# PAPER 3A: INCOME TAX LAW

# STATUTORY UPDATE FOR JANUARY 2025 EXAMINATION

*The June, 2023 edition of the Study Material, based on the provisions of income-tax law as amended by the Finance Act, 2023 and notifications/circulars issued upto 30th April, 2023 is relevant for January, 2025 Examination. The relevant assessment year for January, 2025 examination is A.Y.2024-25. The significant notifications/circulars issued between 1.5.2023 and 30.06.2024, which are also relevant for January, 2025 examination, have been summarised hereunder –*

| Chapter No. | Chapter Name | Details of Notifications/Circulars |
|---|---|---|
| 3 | Unit 1: Salaries | Determination of value of rent free accommodation [Notification No. 65/2023 dated 18.8.2023 and Notification No. 72/2023 dated 29.08.2023] |
| | Unit 3: Profits and gains of business or profession | Time limit prescribed for furnishing statement of expenditure eligible for amortisation under section 35D [Notification No. 54/2023 dated 01.8.2023] |
| | Unit 4: Income from Other Sources | Guidelines u/s 10(10D) of the Income-tax Act, 1961 [Circular No. 15/2023 dated 16.08.2023] |
| | | Manner of computation of taxable income from LIP under section 56(2)(xiii) [Notification No. 61/2023 dated 16.08.2023] |
| 7 | Advance Tax, Tax Deduction at Source and Tax Collection at Source | Interest on deposit with post office under a scheme eligible for non-deduction of tax at source under section 194A notified by the Central Government [Notification No. 27/2023 dated 16.05.2023] |

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| | | Guidelines to remove difficulties arising in implementation of the provisions of section 194BA [Circular No. 5/2023 dated 22.5.2023] |
| | | Guidelines to remove difficulty in implementation of changes relating to Tax Collection at Source (TCS) on Liberalised Remittance Scheme (LRS) and on purchase of overseas tour program package [Circular No. 10/2023 dated 30.06.2023] |
| | | Reserve Bank of India (RBI) excluded from the definition of specified person liable for deduction or collection of tax at higher rate [Notification No. 45/2024 and 46/2024 dated 27.5.2024] |
| 8 | Provisions for filing Return of Income and Self Assessment | Rule 114B, 114BA and 114BB relating to PAN amended [Notification No. 88/2023 dated 10.10.2023] |
| | | Circular No. 3/2023 dated 28.03.2023 has been partially modified to provide relief to tax deductors and tax collectors for failure to deduct or collect tax at a higher rate, which applies as a consequence of failing to link Aadhaar with PAN, resulting inoperative of PAN [Circular No. 6/2024 dated 23.04.2024] |

The above notifications and circulars are discussed hereunder:

CHAPTER 3

# HEADS OF INCOME

## UNIT – 1 : SALARIES

### Determination of value of rent-free accommodation [Notification No. 65/2023 dated 18.8.2023 and Notification No. 72/2023 dated 29.08.2023]

Section 17(2) contains an inclusive definition of "perquisite". Sub-clause (i) and (ii) provides that value of rent-free accommodation or value of accommodation provided to employee at a concessional rate by his employer computed in prescribed manner would be taxable in the hands of employees under the head "Salaries".

Accommodation would be deemed to have been provided at a concessional rate, if the value of accommodation computed in the prescribed manner exceeds the rent recoverable from, or payable by, the assessee.

Accordingly, w.e.f. 1.9.2023, the CBDT has, vide these notifications, substituted Rule 3(1) to specify the manner for determining value of residential accommodation provided by the employer during the previous year –

| S. | Circumstances | In case of unfurnished | In case of furnished |
|---|---|---|---|

| No. | | accommodation | accommodation |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1. | Where the accommodation is provided by the Central Government or any State Government to the employees either holding office or post in connection with the affairs of the Union or of such State. | • License fee determined by the Central Government or any State Government in respect of accommodation in accordance with the rules framed by such Government<br>**as reduced by**<br>• the rent actually paid by the employee. | The value of perquisite as determined under column (3) should be **increased by**<br>**(i) If furniture is owned by employer:**<br>10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment)<br>**(ii) If such furniture is hired from a third party:**<br>• the actual hire charges payable for the same<br>**as reduced by**<br>• any charges paid or payable for the same by the employee during the previous year. |
| 2. | Where the accommodation is provided by any | | |

| | | | |
|---|---|---|---|
| | other employer<br>(a) where the accommodation is owned by the employer | (i) 10% of salary in cities having population > 40 lakhs as per 2011 census;<br>(ii) 7.5% of salary in cities having population > 15 lakhs ≤ 40 lakhs as per 2011 census;<br>(iii) 5% of salary in other areas,<br>in respect of the period during which the said accommodation was occupied by the employee during the previous year<br>**as reduced by**<br>the rent, if any, actually paid by the employee. | The value of perquisite as determined under column (3) should be **increased by**<br>**(i) If furniture is owned by employer:**<br>10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets)<br>**(ii) If such furniture is hired from a third party:**<br>• the actual hire charges payable for the same<br>**as reduced by**<br>• any charges paid or payable for the same by the employee during the previous year. |
| | (b) where the accommodation is | • Actual amount of lease rental paid | The value of perquisite as determined under |

| | | | |
|---|---|---|---|
| | taken on lease or rent by the employer | or payable by the employer or<br>• 10% of salary,<br>whichever is lower,<br>**as reduced by**<br>• the rent, if any, actually paid by the employee. | column (3) should be **increased by**<br>**(i) If furniture is owned by employer:**<br>10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets)<br>**(ii) If such furniture is hired from a third party:**<br>• the actual hire charges payable for the same<br>**as reduced by**<br>• any charges paid or payable for the same by the employee during the previous year. |
| 3. | Where the accommodation is provided in a hotel by the employer, being Central or | Not applicable | • 24% of salary paid or payable for the previous year or<br>• the actual charges paid or payable to |

| | | | |
|---|---|---|---|
| | State Government or any other employer | | such hotel,<br>**whichever is lower**, for the period during which such accommodation is provided<br>**as reduced by**<br>• the rent, if any, actually paid or payable by the employee.<br>However, where the employee is provided such accommodation for a period not exceeding in aggregate 15 days on his transfer from one place to another, there would be no perquisite. |

**Notes:**

**(1) Accommodation provided on account of transfer from one place to another:** If an employee is provided with accommodation, on account of his transfer from one place to another, at the new place of posting while retaining the accommodation at the other place, the value of perquisite shall be determined with reference to only one such accommodation which has the lower perquisite value, as calculated above, for a period not exceeding 90 days and thereafter, the value of perquisite shall be charged for both such accommodations.

**(2) Value of perquisite to be restricted to CII:** Where the accommodation is owned or taken on lease or rent by the employer and the same accommodation is continued to be provided to the same employee for more than one previous year, the value of perquisite as calculated in 2. above shall not exceed the amount so calculated for the first previous

year, as multiplied by the amount which is a ratio of the CII for the previous year for which the value is calculated and the CII for the previous year in which the accommodation was initially provided to the employee.

**(3)** **Employee serving on deputation:** Where the accommodation is provided by the Central Government or any State Government to an employee who is serving on deputation with any body or undertaking under the control of such Government,-

(i) the employer of such an employee shall be deemed to be that body or undertaking where the employee is serving on deputation; and

(ii) the value of perquisite of such an accommodation shall be the amount calculated in accordance with 2.(a) of the above table, as if the accommodation is owned by the employer.

**(4)** "First previous year" means the P.Y. 2023-24 or the previous year in which the accommodation was provided to the employee, whichever is later.

# UNIT – 3 : PROFITS AND GAINS OF BUSINESS OR PROFESSION

## Time limit prescribed for furnishing statement of expenditure eligible for amortisation under section 35D [Notification No. 54/2023 dated 01.8.2023]

Section 35D provides for the amortisation of preliminary expenses incurred by an Indian company or a person other than a company, resident in India for the establishment of business concerns or the expansion of the business of existing concerns.

As per the proviso to section 35D(2)(a), the assessee has to furnish a statement containing the particulars of expenditure in connection with -

(a) the preparation of feasibility report

(b) the preparation of project report

(c) conducting market survey or any other survey necessary for the business of the assessee

(d) engineering services relating to the assessee's business.

eligible for amortisation within prescribed period to the prescribed income tax authority in the prescribed form and manner.

Accordingly, the CBDT has, vide this notification, inserted Rule 6ABBB to prescribe that the statement containing particulars of above specified expenditure is required to be furnished one month prior to the due date for furnishing the return of income as specified under section 139(1).

# UNIT – 4 : INCOME FROM OTHER SOURCES

## Guidelines u/s 10(10D) of the Income-tax Act, 1961 [Circular No. 15/2023 dated 16.08.2023]

Section 10(10D) provides for exemption of the sum received under a life insurance policy, including the sum allocated by way of bonus on such policy subject to the condition that the annual premium does not exceed 10% of actual capital sum assured.

W.e.f. A.Y. 2024-25, section 10(10D) amended by the Finance Act, 2023 to provide that -

**(I)** **In case where an assessee has a single life insurance policy (other than ULIP) issued on or after 1.4.2023 -** Exemption u/s 10(10D) would not be available with respect to any life insurance policy (other than ULIP) issued on or after 1.4.2023, if the amount of premium payable exceeds ` 5,00,000 for any of the previous years during the term of such life insurance policy.

**(II)** **In case where an assessee has multiple life insurance policies (other than ULIPs) issued on or after 1.4.2023 -** In a case where premium is payable by a person for more than one life insurance policies (other than ULIPs) issued on or after 1.4.2023 and the aggregate of premium payable on such life insurance policies exceed ` 5,00,000 for any of the previous years during the term of any such LIP(s), exemption u/s 10(10D) would be available in respect of any of those LIPs, at the option of the assessee, whose aggregate premium payable does not exceed ` 5,00,000 for any of the previous years during their term. However, to get exemption u/s 10(10D), the condition of annual premium not exceeding 10% of the actual capital sum assured also needs to be satisfied.

**(III)** **Exemption in case of death of a person -** In case any sum is received on the death of a person, exemption u/s 10(10D) would be available irrespective of the annual premium payable of the LIP.

**Guidelines issued by the CBDT:** In case any difficulty arises in giving effect to the provisions of this clause, the CBDT may issue guidelines for the purpose of removing the difficulty with the previous approval of the Central Government.

Accordingly, the CBDT has, with the approval of the Central Government, vide this circular, issued the following guidelines in respect of LIPs (other than ULIPs)–

**Situation 1:** No sum of any nature including bonus (such sum hereinafter referred as "consideration") is received by the assessee on any LIPs which are issued on or after 1.4.2023 (such LIPs hereinafter referred as "eligible LIPs") during any previous year preceding the current previous year (being the P.Y. in which consideration is received and its taxability is being examined) or consideration has been received on such eligible LIPs in an earlier previous year but has not been claimed exempt. In such a situation, the exemption u/s 10(10D) would be determined as under:

**I. <u>Where the assessee has received consideration, during the current P.Y., under one eligible LIP only</u>**

| Circumstance | Eligibility for exemption u/s 10(10D) |
|---|---|
| If the amount of premium payable on such eligible LIP does not exceed ` 5,00,000 for any of the PYs during the term of such eligible LIP and annual premium does not exceed 10% of actual capital sum assured | Such consideration would be eligible for exemption u/s 10(10D). **[Refer Example 1 and 2 given below]** |
| If the amount of premium payable on such eligible LIP > ` 5,00,000 for any of the PYs during the term of such eligible LIP | Such consideration would **<u>not</u>** be eligible for exemption u/s 10(10D). **[Refer Example 3 given below]** |

**Example 1:**

| LIP | A |
|---|---|
| Date of issue | 1.4.2013 |
| Annual premium | 6,00,000 |
| Sum assured | 60,00,000 |
| Consideration received as on 01.11.2023 on maturity | 70,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2023-24. | |

**Eligibility for exemption u/s 10(10D) -** The consideration received under LIP "A" would be exempt u/s 10(10D) in A.Y. 2024-25 since annual premium does not exceed 10% of the actual capital sum assured. Moreover, as the policy has been issued before 1.4.2023, limit of ` 5,00,000 of amount of premium payable is not applicable, since it is not an eligible LIP.

**Example 2:**

| LIP | A |
|---|---|
| Date of issue | 1.4.2023 |
| Annual premium | 5,00,000 |
| Sum assured | 50,00,000 |
| Consideration received as on 01.11.2033 on maturity | 52,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2033-34. | |

**Eligibility for exemption u/s 10(10D) -** The consideration received would be exempt u/s 10(10D) in A.Y. 2034-35, since the annual premium payable on the policy does not exceed ` 5,00,000 and also does not exceed 10% of actual capital sum assured.

**Example 3:**

| LIP | A |
|---|---|
| Date of issue | 1.4.2023 |
| Annual premium | 6,00,000 |
| Sum assured | 60,00,000 |
| Consideration received as on 01.11.2033 on maturity | 70,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2033-34. | |

**Eligibility for exemption u/s 10(10D) -** The consideration received would **not** be exempt u/s 10(10D) in A.Y. 2034-35 since the annual premium payable on the eligible LIP exceeds ` 5,00,000.

**II. <u>Where the assessee has received consideration, during the current P.Y., under more than one eligible LIP</u>**

| Circumstance | Eligibility for exemption u/s 10(10D) |
|---|---|
| If the aggregate of the amount of premium payable on such eligible LIPs does not exceed ` 5,00,000 for any of the PYs during the term of such eligible LIPs and the annual premium ≤ 10% of actual capital sum assured | Such consideration would be eligible for exemption under u/s 10(10D).<br>**[Refer Example 4 given below]** |
| If the aggregate of the amount of premium payable on such eligible LIPs > ` 5,00,000 for any of the PYs during the term of such eligible LIP | Consideration in respect of any of those eligible LIPs whose aggregate amount of premium payable does not exceed ` 5,00,000 for any of the PYs during their term would be eligible for exemption u/s 10(10D), provided their annual premium ≤ 10% of actual capital sum assured.<br>**[Refer Examples 5, 6 and 7 given below]** |

**Example 4:**

| LIP | A | B |
|---|---|---|
| Date of issue | 1.4.2023 | 1.4.2023 |
| Annual premium | 3,00,000 | 2,00,000 |
| Sum assured | 30,00,000 | 20,00,000 |
| Consideration received as on 01.11.2033 on maturity | 32,00,000 | 21,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2033-34. | | |

**Eligibility for exemption u/s 10(10D) –** In this case, the aggregate of the annual premium payable for LIP "A" and LIP "B" does not exceed ` 5,00,000 during the term of these policies.

Further, annual premium payable in respect of LIP "A" and LIP "B" does not exceed 10% of actual capital sum assured. Therefore, the consideration received under LIP "A" and "B" would be exempt u/s 10(10D) in A.Y. 2034-35

**Example 5:**

| LIP | A | B |
|---|---|---|
| Date of issue | 1.4.2023 | 1.4.2023 |
| Annual premium | 4,50,000 | 5,50,000 |
| Sum assured | 45,00,000 | 55,00,000 |
| Consideration received as on 01.11.2033 on maturity | 52,00,000 | 60,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2033-34. | | |

**Eligibility for exemption u/s 10(10D) –** In this case, the aggregate of the annual premium payable for LIP "A" and LIP "B" exceeds ` 5,00,000 during the term of these policies.

However, the consideration received under LIP "A" would be exempt u/s 10(10D) in A.Y. 2034-35, since its annual premium payable does not exceed ` 5,00,000 for any previous year during the term of the policy and also does not exceed 10% of actual capital sum assured.

Consequently, the consideration received under LIP "B" alone would **not** be exempt u/s 10(10D) in A.Y. 2034-35.

**Example 6:**

| LIP | A | B | C |
|---|---|---|---|
| Date of issue | 1.4.2023 | 1.4.2023 | 1.4.2023 |
| Annual premium | 1,00,000 | 3,50,000 | 6,00,000 |
| Sum assured | 10,00,000 | 35,00,000 | 60,00,000 |
| Consideration received as on 01.11.2033 on maturity | 12,00,000 | 40,00,000 | 70,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2033-34. | | | |

**Eligibility for exemption u/s 10(10D) -** The aggregate of annual premium payable for LIP "A", LIP "B" and LIP "C" exceeds ` 5,00,000 during the term of these policies.

However, the consideration received under LIPs "A" and "B" would be exempt u/s 10(10D) in A.Y. 2034-35, since aggregate of annual premium payable for these two policies does not exceed ` 5,00,000 for any previous year during the term of these two policies and annual premium payable in respect of these policies does not exceed 10% of actual capital sum assured.

Consequently, the consideration received under LIP "C" alone would not be exempt u/s 10(10D) in A.Y. 2034-35.

**Example 7:**

| LIP | X | A | B | C |
|---|---|---|---|---|
| Date of issue | 1.4.2022 | 1.4.2023 | 1.4.2023 | 1.4.2023 |
| Annual premium | 5,50,000 | 1,00,000 | 3,50,000 | 6,00,000 |
| Sum assured | 55,00,000 | 10,00,000 | 35,00,000 | 60,00,000 |
| Consideration received as on 01.11.2032 on maturity | 62,00,000 | | | |
| Consideration received as on 01.11.2033 on maturity | | 12,00,000 | 40,00,000 | 70,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2033-34, except LIP X in P.Y. 2032-33. | | | | |

**Eligibility for exemption u/s 10(10D) -** The consideration received under LIP "X" would be exempt u/s 10(10D) in A.Y. 2032-33, since annual premium does not exceed 10% of the actual capital sum assured. Moreover, as the policy has been issued before 1.4.2023, limit of ` 5,00,000 on amount of premium payable is not applicable, since LIP "X" is not an eligible LIP.

The aggregate of annual premium payable for LIP "A", LIP "B" and LIP "C" (being LIPs issued on or after 1.4.2023) exceeds ` 5,00,000 during the term of these policies.

However, the consideration received under LIPs "A" and "B" would be exempt u/s 10(10D) in A.Y. 2034-35, since aggregate of annual premium payable for these two policies does not exceed ` 5,00,000 for any previous year during the term of these two policies and annual premium payable in respect of these policies does not exceed 10% of actual capital sum assured.

Consequently, the consideration received under LIP "C" alone would not be exempt u/s 10(10D) in A.Y. 2034-35.

**Situation 2:** Consideration has been received by the assessee under any one or more eligible LIPs (i.e., issued on or after 1.4.2023) during any P.Y. preceding the current P.Y. and it has been claimed to be exempt u/s 10(10D). Such eligible LIPs are referred as "Earlier Exempt Eligible LIPs (EEE LIPs)" in this paragraph and corresponding examples and reference to eligible LIPs shall not include EEE LIPs. The exemption u/s 10(10D) would be determined as under:

**I. <u>Where the assessee has received consideration, during the current P.Y., under one eligible LIP only</u>**

| Circumstance | Eligibility for exemption u/s 10(10D) |
|---|---|
| If aggregate amount of premium payable on such eligible LIP and EEE LIPs does not exceed ` 5,00,000 for any of the PYs during the term of such eligible LIP and annual premium in respect of eligible LIP does not exceed 10% of actual capital sum assured. | Consideration under such eligible LIP would be eligible for exemption u/s 10(10D). |
| If aggregate amount of premium payable on such eligible LIP and EEE LIPs > ` 5,00,000 for any of the PYs during the term of such eligible LIP | Consideration under such eligible LIP would **<u>not</u>** be eligible for exemption u/s 10(10D). |

**II. <u>Where the assessee has received consideration, during the current P.Y., under more than one eligible LIP</u>**

| Circumstance | Eligibility for exemption u/s 10(10D) |
|---|---|
| If aggregate of the amount of premium payable on such eligible LIPs and EEE LIPs does not exceed ` 5,00,000 for any of the PYs during the term of such eligible LIPs and annual premium in respect of eligible LIPs also does not exceed 10% of actual capital sum assured. | Consideration received would be eligible for exemption under u/s 10(10D). |
| If aggregate of the amount of premium payable on such eligible LIPs and EEE LIPs > ` 5,00,000 for any of the PYs during the term of such eligible LIPs | Consideration in respect of any of those eligible LIPs (whose aggregate amount of premium along with the aggregate amount of premium of EEE LIPs does not exceed ` 5,00,000 for any of the PYs during their term) would be eligible for exemption u/s 10(10D). **[Refer Examples 8, 9 and 10 given below]** |

**Example 8:**

| LIP | X | A | B | C |
|---|---|---|---|---|
| Date of issue | 1.4.2023 | 1.4.2024 | 1.4.2024 | 1.4.2024 |
| Annual premium | 4,50,000 | 1,00,000 | 1,50,000 | 6,00,000 |
| Sum assured | 45,00,000 | 10,00,000 | 15,00,000 | 60,00,000 |
| Consideration received as on 01.11.2033 on maturity | 50,00,000 | | | |
| Consideration received as on 01.11.2034 on maturity | | 12,00,000 | 18,00,000 | 70,00,000 |
| **Note –** The assessee did not receive any consideration under any other | | | | |

| |
|---|
| eligible LIPs in earlier P.Y. preceding the P.Y.2034-35, except LIP X in P.Y. 2033-34. |

**Eligibility for exemption u/s 10(10D) -** The consideration under LIP "X" would be exempt u/s 10(10D) in P.Y. 2033-34, since the annual premium does not exceed ` 5,00,000 and also does not exceed 10% of actual capital sum assured.

In this case, the aggregate of the annual premium payable for LIP "A", LIP "B" and LIP "C" along with the premium for LIP "X" exceeds ` 5,00,000 during the term of these policies.

The aggregate of the annual premium payable for LIP "A" and the premium for LIP "X" also exceeds ` 5,00,000 during the term of these policies.

Consequently, the consideration received under LIP "A", LIP "B" and LIP "C" would not be exempt u/s 10(10D) in A.Y. 2035-36.

**Example 9:**

| LIP | X | A | B | C |
|---|---|---|---|---|
| Date of issue | 1.4.2023 | 1.4.2024 | 1.4.2024 | 1.4.2024 |
| Annual premium | 2,50,000 | 2,00,000 | 2,50,000 | 6,00,000 |
| Sum assured | 25,00,000 | 20,00,000 | 25,00,000 | 60,00,000 |
| Consideration received as on 01.11.2033 on maturity | 30,00,000 | | | |
| Consideration received as on 01.11.2034 on maturity | | 24,00,000 | 38,00,000 | 70,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2034-35, except LIP X in P.Y. 2033-34. | | | | |

**Eligibility for exemption u/s 10(10D) -** The consideration under LIP "X" would be exempt u/s 10(10D) in P.Y. 2033-34, since the annual

premium does not exceed ` 5,00,000 and also does not exceed 10% of actual capital sum assured.

In this case, the aggregate of the annual premium payable for LIP "A", LIP "B" and LIP "C" along with the premium for LIP "X" exceeds ` 5,00,000 during the term of these policies.

However, the consideration received under LIPs "A" or "B" (any one) can be claimed as exempt u/s 10(10D) in A.Y. 2035-36.

If the consideration received under LIP "A" is claimed to be exempt as aggregate of the annual premium payable for LIP "X" and "A" did not exceed ` 5,00,000 for any of the PYs., the consideration received under LIP "B" would not be exempt.

If the consideration received under LIP "B" is claimed to be exempt as aggregate of the annual premium payable for LIP "X" and "B" did not exceed ` 5,00,000 for any of the PYs., the consideration received under LIP "A" would not be exempt. Exemption for consideration received under LIP "B" is preferred as it is more beneficial to the assessee.

**Alternative treatment:** If the consideration under LIP "X" was not claimed to be exempt u/s 10(10D) in A.Y. 2034-35 by the assessee, then, the consideration received under LIP "A" and LIP "B" would be exempt u/s 10(10D) in A.Y. 2035-36 since the aggregate of the annual premium payable for the LIPs "A" and "B" together did not exceed ` 5,00,000 for any of the previous years during the term of these two policies. However, the most beneficial treatment is to claim LIP "X" and "B" as exempt.

It may be noted that in every case, the consideration received for LIP "C" would not be exempt u/s 10(10D).

**Example 10:**

| LIP | X | Y | A | B | C |
|---|---|---|---|---|---|
| Date of issue | 1.4.2023 | 1.4.2023 | 1.4.2024 | 1.4.2024 | 1.4.2024 |
| Annual premium | 2,00,000 | 2,00,000 | 2,00,000 | 3,00,000 | 6,00,000 |
| Sum assured | 20,00,000 | 20,00,000 | 20,00,000 | 30,00,000 | 60,00,000 |

| | | | | | |
|---|---|---|---|---|---|
| Consideration received on surrender as on 1.7.2033 | 12,00,000 | | | | |
| Consideration received as on 01.11.2034 on maturity | | 24,00,000 | | | |
| Consideration received as on 01.11.2035 on maturity | | | 24,00,000 | 36,00,000 | 70,00,000 |
| **Note –** The assessee did not receive any consideration under any other eligible LIPs in earlier P.Y. preceding the P.Y.2035-36, except LIP "X" and "Y". | | | | | |

**Eligibility for exemption u/s 10(10D) -** The consideration under LIP "X" would be exempt u/s 10(10D) in A.Y.2034-35, since the annual premium does not exceed ` 5,00,000 and also does not exceed 10% of actual capital sum assured.

The consideration received under LIP "Y" would be exempt u/s 10(10D) in A.Y. 2035-36, since the aggregate of annual premium payable for LIP "X" and "Y" does not exceed ` 5,00,000 and annual premium payable for LIP "Y" does not exceed 10% of actual capital sum assured.

The consideration received under LIPs "A", LIP "B" and LIP "C" would not be exempt u/s 10(10D) in A.Y. 2036-37, since aggregate of annual premium payable for these three policies and LIP "X" and "Y" exceeds ` 5,00,000.

**Alternative treatment:** If the consideration on surrender under LIP "X" was not claimed to be exempt u/s 10(10D) in A.Y. 2034-35 by the assessee, then the consideration received under LIP "Y" would be exempt and the consideration received under LIP "A" **or** LIP "B" (any one) can be exempt u/s 10(10D) in A.Y. 2036-37. If the consideration received under LIP "A" is claimed to be exempt, as aggregate of the annual premium payable for LIP "Y" and "A" did not exceed ` 5,00,000 for

any of the PYs., the consideration received under LIP "B" would not be exempt.

If the consideration received under LIP "B" is claimed to be exempt as aggregate of the annual premium payable for LIP "Y" and "B" did not exceed ` 5,00,000 for any of the PYs., the consideration received under LIP "A" would not be exempt. Exemption for consideration received under LIP "B" is preferred as it is more beneficial to the assessee.

If the consideration on surrender of LIP "X" and on maturity of LIP "Y" were not claimed to be exempt under section 10(10D) in A.Y.2034-35 and A.Y.2035-36, respectively, then consideration received under both LIP "A" and LIP "B" would be exempt in A.Y.2036-37 (being LIPs issued on or after 1.4.2023, whose aggregate consideration does not exceed ` 5,00,000).

It may be noted that, in every case, consideration received under LIP "C" would not be exempt under section 10(10D).

**Clarification on GST Component:** It is also clarified by the CBDT that the premium payable/ aggregate premium payable for a life insurance policy/policies, other than a ULIP, issued on or after 1.4.2023, for any previous year, would be exclusive of the amount of GST payable on such premium.

**Clarification on premium of Term life insurance policy:** It is further clarified by the CBDT that the limit of ` 5,00,000 of amount of premium payable would not be applicable in case of a term life insurance policy i.e. where sum under a life insurance policy is only paid to the nominee in case of the death of the person insured during the term of the policy and no amount is paid to anyone if the insured person survives the policy tenure.

Hence, any sum received under a term insurance policy shall continue to be exempt under section 10(10D), irrespective of the amount of the premium payable in respect of such policy. Further the premium paid for such policies would not be counted for checking the limit of ` 5,00,000 of amount of premium payable.

**Manner of computation of taxable income from LIP under section 56(2)(xiii) [Notification No. 61/2023 dated 16.08.2023]**

Where any sum is received (including the amount allocated by way of bonus) at any time during a previous year, under a life insurance policy, other than the sum

(i) received under a ULIP

(ii) received under a Keyman insurance policy

which is not exempt under section 10(10D), the sum so received as exceeds the aggregate of the premium paid during the term of such life insurance policy, and not claimed as deduction under any other provision of the Act, computed in the prescribed manner, would be chargeable to tax under the head "Income from other sources" under section 56(2)(xiii).

Accordingly, the CBDT has, vide this notification, inserted Rule 11UACA to compute the income chargeable to tax under section 56(2)(xiii). Where any person receives at any time during any previous year any sum under such LIP, then, the income chargeable to tax under section 56(2)(xiii) during the previous year in which such sum is received has to be computed in the following manner –

| | **Situation** | **Income chargeable to tax during the previous year in which such sum is received** |
|---|---|---|
| (i) | where the sum is received for the first time under the LIP during the previous year (first previous year) | **A-B, where**<br>A = the sum or aggregate of sum received under the LIP during the first previous year; and<br>B = the aggregate of the premium paid during the term of the LIP till the date of receipt of the sum in the first previous year that has not been claimed as deduction under any other provision of the Act. |
| (ii) | where the sum is received under the LIP during the previous year subsequent to | **C-D, where**<br>C = the sum or aggregate of sum |

| | | |
|---|---|---|
| | the first previous year (subsequent previous year | received under the LIP during the subsequent previous year; and<br>D = the aggregate of the premium paid during the term of the LIP till the date of receipt of the sum in the subsequent previous year not being premium which –<br>(a) has been claimed as deduction under any other provision of the Act; or<br>(b) is included in "B" or "D" in any of the previous year(s). |

"Sum received under a LIP" means any amount, by whatever name called, received under such policy which is not exempt under section 10(10D), other than the sum –

(a) received under a ULIP; or

(b) received under a Keyman insurance policy

CHAPTER 7

# ADVANCE TAX, TAX DEDUCTION AT SOURCE AND TAX COLLECTION AT SOURCE

**Interest on deposit with post office under a scheme eligible for non-deduction of tax at source under section 194A notified by the Central Government [Notification No. 27/2023 dated 16.05.2023]**

Section 194A provides for deduction of tax @10% by any person (other than an individual or a HUF whose total sales, gross receipts or turnover from the business or profession carried on by him/it does not exceed ` 1 crore in case of business and ` 50 lakhs in case of profession during the immediately preceding financial year) on interest, other than "interest on securities" credited or paid to residents.

No deduction of tax under section 194A would be made, *inter alia*, if the aggregate amount of interest paid or credited by post office during the financial year does not exceed ` 40,000/ ` 50,000 (in case of a senior citizen), on any deposit made with it under any scheme framed and notified by the Central Government.

Accordingly, the Central Government has, vide this notification, specified the Scheme "Mahila Samman Savings Certificate, 2023".

"Mahila Samman Savings Certificate, 2023" is a one-time scheme available for two years i.e., from 1st April, 2023 to 31st March, 2025. It offers a maximum deposit facility of upto ` 2 lakh in the name of women or a girl for 2 years at a fixed interest rate of 7.5% p.a., compounded quarterly.

Consequently, no tax under section 194A would be deductible by the post office on interest paid or credited under this scheme since the amount of interest would not exceed ` 40,000.

### Guidelines to remove difficulties arising in implementation of the provisions of section 194BA [Circular No. 5/2023 dated 22.5.2023]

New section 194BA has been inserted by the Finance Act, 2023 requiring to deduct tax at source by any person responsible for paying to any person (whether resident or non-resident) any income by way of winnings from any online game during the financial year on the net winnings in his user account, computed in the manner as may be prescribed, at the end of the financial year at the rates in force i.e., 30%.

Such net winnings from online games during the previous year would be chargeable to tax @30% under section 115BBJ. The tax would be calculated on net winnings from such online games computed in the prescribed manner.

If any difficulty arises in giving effect to the provisions of section 194BA, the CBDT may, with the previous approval of the Central Government, issue guidelines for the purposes of removing the difficulty.

Accordingly, the CBDT has, vide this circular, issued the following guidelines:

**Question 1:** There are a large number of gamers who play with very insignificant amount and withdraw also very small amount. Deducting tax at source under section 194BA for each insignificant withdrawal would increase compliance for tax deductor. Can there be relaxation to ease compliance?

**Answer:** Tax may not be deducted on withdrawal on satisfaction of all of the following conditions, namely:-

(i) net winnings comprised in the amount withdrawn does not exceed ` 100 in a month;

(ii) tax not deducted on account of this concession is deducted at a time when the net winnings comprised in withdrawal exceeds ` 100 in the same month or subsequent month or if there is no such withdrawal, at the end of the financial year; and

(iii) the deductor undertakes responsibility of paying the difference if the balance in the user account at the time of tax deduction under section 194BA is not sufficient to discharge the tax deduction liability.

**Question 2:** When the net winnings is in kind how will tax deduction under section 194BA operate?

**Answer:** At the outset, it may be clarified that where money in user account is used to buy an item in kind and given to user then it is net winnings in cash only and the deductor is required to deduct tax at source under section 194BA accordingly.

However, there could be a situation where the winning of the game is a prize in kind. In that situation provision of section 194BA(2) will operate.

According to this where the net winnings are wholly in kind or partly in cash, and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings. In these situations, the person responsible for paying, shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings. In the above situation, the deductor will release the net winnings in kind after the deductee provides proof of payment of such tax (e.g., Challan details etc.).

In the alternative, as an option to remove difficulty if any, the deductor may deduct the tax under section 194BA and pay to the Government.

**Question 3:** How will the valuation of winnings in kind required to be carried out?

**Answer:** The valuation would be based on fair market value of the winnings in kind except in following cases:-

(i) The online game intermediary has purchased the winnings before providing it to the user. In that case the purchase price shall be the value for winnings.

(ii) The online game intermediary manufactures such items given as winnings. In that case, the price that it charges to its customers for such items shall be the value for such winnings.

It is further clarified that **GST will not be included for the purposes of valuation** of winnings for TDS under section 194BA.

### Guidelines to remove difficulty in implementation of changes relating to Tax Collection at Source (TCS) on Liberalised Remittance Scheme (LRS) and on purchase of overseas tour program package [Circular No. 10/2023 dated 30.06.2023]

Section 206C(1G) provides for tax collection at source on foreign remittance through the Liberalised Remittance Scheme (LRS) and sale of overseas tour program package. Section 206C(1G) has been amended by the Finance Act, 2023 and the changes were to take effect from 1.7.2023. Vide press release dated 28.6.2023, Ministry of Finance has further amended the provisions of section 206C(1G) and defer the amendments made by the Finance Act, 2023 till 30.9.2023. Accordingly, the rate of TCS in case of collection by an authorized dealer/ seller of an overseas tour programme package is as follows:

| S. No. | Particulars | Rate of TCS | |
|---|---|---|---|
| | | Before 1.10.2023 | On or after 1.10.2023 |
| (i) | Remittances for the purpose of education [other than (ii) below] or medical treatment; | No TCS upto ` 7 lakhs<br>5% of the amt or agg. of amts in excess of ` 7 lakh | |
| (ii) | Remittances out of loan obtained from any financial institution as referred under section 80E, for the purpose of pursuing any education | No TCS upto ` 7 lakhs<br>0.5% of the amt or agg. of amts in excess of ` 7 lakh | |
| (iii) | Remittances for purposes other than mentioned in (i) to (ii) | No TCS upto ` 7 lakhs<br>5% on the amount or aggregate of | No TCS upto ` 7 lakhs<br>20% on the amount or aggregate of |

| | | | |
|---|---|---|---|
| | | amounts in excess of ` 7 lakhs | amounts in excess of ` 7 lakhs |
| (iv) | Overseas Tour Program Package | 5% without any threshold limit | 5% upto ` 7 lakhs and 20% above ` 7 lakhs |

In case any difficulty arises to give effect to, *inter alia,* the provisions of section 206C(1G), the CBDT is empowered to issue guidelines, with the approval of the Central Government, for the purpose of removing the difficulty.

In exercise of the power to issue guidelines, the CBDT has, with the approval of Central Government, vide this circular**,** issued the following guidelines for removing certain difficulties-

**Question 1: Whether payment through overseas credit card would be counted in LRS?**

**Answer:** No TCS shall be applicable on expenditure through international credit card while being overseas till further order.

**Question 2: Whether the threshold of ` 7 lakh, for TCS to become applicable on LRS, applies separately for various purposes like education, health treatment and others? For example, if remittance of ` 7 lakh under LRS is made in a financial year for education purpose and other remittances in the same financial year of ` 7 lakh is made for medical treatment and ` 7 lakh for other purposes, whether the exemption limit of ` 7 lakh shall be given to each of the three separately?**

**Answer:** It is clarified that the threshold of ` 7 lakh for LRS is **combined threshold** for applicability of the TCS on LRS irrespective of the purpose of the remittance.

Thus, in the given example, upto ` 7 lakh remittance under LRS during a financial year shall not be liable for TCS. However, subsequent ` 14 lakh remittance under LRS shall be liable for TCS in accordance with the TCS rates applicable for such remittance.

In the example, if the remittances under LRS are made in the current financial year at different point of time, TCS rates for the remaining ` 14 lakh

remittances under LRS would depend on the time of remittance as TCS rates changes from 1st October 2023.

TCS rates would be applicable as under:-

| Remittances | Rate of TCS |
|---|---|
| First ` 7 lakh remittance under LRS during the financial year 2023-24 for education purpose (or for that matter any purpose) | No TCS |
| Remittances beyond ` 7 lakh under LRS during the financial year 2023-24, if on or before 30th September 2023 | TCS at 5% (irrespective of the purpose unless it is for education purpose financed by loan from a financial institution when the rate is 0.5%) |
| Remittances beyond ` 7 lakh under LRS during the financial year 2023-24, if on or after 1st October 2023. | TCS at 0.5% (if it is for education purpose financed by loan from a financial institution), 5% (if it is for education or medical treatment) and 20% (if it is for other purposes) |

**Question 3: Since there are different TCS rates on LRS for the first six months and next six months of the financial year 2023-24, whether the threshold of ` 7 lakh, for the TCS to become applicable on LRS, applies separately for each six months?**

**Answer:** No. The threshold of ` 7 lakh, for the TCS to become applicable on LRS, applies for the full financial year. If this threshold has already been exhausted; all subsequent remittances under LRS, whether in the first half or in the second half, would be liable for TCS at applicable rate.

**Question 4:** Whether the threshold of ` 7 lakh, for TCS to become applicable on LRS, applies separately for each remittance through different authorised dealers? If not, how will authorised dealer know about the earlier remittances by that remitter through some other authorised dealer?

**Answer:** It is clarified that the threshold of ` 7 lakh for LRS is qua remitter and not qua authorised dealer. Since the facility to provide real time update of

remittance under LRS by remitter is still under development by the RBI, it is clarified that the details of earlier remittances under LRS by the remitter during the financial year may be taken by the authorised dealer through an undertaking at the time of remittance. If the authorised dealer correctly collects the tax at source based on information given in this undertaking, he will not be treated as "assessee in default". However, for any false information in the undertaking, appropriate action may be taken against the remitter under the Act.

It is further clarified that same methodology of taking undertaking from the buyer of overseas tour program package may be followed by the seller of such package.

**Question 5:** There is threshold of ` 7 lakh for remittance under LRS for TCS to become applicable while there is another threshold of ` 7 lakh for purchase of overseas tour program package where reduced rate of 5% of TCS applies. Whether these two thresholds apply independently?

**Answer:** Yes, these two thresholds apply independently. For LRS, the threshold of ` 7 lakh applies to make TCS applicable. For purchase of overseas tour program package, the threshold of ` 7 lakh applies to determine the applicable TCS rate as 5% or 20%.

**Question 6:** A resident individual spends ` 3 lakh for purchase of overseas tour program package from a foreign tour operator and remits money which is classified under LRS. There is no other remittance under LRS or purchase of overseas tour program during the financial year. Whether TCS is applicable?

**Answer:** In case of purchase of overseas tour program package which is classified under LRS, TCS provision for purchase of overseas tour program package shall apply and not TCS provisions for remittance under LRS.

Since for purchase of overseas tour program package, the threshold of ` 7 lakh for applicability of TCS does not apply, TCS is applicable and tax is required to be collected by the seller. In this case the tax shall be required to be collected at 5% since the total amount spent on purchase of overseas tour program package during the financial year is less than ` 7 lakh. The TCS should be made by the seller.

**Question 7:** There are different rates for remittance under LRS for medical treatment/education purposes and for other purposes. What is the scope of remittance under LRS for medical treatment/education purposes?

**Answer:** As per the clarification by the RBI, remittance for the purposes of **medical treatment** shall include,-

(i) remittance for purchase of tickets of the person to be treated medically overseas (and his attendant) for commuting between India and the overseas destination;

(ii) his medical expense; and

(iii) other day to day expenses required for such purpose.

**Education**

Remittance for purpose of education shall include,-

(i) remittance for purchase of tickets of the person undertaking study overseas for commuting between India and the overseas destination;

(ii) the tuition and other fees to be paid to educational institute; and

(iii) other day to day expenses required for undertaking such study.

**Question 8: Whether purchase of international travel ticket or hotel accommodation on standalone basis is purchase of overseas tour program package?**

**Answer:** The term 'overseas tour program package' is defined as to mean any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.

It is clarified that purchase of **only** international travel ticket or purchase of **only** hotel accommodation, by in itself is not covered within the definition of 'overseas tour program package'. To qualify as 'overseas tour program package', the package should include **at least two** of the followings:

(i) international travel ticket,

(ii) hotel accommodation (with or without food)/boarding/lodging,

(iii) any other expenditure of similar nature or in relation thereto.

## Reserve Bank of India (RBI) excluded from the definition of specified person liable for deduction or collection of tax at higher rate [Notification No. 45/2024 and 46/2024 dated 27.5.2024]

Section 206AB requires to deduct tax at source at the higher of

- twice the rate prescribed in the Act or
- twice the rate or rates in force mentioned in the Finance Act or
- at 5%

under certain sections on any sum or income or amount paid, or payable or credited by a person to a specified person.

Similarly, section 206CCA requires to collect tax at source at the higher of twice the rate prescribed in the Act or at 5% under certain sections on any sum or amount received by a person from a specified person.

Specified person is a person who has not furnished the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted/ collected, as the case may be, for which the time limit for furnishing the return of income under section 139(1) has expired, and the aggregate of tax deducted at source and tax collected at source in his case is ` 50,000 or more in the said previous year.

However, the specified person, *inter alia*, would not include a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government.

Accordingly, the CBDT has, vide Notification No. 45 and 46 dated 27.5.2024, notified the RBI as a person to not include in the definition of specified person.

CHAPTER 8

# PROVISIONS FOR FILING RETURN OF INCOME AND SELF ASSESSMENT

**Rule 114B, 114BA and 114BB relating to PAN amended [Notification No. 88/2023 dated 10.10.2023]**

**Amendments in Rule 114B:**

As per section 139A(5) quoting of PAN is mandatory, *inter alia*, in all documents pertaining to such transactions entered into by him, as may be prescribed by the CBDT in the interests of revenue. In this connection, CBDT has prescribed the transactions vide Rule 114B.

However, as per second proviso to Rule 114B, the requirement of mandatorily quoting of PAN is relaxed where a person does not have a PAN and makes a declaration in Form No. 60 giving therein the particulars of such transaction.

The CBDT has, vide this notification, amended the second proviso to Rule 114B to withdraw such relaxation for a company or a firm. Therefore, w.e.f. 10.10.2023, second proviso to Rule 114B provides that any person, not being a company or a firm, who does not have a PAN and who enters into any transaction specified in Rule 114B, has to make a declaration in Form No.60 giving therein the particulars of such transaction.

However, a foreign company who does not have any income chargeable to tax in India and does not have a PAN and enters into the following transactions, in an IFSC banking unit, has to make a declaration in Form No. 60.

| Nature of transaction | Value of transaction |
|---|---|
| Opening an account [other than a time deposit and a Basic Savings Bank Deposit Account] with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act). | All such transactions |
| A time deposit with, -<br>(i) a banking company or a cooperative bank to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act);<br>(ii) a Post Office;<br>(iii) a Nidhi referred to in section 406 of the Companies Act, 2013; or<br>(iv) a non-banking financial company which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934, to hold or accept deposit from public. | Amount exceeding ` 50,000 or aggregating to more than ` 5 lakh during a financial year. |

**Meaning of IFSC banking unit –** A financial institution defined under section 3(1)(c) of the IFSC Authority Act, 2019, that is licensed or permitted by the IFSC to undertake permissible activities under the IFSC Authority (Banking) Regulations, 2020.

**Amendments in Rule 114BA and Rule 114BB:**

As per section 139A(1)(vii) read with Rule 114BA, every person, who has not been allotted a PAN, has to apply for PAN if he intends to enter into any of the following transactions:

| | |
|---|---|
| (i) | Deposit cash in his one or more accounts with a banking company, co-operative bank or post office, if the aggregate amount of cash deposit in such accounts during a financial year is ` 20 lakh or more |

| | |
|---|---|
| (ii) | Withdraw cash from his one or more accounts with a banking company, co-operative bank or post office, if the aggregate amount of cash withdrawal from such accounts during a financial year is ` 20 lakh or more |
| (iii) | Open a current account or cash credit account with a banking company or a co-operative bank, or a Post Office |

Similar transactions are prescribed for the purpose of quoting PAN or Aadhar Number in the document pertaining to such transactions under section 139A(6A) read with Rule 114BB.

The CBDT has, vide this notification, amended Rule 114BA and 114BB, w.e.f. 10.10.2023, to provide that a person is not required to apply for PAN or quote PAN, in a case -

(a) where the person, making the deposit or withdrawal of an amount otherwise than by way of cash as per (i) or (ii) above, or opening a current account not being a cash credit account as per (iii) above, is a non-resident (not being a company) or a foreign company;

(b) the transaction is entered into with an IFSC banking unit; and

(c) such non-resident (not being a company) or the foreign company does not have any income chargeable to tax in India.

**Circular No. 3/2023 dated 28.03.2023 has been partially modified to provide relief to tax deductors and tax collectors for failure to deduct or collect tax at a higher rate, which applies as a consequence of failing to link Aadhaar with PAN, resulting inoperative of PAN [Circular No. 6/2024 dated 23.04.2024]**

Rule 114AAA(3) details the consequences of PAN becoming inoperative. These consequences include no tax refunds, no interest on refunds, and higher rates for TDS (under section 206AA) and TCS (under section 206CC). As per Rule 114AAA(4), these consequences would be effective for the period commencing from the date specified by the Board till the date it becomes operative.

Accordingly, the CBDT had, vide Circular No. 3/2023 dated 28.03.2023, specified that the consequences mentioned in Rule 114AAA(3) will be effective from 1.7.2023 continue till the PAN becomes operative.

Several grievances have been received from the taxpayers, reported receiving notices for short-deduction or collection of TDS/TCS while carrying out the transactions where the PANs of the deductees/collectees were inoperative. In such cases, as the deduction/collection has not been made at a higher rate, demands have been raised by the Department against the deductors/collectors while processing of TDS/TCS statements under section 200A or under section 206CB, as the case maybe.

To address these grievances, the CBDT has partially modified Circular No. 3/2023. Accordingly, the CBDT has, vide this Circular, specified that for the transactions entered into upto 31.03.2024 and in cases where the PAN becomes operative (as a result of linkage with Aadhaar) on or before 31.05.2024, deductor/collector is not liable to deduct/collect tax at source at higher rate under section 206AA/ 206CC.