

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

CBDT GRANTS EXEMPTION FROM TDS ON THE PAYMENTS OF CERTAIN CATEGORIES TO MITIGATE COMPLIANCE BURDEN ON BUSINESSES HELD BY INDIVIDUALS, FIRMS OR CORPORATE ETC WHO ARE USING THE FINANCIAL SERVICES OFFERED BY BANKS

**New Delhi, Pausa 14, 1934
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To mitigate compliance burden on businesses held by individuals, firms or corporate etc who are using the financial services offered by banks, the Central Board of Direct Taxes (CBDT) has issued a notification u/s 197A(1F) granting exemption from tax deduction at source (TDS) on the payments of certain categories.

Payment towards bank guarantee commission, cash management service charges, depository charges on maintenance of Demat accounts, charges for warehousing services for commodities and underwriting service charges made to the banks which are listed in the Second Schedule of the Reserve Bank of India Act, 1934 (excluding Foreign Banks) can be made without TDS with effect from 1st January 2013.

The notification also facilitates payment without TDS of credit/debit card commission on transaction between the merchant establishment and acquirer banks. This will also positively impact the use of plastic money in the economy.

The notification will obviate the uncertainties about the applicability of specific TDS provisions on payments mentioned above and consequent litigation.
