

# ***CBDT notifies new form for reporting employee claims and tax saving investments, amends withholding tax rules and forms***

May 04, 2016

## ***In brief***

The Finance Act, 2015 had introduced section 192(2D) of the Income-tax Act, 1961 (the Act) wherein the person responsible for making payment of salary (employer) was obliged to collect the necessary evidence or proof in the prescribed form and manner to allow any claim for any deduction and/or tax saving investments. However, the relevant rules and form were yet to be prescribed. The Central Board of Direct Taxes (CBDT) has come out with the relevant rules<sup>1</sup> and also prescribed the form i.e. Form 12BB, in which salaried employees would now be required to furnish evidence of claims and tax saving investments to the employer. Further, other amendments have also been made in the withholding tax provisions are summarised below: –

- The time limit for depositing tax under section 194-IA of the Act (on transfer of immovable property) has been extended from 7 days to 30 days.
- The due dates for filing the quarterly withholding tax statements (Forms 24Q, 26Q, 27Q) have been extended by 15 days.
- In case of house rent allowance exemption claim and deduction of interest under the head income from house property, the details of the landlord and lender respectively would be required to be mentioned in the salary withholding tax statement (Form 24Q).

The above amended rules are applicable from 1 June, 2016.

## ***In detail***

The key amendments are discussed below in detail:

<b>Changes introduced /scope enlarged</b>	<b>Remarks</b>
Furnishing of evidence of claims and tax saving investments by the employees	<p>Employees would now be required to furnish evidence of claims and tax saving investments to their employer in the newly prescribed Form 12BB.</p> <p>Following evidence/particulars are required to be reported by the employee in the Form –</p>

<sup>1</sup> Notification No. 30/2016, dated 29 April, 2016

Changes introduced/ scope enlarged	Remarks																	
	<b>Nature of claims</b>	<b>Evidence or particulars</b>																
	House Rent Allowance (HRA)	Name, address and Permanent Account Number (PAN) of the landlord, where the aggregate rent paid during the previous year exceeds INR 1 lakh																
	Leave Travel Concession or Assistance (LTA)	Evidence of expenditure																
	Deduction of interest under the head “income from house property”	Name, address and PAN of the lender																
	Deduction under Chapter VI-A	Evidence of investment or expenditure																
Extension of time limit to deposit tax withheld under section 194-IA of the Act on purchase of immovable property	<p>Section 194-IA of the Act requires the buyer to withhold tax while making payment to the resident seller for purchase of immovable property. No deduction shall be made where the consideration for the transfer of the immovable property is less than INR 50 lakhs. Currently, the taxes needs to be deposited within 7 days from the end of the month in which the taxes are withheld.</p> <p>The CBDT has extended the time limit to deposit the tax withheld from 7 days to 30 days.</p>																	
Increase in the time limit for furnishing the quarterly withholding tax statements	<p>The due dates to file the quarterly withholding tax statements have been extended. The new due dates are provided as under–</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #800000; color: white;">Date of ending of quarter of financial year</th> <th style="background-color: #800000; color: white;">Earlier Due date</th> <th style="background-color: #800000; color: white;">‘New’ Due date</th> </tr> </thead> <tbody> <tr> <td>30<sup>th</sup> June</td> <td>15<sup>th</sup> July of financial year</td> <td>31<sup>st</sup> July of financial year</td> </tr> <tr> <td>30<sup>th</sup> September</td> <td>15<sup>th</sup> October of financial year</td> <td>31<sup>st</sup> October of financial year</td> </tr> <tr> <td>31<sup>st</sup> December</td> <td>15<sup>th</sup> January of financial year</td> <td>31<sup>st</sup> January of financial year</td> </tr> <tr> <td>31<sup>st</sup> March</td> <td>15<sup>th</sup> May of financial year immediately following the financial year in which the deduction is made</td> <td>31<sup>st</sup> May of financial year immediately following the financial year in which the deduction is made</td> </tr> </tbody> </table>			Date of ending of quarter of financial year	Earlier Due date	‘New’ Due date	30 <sup>th</sup> June	15 <sup>th</sup> July of financial year	31 <sup>st</sup> July of financial year	30 <sup>th</sup> September	15 <sup>th</sup> October of financial year	31 <sup>st</sup> October of financial year	31 <sup>st</sup> December	15 <sup>th</sup> January of financial year	31 <sup>st</sup> January of financial year	31 <sup>st</sup> March	15 <sup>th</sup> May of financial year immediately following the financial year in which the deduction is made	31 <sup>st</sup> May of financial year immediately following the financial year in which the deduction is made
Date of ending of quarter of financial year	Earlier Due date	‘New’ Due date																
30 <sup>th</sup> June	15 <sup>th</sup> July of financial year	31 <sup>st</sup> July of financial year																
30 <sup>th</sup> September	15 <sup>th</sup> October of financial year	31 <sup>st</sup> October of financial year																
31 <sup>st</sup> December	15 <sup>th</sup> January of financial year	31 <sup>st</sup> January of financial year																
31 <sup>st</sup> March	15 <sup>th</sup> May of financial year immediately following the financial year in which the deduction is made	31 <sup>st</sup> May of financial year immediately following the financial year in which the deduction is made																
Reporting of claim of house rent allowance and interest deduction in salary withholding tax statements	<p>In the Annexure–II (salary sheet) of the salary withholding tax statement (Form 24Q), the following shall be also required to be reported –</p> <ul style="list-style-type: none"> <li>In case of HRA claim – Name and PAN of the landlord if aggregate payment during the previous year exceeds INR 1 lakh.</li> <li>In case of deduction of interest under the head “income from house property” – Name and PAN of the lender (if available)</li> </ul>																	
Others	<p>The other amendments are as follows –</p> <ul style="list-style-type: none"> <li>Form No. 24G [for tax withheld by the Govt. office] needs to be now furnished electronically on or before 30 April where statement pertains to March and in other cases, on or before 15 days from the end of the relevant month. Earlier, the statement was to be filed within 10 days from the end of the month. Similar amendments have been made in the Income-tax Rules, 1962 regarding payment of tax collected at source under section 206C of the Act.</li> <li>The details of tax withheld under section 192A of the Act on payment of accumulated provident fund balance to an employee would be required to be reported in Form 26Q or Form 27Q, as the case may be.</li> </ul>																	

### ***The takeaways***

The form and the relevant rules for collecting the investment proofs, etc., was much awaited and is a welcome step. Quoting of PAN of landlord by the employees in the withholding tax returns, where they are availing HRA exemption would help the authorities to detect fudged claims. The authorities, through the landlord's PAN, can also verify whether rent received by the landlord has been duly disclosed in his or her income tax return. It would have been good if the CBDT had also prescribed the nature of evidence to be collected for other deductions such as Leave Travel Allowance (LTA), etc., which would have removed subjectivity. Nevertheless, employers should ensure obtaining that they collect and

maintain robust documentation in terms of proof/ evidence for LTA and other deductions for tax-saving investments so as to avoid any possible questioning by the tax authorities in the near future. While other changes on extending due dates do provide some relief to tax deductors, extending due dates for the buyers of property is particularly noteworthy. They will now get one full month to deposit taxes, where they were earlier required to deposit the taxes within 7 days of the following month in which taxes were withheld. These rules come into effect from 1 June, 2016. Employers should ensure that they obtain the declaration from employees in the prescribed Form 12BB in order to be compliant, though they would have already obtained the same in some other format.

### ***Let's talk***

For a deeper discussion of how this issue might affect your business, please contact:

#### ***Tax & Regulatory Services – International Assignment Services***

Gautam Mehra, *Mumbai*  
+91-22 6689 1154  
[gautam.mehra@in.pwc.com](mailto:gautam.mehra@in.pwc.com)

Kuldip Kumar, *Gurgaon*  
+91-124 616 9609  
[kuldip.kumar@in.pwc.com](mailto:kuldip.kumar@in.pwc.com)

Sundeep Agarwal, *Mumbai*  
+91-22 6119 8438  
[sundeep.agarwal@in.pwc.com](mailto:sundeep.agarwal@in.pwc.com)

Ravi Jain, *Bangalore*  
+91-80 4079 6024  
[ravi.jain@in.pwc.com](mailto:ravi.jain@in.pwc.com)

## Our Offices

### Ahmedabad

1701, 17th Floor, Shapath V,  
Opp. Karnavati Club,  
S G Highway,  
Ahmedabad, Gujarat 380051  
+91-79 3091 7000

### Hyderabad

Plot no. 77/A, 8-2-624/A/1, 4th  
Floor, Road No. 10, Banjara Hills,  
Hyderabad – 500034,  
Andhra Pradesh  
Phone +91-40 44246000

### Gurgaon

Building No. 10, Tower - C  
17th & 18th Floor,  
DLF Cyber City, Gurgaon  
Haryana -122002  
+91-124 330 6000

### Bangalore

6th Floor  
Millenia Tower 'D'  
1 & 2, Murphy Road, Ulsoor,  
Bangalore 560 008  
Phone +91-80 4079 7000

### Kolkata

56 & 57, Block DN.  
Ground Floor, A- Wing  
Sector - V, Salt Lake  
Kolkata - 700 091, West Bengal  
+91-033 2357 9101/  
4400 1111

### Pune

7th Floor, Tower A - Wing 1,  
Business Bay, Airport Road,  
Yerwada, Pune – 411 006  
+91-20 4100 4444

### Chennai

8th Floor  
Prestige Palladium Bayan  
129-140 Greams Road  
Chennai 600 006  
+91 44 4228 5000

### Mumbai

PwC House  
Plot No. 18A,  
Guru Nanak Road (Station Road),  
Bandra (West), Mumbai - 400 050  
+91-22 6689 1000

### For more information

Contact us at  
[pwctr.knowledgemanagement@in.pwc.com](mailto:pwctr.knowledgemanagement@in.pwc.com)

## About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com).

In India, PwC has offices in these cities: Ahmedabad, Bangalore, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit [www.pwc.com/in](http://www.pwc.com/in)

PwC refers to the PwC International network and/or one or more of its member firms, each of which is a separate, independent and distinct legal entity in separate lines of service. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

©2016 PwC. All rights reserved

## Follow us on:



For private circulation only

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwCPL, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. Without prior permission of PwCPL, this publication may not be quoted in whole or in part or otherwise referred to in any documents.

© 2016 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.