



Income Tax Department

Ministry of Finance, Government of India

MANDATORY E-PAYMENT OF TAXES

CIRCULAR NO. 5/2008, DATED 14-7-2008

The Central Board of Direct Taxes, *vide* notification S.O. No. 493(E), dated 13.3.2008 have notified the categories of taxpayers who are mandatorily required to electronically pay taxes on or after the 1st day of April, 2008. The taxpayers who are required to pay taxes by the prescribed mode are - (i) a company; and (ii) a person (other than a company), to whom provisions of section 44AB of the Income-tax Act, 1961 are applicable.

2 Further, payment of tax electronically has been defined to mean payment of tax by way of - (i) internet banking facility of the authorized bank: or (ii) credit or debit cards.

3. In this context, representations have been received from some of the foreign assessee highlighting the difficulties being faced by them in complying with the provisions with regard to mandatory e-payment of taxes. It has been pointed out by such foreign assessee that they do not have a presence in India and, therefore, are not able to meet the 'know your customer norms' of the banks. This has resulted in their inability to open bank accounts and make payment of taxes, through the electronic mode. Representations have also been received from the resident taxpayers highlighting difficulties in availing internet banking facilities of the authorized banks. A clarification has also been sought as to whether payment of tax deducted at source by a deductor will fall within the meaning of 'tax' for the purpose of the impugned notification.

4 With a view to facilitating electronic payment of taxes by different categories of taxpayers, it is hereby clarified that, - an assessee can make electronic payment of taxes also from the account of any other person. However, the challan for making such payment must clearly indicate the Permanent Account Number (PAN) of the assessee on whose behalf the payment is made. It is not necessary for the assessee to make payment of taxes from his own account in an authorized bank. Further, it is also clarified that payment of any amount by a deductor by way of Tax Deducted at Source (TDS) or Tax Collected at Source (TCS) shall fall within the meaning of 'tax' for the purpose of the rule 125 of the Income-tax Rules, 1962.

