

NON APPLICABILITY OF TDS PROVISIONS OF INCOME TAX ON BIS

BIS is established under a Central Act. It has been exempted under Section 10(46) of Income-tax Act from levy of Income-tax vide Notification No. 111/2016 dated 01.12.2016 issued by Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, New Delhi. Accordingly, BIS is exempt from deduction of tax at source on the income received by it and the Rule position in this regard is given as under:

- i) As the income of BIS is totally exempt from levy of Income-tax under section 10(46) of Income tax Act, 1961, therefore, it is outside the purview of Section 4 of Income tax Act which is charging provision of Income-tax. Hence, due to non applicability of Section 4 of Income-tax Act on the income of BIS, none of the TDS provisions would also be applicable to the Income of BIS.

- ii) As per provision of Section 196 of the Income-tax Act, 1961, no tax at source is required to be deducted in respect of interest or any other income accrued or arising to a corporation established by or under a Central Act, which is, under any law for the time being in force, exempt from Income-tax on its income. As BIS is established under Central Act and is exempted from tax on its income under Section 10(46) of Income-tax Act, hence no tax at source is required to be deducted.

In view of the above, all the Licencees/Applicants/Clients of BIS are informed not to deduct any tax at source on income accruing to BIS.

A copy of Notification No. 111/2016 dated 01.12.2016 is enclosed.

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)
NOTIFICATION

New Delhi, the 1st December, 2016

S.O. 3607(E).—In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961) the Central Government hereby notifies for the purposes of the said clause, the Bureau of Indian Standards (BIS), set up by the Bureau of Indian Standards Act, 1986 (63 of 1986) in respect of the following specified income arising to that Bureau, namely:-

- (i) Certification fee;
- (ii) Sale of standards, provided there is no profit involved; and
- (iii) Income from interest.

2. This notification shall be applicable for the Assessment years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22.

3. The notification shall be effective subject to the following conditions, namely:-

- (a) the Bureau of Indian Standards (BIS) does not engage in any commercial activity;
- (b) the activities and the nature of the specified income of the Bureau of Indian Standards (BIS) remain unchanged throughout the financial year; and
- (c) the Bureau of Indian Standards (BIS) files return of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

[Notification No. 111/2016/F. No.196/23/2015-ITA-I]

DEEPSHIKHA SHARMA, Director