MINISTRY OF FINANCE

(Department of Revenue)

NOTIFICATION

New Delhi, the 2nd January, 2025

(INCOME-TAX)

S.O. 21(E).— In exercise of the powers conferred by sub-section (1F) of section 197A of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the said Act), the Central Government hereby specifies that no deduction of tax shall be made under the provisions of section 194Q of the said Act by a person, being a buyer, in respect of purchase of goods from a Unit of International Financial Services Centre, being a seller, subject to the following conditions, namely: -

(a) the seller shall –

(i) furnish a statement-cum-declaration in the format provided in Form No. 1 annexed to notification of the Government of India in the Ministry of Finance, Department of Revenue (Central Board of Direct Taxes) number S.O. 1135(E), dated the 7th March, 2024 (hereinafter referred to as the said Form) to the buyer giving details of previous years relevant to the ten consecutive assessment years for which the seller opts for claiming deduction under sub-sections (1A) and (2) of section 80LA of the said Act; and

(ii) such statement-cum-declaration so furnished shall be verified in the manner specified in the said Form, for each previous year relevant to the ten consecutive assessment years for which the seller opts for claiming deduction under sub-sections (1A) and (2) of section 80LA of the said Act;

(b) the buyer shall –

(i) not deduct tax on payment made or credited to the seller after the date of receipt of copy of the statement- cum-declaration in the said Form from the seller; and

(ii) furnish the particulars of all the payments made to the seller on which tax has not been deducted in pursuance of this notification in the statement of deduction of tax referred to in sub-section (3) of section 200 of the said Act read with rule 31A of the Income-tax Rules, 1962.

2. The relaxation under this notification shall be available to the seller only during the said previous years relevant to the ten consecutive assessment years as declared by the seller in the said Form for which deduction under section 80LA of the said Act is being opted and the buyer shall be liable to deduct tax on payments made or credited for any other year.

3. For the purposes of this notification, –

(a) the "seller" under all circumstances shall remain an International Financial Services Centre Unit within the meaning of sub-clauses (a) and (d) of the *Explanation* to section 80LA of the said Act; and

(b) the expressions-

(i) "buyer" shall have the same meaning as assigned to it in the *Explanation* to sub-section (1) of section 194Q of the said Act;

(ii) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); and

(iii) "Unit" shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

4. The Principal Director General of Income-tax (Systems) or the Director General of Income-tax

(Systems), as the case may be, shall lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents and the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies.

5. This notification shall come into force on 1st day of January, 2025.

[No. 3/2025/F. No. 275/109/2024-IT(B)]

RUBAL SINGH, Dy. Secy. (IT-Budget)

Uploaded by Dte. of Printing at Government of India Press, Ring Road, Mayapuri, New Delhi-110064
and Published by the Controller of Publications, Delhi-110054.