

Dear Customer,

This is to inform you that Finance Act 2013 has introduced a new section 194IA under Income Tax Act, 1961 which is effective from 01st June 2013. Under this section the responsibility cast on you to deduct TDS @ 1% from every payment made on or after 1st June 2013 for purchase of Immovable Property (other than agriculture land) if total consideration paid/payable for the property is Rs. 50 lakhs or more.

The salient features of this new provision are as follows:

- The **buyer** of any immovable property (other than agriculture land) **shall deduct tax at the rate of 1%** at the time of making payment or crediting of any sum as consideration for immovable property (other than agricultural land) to a resident transferor.
- **No deduction** to be made **if total consideration/value** of immovable property **is less than Rs. 50 lakhs**.
- This amendment will take effect from **1st June, 2013**.
- The amount deducted by you will be required to be deposited in the account of Central Government through a Challan. The Challan will be available on the website of Income Tax on or after 01st June 2013.
- You will be required to fill your PAN and the PAN of transferor along with the details of payment and tax deducted in the challan. TAN is not required for compliance of this section.
- You have to deposit the tax within prescribed time limits. As per current law TDS is required to be deposited within 7 days (30 days if deduction is made in the month of March) from the end of the month in which deduction is made.
- If you do not deduct or deposit the tax as stated above, the Government may levy Interest, penalty etc. upon you.
- Company will issue a receipt for the TDS deducted upon payment of TDS in Government Account by you.
- The extracts of the section 194(IA) is also annexed herewith for your reference.

If you require any assistance / clarification in relation to the above you may contact the following our toll free number - **1800-102-0064**.

(Disclaimer: You are advised to discuss the above with your personal Tax Advisor. The company only aims to inform you about the new section as compliance of this section is required to be done by the buyer of the immovable property)

Section 194-IA of Income Tax Act, 1961

Payment on transfer of certain immovable property other than agricultural land.

(1) Any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall, at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent of such sum as income tax thereon.

(2) No deduction under sub-section (1) shall be made where the consideration for the transfer of an immovable property is less than fifty lakh rupees.

(3) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

Explanation.— For the purposes of this section,—

(a) “agricultural land” means agricultural land in India, not being a land situate in any area referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;

(b) “immovable property” means any land (other than agricultural land) or any building or part of a building.’