

CBDT notifies rules for tax deduction on non-salary payments to NRIs

Synopsis

In case of taxability, the amount which is liable to tax will be determined. In case of non-taxability, a certificate specifying the amount for tax deduction will be issued. The officer will specify the period of the certificate's validity.



The **Central Board of Direct Taxes (CBDT)** has notified a new set of rules under which assesseees will have to submit an electronic form for determining the taxable portion of any amount - other than salary - paid to a non-resident Indian or a foreign company in cases where assessee believes that the entire amount is not

taxable.

The rules will be applicable from April 1, 2021, the Board said in a notification.

The rules, that prescribe a fixed format for application under Form 15E, specify that the assessing officer will examine whether the amount paid or credited is chargeable to tax under the provisions of the Act read with the relevant Double **Taxation** Avoidance Agreement.

In case of taxability, the amount which is liable to tax will be determined. In case of non-taxability, a certificate specifying the amount for **tax deduction** will be issued. The officer will specify the period of the certificate's validity.

The officer will consider tax payable on estimated income of the previous year relevant to the assessment year, tax payable on the assessed or returned or estimated income of preceding four previous years, the existing liability under the income-tax and **wealth-tax** Acts and advance tax payment, tax deducted at source and tax collected at source for the assessment year relevant to the previous year till the date of making application.

The rules aim to streamline the process digitally, which was so far being done manually, and facilitate compliance from taxpayers who will be able to use digital signature or electronic verification code in the application, said experts.

"Insertion of the provisions is envisaged to simplify and streamline the process of making an application and reduce human interface," said Rakesh Nangia, chairman of Nangia Andersen India.

The income tax department will lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of

3/16/2021

taxation: CBDT notifies rules for tax deduction on non-salary payments to NRIs - The Economic Times

documents and be responsible for implementing appropriate security, archival and retrieval policies.