

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**TAX DEDUCTORS WHO DEFAULT IN DEPOSITING TDS BY DUE DATE SHALL BE
LIABLE FOR PROSECUTION: CBDT**

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It has come to the notice of Income Tax Department that many times the tax deductors, after deducting TDS from specified payments, are deliberately not depositing the taxes so deducted in Government account and continue to deploy the funds so retained for business purposes or for personal use. Such retention of Government dues beyond the due date is an offence liable for prosecution under Section 276B of the Income Tax Act, 1961. The defaulter, if convicted, can be sentenced to Rigorous Imprisonment (RI) for a term which can extend upto seven years.

The TDS units of Income Tax Department have been taking up prosecution proceedings in suitable cases where TDS has been retained beyond the due date. The Central Board of Direct Taxes has partly modified existing guidelines for identification of cases for launching prosecution. As per the revised guidelines, the criterion of minimum retention period of 12 months has been dispensed with. For the benefit of public at large, it is now clarified that defaulters, who have retained the TDS deducted and failed to deposit the same in Government account within due date, shall be liable for prosecution, irrespective of the period of retention.

However, the offence u/s 276B of the Income Tax Act can be compounded by Chief Commissioner having jurisdiction on the case, either before or after the launching of prosecution proceedings. In the recent past, several defaulters have submitted petitions for compounding of such offences and compounding orders have also been passed by the Competent Authority in suitable cases.
