

Banks get relief from TDS on one-time loan settlements

At the dealers' conferences, it said in case it is to educate the dealers about the company's products, such expenses will not be considered as a benefit/prerequisite for Section 194R.

If expenditure is on participants on account of overstay (prior/beyond days of the conference), it would be benefit/perquisite. However, a day immediately before and immediately after the conference would not be considered overstay.

If a benefit/prerequisite is provided in a group activity whereby it is difficult to match the benefit/prerequisite to each participant, the provider of such benefit/perquisite (at his option) may not claim such expense as deductible expenditure in his computation of total income. Upon making a such choice, he would not be required to deduct tax under Section 194R and thus would not be considered an assessee in default.

"The CBDT's stand on expenses incurred during dealer/business conferences seems harsh and would result in hardship to taxpayers," said Neeraj Agarwala, Partner, Nangia Andersen India.

Where a dealer receives a car as a gift from the company, on which tax is duly deducted under Section 194R by the company and the dealer includes the benefit/prerequisite from such gift in his return of income, it would be deemed that the actual cost of the car for Section 32 shall be the amount of benefit

included by the dealer in his return of income and thus, would be eligible to claim depreciation on the same, subject to fulfilment of other conditions specified for claiming the depreciation.

HCL lays off 350 working on Microsoft project

The report added that the development also indicates the ongoing business slowdown, budget and target readjustments by Big Tech including Microsoft, Google, and Meta.

Over 12 listed firms under Sebi's lens for A/c manipulation

The person added that companies are going to the extent of impairing the selling of an entire subsidiary for a paltry amount.

"There has generally been a concern among investors and regulators on the use of related party transactions to transfer economic resources and benefits to one group of shareholders and their related entities to the detriment of other minority or non-promoter shareholders," said Sai Venkateshwaran, partner, KPMG in India.

According to him, this has led to periodic review of the regulatory requirements around approval and disclosure of related party transactions, such that there is greater transparency and oversight on such transactions. "The tighter regulations also serve as a deterrent to



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TDS also not applicable to bonuses and rights share issues

FE BUREAU

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IN A MUCH-AWAITED relief to banks and other taxpayers, the income tax department on Tuesday clarified that the recently introduced tax deducted at source (TDS) provisions will not apply to loans waived through one-time settlements and other schemes as well as bonuses and rights share issues.

The Finance Act 2022 introduced a new section 194R in the Income Tax Act for withholding 10% TDS on benefits or perquisites from non-salary sources.

However, banks have flagged the challenges in implementing the new TDS provisions on loans waived through one-time settlements or other schemes and sought relief on this front.

The circular is for the removal of

TAX RELIEF



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■ The circular is for the removal of difficulties in interpretation of provisions of the section and does not impact the taxability in the hands of the recipients

difficulties in interpretation of provisions of the section and does not impact the taxability of income in the hands of the recipients.

Accordingly, TDS won't be applicable on one-time loan settlement with borrowers/waiver of loan granted on reaching settlement with the borrowers by institutions such as public financial institutions, scheduled banks, cooperative banks, state financial

corporations, deposit-taking NBFCs and asset reconstruction firms.

The TDS provisions will not apply to the issuance of bonus/rights shares issued by a company in which the public is substantially interested, where bonus/rights shares are issued to all shareholders of such a company.

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