

F.No.275/50/2006-IT (B)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, the 1st. August,2008

Subject:-Order under section 119(1) of the Income-tax Act, 1961 regarding exemption from the TDS provisions under Section 197 read in conjunction with Section 10(26BBB) of Income Tax Act, 1961.

In exercise of the powers conferred under sub-section (1) of section 119 of Income-tax Act, 1961, Central Board of Direct Taxes hereby directs that corporations which are established by a Central, State or Provincial Act for the welfare and economic upliftment of ex-servicemen and whose income qualifies for exemption from Income-tax u/s. 10(26 BBB) of the Income Tax Act, 1961, are hereby given exemption from Tax Deduction/Collection at Source on their receipts..

2. This exemption shall not absolve such organisations from their statutory obligations of deducting TDS on all contractual payments made by them to other parties like sub-contractors etc.
3. This exemption shall be valid for 5 years from the Assessment Year 2009-2010.
4. After the end of 3 years, all the Chief Commissioners of Income-tax will send their feedback to the CBDT on the benefits and/or shortcomings observed in the working so as to enable a review and further decision by the Board in the matter.

Director (Budget)

Copy to:

1. Chairman, Members and other Officers in CBDT of the rank of Under Secretary and above.
2. All Chief Commissioners and Directors General of Income-tax. Each CIT(TDS) may forward a copy of this order to such corporation under their charge.
3. 100 copies to DIT(RSP&PR) for printing in the quarterly tax bulletin and for circulation as per their usual mailing list.
4. DIT(TDS), DIT(Systems), DIT(Recovery), DIT(DOMS), DIT(Vigilance), DIT(IT).
5. Comptroller and Auditor General of India (40 copies).
6. Guard File.

Director (Budget)