquisites opt to be deposited by the employer.	7 TH DAY NEXT MONTH
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b) In any case other than an Office of Government

Sl No.	Description	Time up to which to be deposited.
1	Tax deducted in March	30 th APRIL NEXT FINANCIAL YEAR
2	Tax deducted in any other month	7 TH DAY NEXT MONTH
3	Tax on perquisites opted to be deposited by the employer	7 TH DAY NEXT MONTH

However, if a DDO applies before the jurisdictional Additional/Joint Commissioner of Income Tax to permit quarterly payments of TDS under section 192, the Rule 30(3) allows for payments on quarterly basis and as per time given in Table below:

Sl. No.	Quarter of the financial year ended on	Date for quarterly payment
1	30 th June	7 th July
2	30 th September	7 th October
3	31 st December	7 th January
4	31 st March	30 th April next Financial Year

4.4.2 Mode of Payment of TDS

4.4.2.1 Compulsory filing of Statement by PAO, Treasury Officer, etc in case of payment of TDS by Book Entry u/ s 200 (2A):

In the case of an office of the Government, where tax has been paid to the credit of the Central Government *without the production of a challan* [**Book Entry**], the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called to whom the deductor reports about the tax deducted and who is responsible for crediting such sum to the credit of the Central Government, shall-

- (a) submit a statement in Form No. 24G **under section 200 (2A)** within ten days from the end of the month to the agency authorized by the Director General of Income-tax (Systems) [*TIN Facilitation Centres currently managed by M/s National Securities Depository Ltd*] in respect of tax deducted by the deductors and reported to him for that month; and
- (b) intimate the number (hereinafter referred to as the Book Identification Number or BIN) generated by the agency to each of the deductors in respect of whom the sum deducted has been credited. BIN consist of receipt number of Form 24G, DDO sequence number in Form No. 24G and date on which tax is deposited.

If the PAO/CDDO/TO etc, as stated above, fails to deliver the statement as required u/s 200(2A), he will be liable to pay, by way of penalty, under section 272A(2)(m), a sum which shall be Rs.100/- for every day during which the failure continues. However, the amount of such penalty shall not exceed the amount of tax

4.4.2.2 Payment by an Income Tax Challan:

- (i) In case the payment is made by an income-tax challan, the amount of tax so deducted shall be deposited to the credit of the Central Government by remitting it, within the time specified in Table in para 4.4.1 above, into any office of the Reserve Bank of India or branches of the State Bank of India or of any authorized bank;
- (ii) In case of a company and a person (other than a company), to whom provisions of section 44AB are applicable, the amount deducted shall be electronically remitted into the Reserve Bank of India or the State Bank of India or any authorised bank accompanied by an electronic income-tax challan (Rule 125).

The amount shall be *construed as electronically remitted* to the Reserve Bank of India or to the State Bank of India or to any authorized bank, if the amount is remitted by way of:

- (a) internet banking facility of the Reserve Bank of India or of the State Bank of India or of any authorized bank; or
- (b) debit card. {Notification No.41/2010 dated 31st May 2010}

4.5 Interest, Penalty & Prosecution for Failure to Deposit Tax Deducted:

4.5.1 If a person fails to deduct the whole or any part of the tax at source, or, after deducting, fails to pay the whole or any part of the tax to the credit of the Central Government within the prescribed time, he shall be liable to action in accordance with the provisions of section 201 and shall be deemed to be an assessee-in-default in respect of such tax and liable for penal action u/s 221 of the Act. Further Section 201(1A) provides that such person shall be liable to pay simple interest

- (i) at the rate of 1% for every month or part of the month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and
- (ii) at the rate of one and one-half percent for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid.

Such interest, if chargeable, is mandatory in nature and has to be paid before furnishing of quarterly statement of TDS for respective quarter.

4.5.2 Section 271C inter alia lays down that if any person fails to deduct whole or any part of tax at source or fails to pay the whole or part of tax under the second proviso to section 194B, he shall be liable to pay, by way of penalty, a sum equal to the amount of tax not deducted or paid by him.

4.5.3 Further, section 276B lays down that if a person fails to pay to the credit of the Central Government within the prescribed time, as above, the tax deducted at source by him or tax payable by him under the second proviso to Section 194B, he shall be punishable with rigorous imprisonment for a term which shall be between 3 months and 7 years, along with fine.

4.6 Furnishing of Certificate for Tax Deducted (Section 203):

4.6.1 Section 203 requires the DDO to furnish to the employee a certificate in Form 16 detailing the amount of TDS and certain other particulars. Rule

facilities have been provided to the deductors at website www.tdscpc.gov.in/ including online correction of statements (Form 24Q).

(b) The employer should quote the **gross amount of salary** (including any amount exempt under section 10 and the deductions under chapter VI A) in column 321 (Amount paid/credited) of Annexure I of Form 24Q as per NSDL RPU (hereafter Return Preparation Utility).

(c) The employer should quote the amount of salary excluding any amount exempt under section 10 in column 333 (Total amount of salary) of Annexure II of Form 24Q as per NSDL RPU.

(d) TDS on Income (including loss from House Property) under any Head other than the head 'Salaries' offered for TDS (shown in column 339) can be shown in column 350 (Reported amount of TDS by previous employer, as per NSDL RPU).

(e) Employer is advised to quote Total Taxable Income (Column 344) in Annexure II without rounding-off and TDS should be deducted and reported accordingly i.e. without rounding-off of TDS also.

Example:

Total Taxable Income	Total Taxable Income (Rounded Off)	TDS to be Deducted	TDS Deducted/ Reported after rounding-off of income	Short Deduction
Rs.1350094	Rs. 1350090	Rs. 235028.20	Rs 235027	Rs.1.20

4.6.2. If an assessee is employed by more than one employer during the year, each of the employers shall issue Part A of the certificate in Form No. 16 pertaining to the period for which such assessee was employed with each of the employers and *Part B may be issued by each of the employers or the last employer at the option of the assessee.*

4.6.3. **Authentication by Digital Signatures:**

- (i) Where a certificate is to be furnished in Form No. 16, the deductor may, at his option, use **digital signatures** to authenticate such certificates.
- (ii) In case of certificates issued under clause (i), the deductor shall ensure that
 - (a) the conditions prescribed in para 4.6.1 above are complied with;
 - (b) once the certificate is digitally signed, the contents of the certificates are not amenable to change; and
 - (c) the certificates have a control number and a log of such certificates is maintained by the deductor.

❖ The digital signature is being used to authenticate most of the e-transactions on the internet as transmission of information using digital signature is failsafe. It saves time specially in organisations having large number of employees where issuance of certificate of deduction of tax with manual signature is time consuming (Circular no 2 of 2007 dated 21.05.2007)

4.6.4. **Furnishing of particulars pertaining to perquisites, etc (Section 192(2C)):**

4.6.4.1 As per section 192(2C), the responsibility of providing correct and complete particulars of perquisites or profits in lieu of salary given to an employee is placed

4.9.2 The statements referred above may be furnished in paper form or electronically under digital signature or alongwith verification of the statement in Form 27A of verified through an electronic process in accordance with the procedures, formats and standards specified by the Director General of Income-tax (Systems). The procedure for furnishing the e-TDS/TCS statement is detailed at Annexure VI.

4.9.3 All Returns in Form 24Q are required to be furnished in electronically except in case where the number of deductee records is less than 20 and deductor is not an office of Government, or a company or a person who is required to get his accounts audited under section 44AB of the Act. [Notification No. 11 dated 19.02.2013].

4.9.4 Fee for default in furnishing statements (Section 234E):

If a person fails to deliver or caused to be delivered a statement within the time prescribed in section 200(3) in respect of tax deducted at source on or after 1.07.2012 he shall be liable to pay, by way of fee a sum of Rs. 200 for every day during which the failure continues. However, the amount of such fee shall not exceed the amount of tax which was deductible at source. This fee is mandatory in nature and to be paid before furnishing of such statement.

4.9.5 Rectification of mistake in filing TDS Statement:

A DDO can also file a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered earlier.

4.9.6 Penalty for failure in furnishing statements or furnishing incorrect information (section 271H):

If a person fails to deliver or caused to be delivered a statement within the time prescribed in section 200(3) or furnishes an incorrect statement, in respect of tax deducted at source on or after 1.07.2012, he shall be liable to pay, by way of penalty a sum which shall not be less than Rs. 10,000/- but which may extend to Rs 1,00,000/-. However, the penalty shall not be levied if the person proves that after paying TDS with the fee and interest, if any, to the credit of Central Government, he had delivered such statement before the expiry of one year from the time prescribed for delivering the statement.

4.9.7 At the time of preparing statements of tax deducted, the deductor is required to:

- (i) mandatory quote his tax deduction and collection account number (TAN) in the statement;
- (ii) mandatory quote his permanent account number (PAN) in the statement except in the case where the deductor is an office of the Government(including State Government). In case of Government deductors “PANNOTREQD” to be quoted in the e-TDS statement;
- (iii) mandatory quote of permanent account number PAN of all deductees;
- (iv) furnish particulars of the tax paid to the Central Government including book identification number or challan identification number, as the case may be.
- (v) furnish particular of amounts paid or credited on which tax was not deducted in view of the issue of certificate of no deduction of tax u/s 197 by the assessing officer of the payee.

91. National Housing Bank, 3rd Floor, Bombay Life Building, 45, Veer Nariman Road, Mumbai
92. IRBI, 19, Netaji Subhash Road, Kolkata
93. All Foreign Banks operating in India
94. Air India, New Delhi
95. University Grants Commission, Bahadur Shah Jafar Marg, New Delhi
96. The Deputy Director(Admn.), NSSO (FOD), Mahalonobis Bhavan, 6th Floor, 164, G.L.Tagore Road, Kolkata-700108.

(Sandeep Singh)
Under Secretary to the Govt. of India

2.1 Online uploading of correction Form 24G at TIN website:

AO can file a correction Form 24G for any modification or cancellation of Form 24G accepted at TIN Central System. Preparation and validation of correction form 24G is in line with regular form 24G. The validated Form 24G correction file (.fvu file) can be uploaded online through AO account at TIN website. For correction Form 24G accepted at TIN central system, an online acknowledgement containing a 15 digit token number is generated and displayed to the AO. The format of the acknowledgement is identical to the one issued by the TIN-FC. There is no need to submit SSR and provisional receipt of original form 24G in online upload.

3. For FAQs and further details, AOs are advised to log on TIN website www.tin-nsdl.com
