

Date: 9th June, 2020/6246

To,
Shri Pramod Chandra Modyji,
Chairman,
Central Board of Direct Taxes,
New Delhi

Sub: Proper implementation of TDS/ TCS related changes as per recent announcements due to COVID-19

Respected Sir,

We would like to place on record our sincere appreciation to the commendable efforts taken by the government towards fighting the COVID-19 pandemic and also applaud the recent taxation related relaxations given by timely issuance of Taxation and other Laws (Relaxation of Certain Provisions) Ordinance, 2020 ("Ordinance") as well as announcements made in Atmanirbhar packages. The approach espoused by extending due dates, waiver of penalty for different regulatory and statutory aspects to address the myriad problems faced by residents in dealing with the coronavirus is exemplary.

However, recently we have come across cases where TDS Centralised Processing Cell ("CPC") has issued notices for interest on late deposit of Tax Deducted at Source ("TDS") for Q4 2019-20 (returns filed in the period covered by Ordinance), considering interest at 18% p.a. instead of 9% p.a. as was announced in press release dated 24th March, 2020 followed with the Ordinance issued on 31st March, 2020.

We are writing this letter to your good self to consider our below requests for proper implementation of TDS/ TCS related changes as per recent announcements due to COVID-19:

1. As per the Clause 3(2) of Chapter-II of Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020;

*"Where any due date has been specified in, or notified under, the specified in, or prescribed or notified under, the specified Act for payment of any amount towards tax or levy, by whatever name called, which falls during the **period from the 20th day of March, 2020 to 29th day of June, 2020** or such other date after the 29th day of June, 2020 as the central government may, by notification, specify in this behalf, and such amount has not been paid within such date, but has been **paid on or before 30th day of June, 2020**, or such other date after the 30th day of June, 2020 as the Central Government may, by notification, specify in this behalf, then, notwithstanding anything contained in the specified Act,*

- (a) *The **rate of interest** payable, if any, in respect of such amount for the period of delay shall **not exceed three-fourth percent. for every month or part thereof***
- (b) *No penalty shall be levied and no prosecution shall be sanctioned in respect of such amount for the period of delay"*

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer



The objective of the Ordinance is to give relief to the taxpayers by reducing the interest on delay in deposit of TDS due to COVID-19. **But TDS CPC is issuing notice with charging Interest on TDS @18% p.a.** even for payment of tax during the period post 20th March, 2020 onwards.

We humbly request your good self to issue necessary instructions to TDS CPC to give effect of the reduced rates as per the Ordinance and also recall / cancel the notices already sent for returns processed incorrectly.

2. Reduction in Rates of TDS & TCS:

In order to provide more funds at the disposal of the tax payers for dealing with the economic situation arising out of COVID-19 pandemic, the rates of Tax Deduction at Source (TDS) for the non-salaried specified payments made to residents have been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021. Further, the rate of Tax Collection at Source (TCS) for the specified receipts has also been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021. [Press release dt. 13th May, 2020]

Though the period covered by this press release covers returns for Q1 2020-21 and onwards, we humbly request your good self to give appropriate instructions to TDS CPC team so that reduced rates are considered while processing the returns for the period covered under the press release.

We all are facing this unprecedented situation and we require your co-operation and patient hearing to our concerns. We would be very grateful if your good self would take an early action in this regard and have a positive consideration of our requests. This will be very useful for the taxation fraternity and also for the trade and industry. In conclusion, we request that a suitable orders/clarification may be issued to this effect at the earliest.

With warm regards,

Sincerely yours,

Durgesh V. Buch
President

Jainik Vakil
Chairman
Direct Tax Committee

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
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