

Interest on Non-Convertible Debentures- TDS under section 193 with effect from 01st April,2023(NCD Bond Series-XXVIII)

- 1.0** In view of above amendment and w.e.f. 1st April, 2023, TDS will be deducted on any interest payable/paid on listed NCD held by respective investors.
- 2.0 Resident Investors:**
- 2.1** Investors who have provided valid PAN, tax shall be deducted at source under section 193 of the Act at 10% on the amount of interest. Tax shall be deducted at source at 20% in the following cases,
- a.** Investors who do not have PAN / have not registered their valid PAN details in their demat account / with the Company / Registrar and Transfer Agent / Depository Participant.
 - b.** Investor who are classified as specified persons under section 206AB [Non filing of Income Tax Return].
- 2.2** In view of the above, the investors are requested to update their PAN with RTA/ Depository Participants (DP)/ Company to avoid higher deduction of TDS, if not submitted earlier.
- 2.3** The following payees are not subject to tax deducted at source in view of the provisions of Section 193, Section 196 and 197A of the Act and CBDT Notifications:
- i.** Government [Section 196(i)]
 - ii.** Reserve Bank of India [Section 196(ii)]
 - iii.** 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 [Section 196(iii)]
 - iv.** Mutual Fund [Section 196(iv)]
 - v.** Any person for, or on behalf of, the New Pension System Trust referred to in Section 10(44) [sub-section 1E to Section 197A]
 - vi.** Category I or a Category II Alternative Investment Fund [registered with Securities and Exchange Board of India ("SEBI") as per Section 115UB] as per notification 51/2015.
 - vii.** Insurance Companies (Proviso vi, vii, viii to Sec 193).
 - viii** Interest payable to a resident individual / HUF investor, if the total interest paid or likely to be paid to such resident individual / HUF investor during the financial year does not exceed Rs.5,000 (Proviso v to Sec 193).
 - ix** Investors covered by Circular 18/2017 dated 29, May 2017.
- 2.4** If investors are covered by the above category, kindly submit the undertaking along with CBDT/Income-tax approval etc. granting exemption, recognition under relevant section of the Income-tax Act 1961.
- 3.0** In case of non-residents, TDS shall be continued to be governed as per sec 194 LD and Section 195 of IT Act.
- 4.0** If tax to be deducted at a rate lower than statutory rate or no deduction of tax, kindly mail valid certificate issued under Income Tax Act. Deduction of tax at a rate lower than statutory rate or no deduction of tax shall depend upon the completeness of the documents and the satisfactory review of certificate, submitted by investors, to the Company.

Note-1. In case of point no.3, please note that Section 194LD is withdrawn and Section 196D is inserted here. Hence, the applicability of TDS (if any) will be complied with Section 196D.

2. Relevant documents are required to be emailed at dipankarbiswas@npcil.co.in positively by 15.01.2024. If documents are not received by 15.01.2024, TDS will be deducted as per the extant provision of the Income Tax Act, 1961.