

**Form No. 126 - Application by a non-resident for receipt of certain sums
without deduction of tax**

Name of form as per I.T. Rules, 1962	Form 15C/ Form 15D	Name of form as per I.T. Rules, 2026	Form No. 126
Corresponding section of I.T. Act, 1961	195	Corresponding section of I.T. Act, 2025	393, 395
Corresponding Rule of I.T. Rules, 1962	29B	Corresponding Rule of I.T. Rules, 2026	209

1. Purpose of Form No. 126:

Form No. 126 is a self-declaration and treaty-benefit request filed by a non-resident person specified in Rule 209, operating in India through a branch, to obtain a certificate from the Assessing Officer under section 395(1) of the Income-tax Act, authorising it to receive certain sums without deduction of tax at source (TDS). The purpose of Form No. 126 is to allow receipt of certain types of income, without tax deduction at source when the recipient is a specified non-resident entity carrying on its business or profession in India through a branch.

2. Who should file Form No. 126?

Form No. 126 should be filed by:

- i. Banking company or an insurer (as defined in section (2)(9)(d) of Insurance Act, 1938), which is not a domestic company, and which carries on operations in India through a branch and fulfils the following conditions laid down in Rule 209:
 - a. It is not an Indian company,
 - b. It has not made the prescribed arrangements for declaration and payment of dividends within India.
 - c. It carries on operations in India through a branch.
 - d. Income is in the nature of interest or other sums (excluding dividends and "interest on securities")
- ii. Any person other than the person referred to in (i) who carries on a business or profession in India through a branch and which fulfils the following conditions laid down in Rule 209:
 - It is not a banking company.
 - It carries on business or profession in India through a branch(es).
 - It is entitled to receive income which is chargeable to tax in India during the tax year and
 - Income is not in the nature of interest or dividend.

3. Frequency & Due Dates of Form No. 126:

Frequency	Due Date
Form No. 126 should be filed once for tax year.	There is no time limit or due date prescribed to submit Form No. 126. However, the form must be submitted before the income is received to avoid TDS

The certificate issued remains valid for the tax year specified, unless cancelled earlier by the Assessing Officer. A fresh application may be filed after the expiry of the certificate, or within 3 months before its expiry to ensure continuity without interruption.

4. **Structure of Form126:**

The Form No. 126 has three parts:

Part A: It has applicant details: Name, PAN, status, nature of entity, Principal Officer details, address of Indian Branch(es), address of Head Office (outside India), country of incorporation, email id and contact details.

Part B (to be filled up, if the applicant is a banking company/insurer) Declaration and request: It states that the applicant banking company or insurer fulfils all the conditions laid down in Rule 209 which are as under:

- i. It has been regularly assessed to income tax in India and has furnished all due ITRs for all last five tax years.
- ii. It is not in default or deemed to be in default regarding any tax, interest, penalty, fine, or other sums payable under the Act
- iii. Interest or other sum is receivable by the branches on their own account and not on behalf of its head office or any branch situated outside India, or any other person

Part C (to be filled up, if the applicant is a person other than banking company/insurer) Declaration and request: It states that the applicant company or insurer fulfils all the conditions laid down in Rule 209 which are as under:

- i. It has been regularly assessed to income tax in India and has furnished all due ITRs for all last five tax years.
- ii. It is not in default or deemed to be in default regarding any tax, interest, penalty, fine, or other sums payable under the Act.
- iii. Interest or other sum is receivable by the branches on their own account and not on behalf of its head office or any branch situated outside India, or any other person.
- iv. It has been carrying on business or profession in India continuously for five years or more immediately preceding the date of the application, and
- v. Value of fixed assets of such business or profession in India as shown in the books of account for the relevant tax year exceeds ₹50 lakhs

5. **Documents required to file Form No. 126:**

- Valid PAN
- ITRs and financial statements

6. Step-by-step process to file Form No. 126:

Step 1: Go to the TRACES website (www.tdscpc.gov.in) or the NRIservices portal if filing from outside India (www.nriservices.tdscpc.gov.in) and login using your credentials

Step 2: After logging in, Select the option to file an application for Form No. 126 under the 'Statements/Forms' tab".

Step 3: Provide details-such as head office location, confirmation of status as a banking company/insurer, and a declaration that you fulfil all conditions under Rule 209.

Step 4: Verify and submit the form using Digital Signature, Electronic Verification Code (EVC), Aadhaar-based authentication or Mobile OTP. For applicants outside India, application can be submitted using Digital Signature only. Upon successful submission, an acknowledgment receipt or reference number will be generated.

Step 5: Track status of the application via 'Track Request for Form 128/126' under the 'Statements/Forms' tab on TRACES portal.

Step 6: The application will be assigned to TDS AO in the International Taxation charges. The AO processes the application on the TRACES AO Portal. If the Assessing Officer (AO) requires any clarifications or documents, the applicant is informed. Submit necessary details/clarification to the AO online through the TRACES portal.

Step 7: After processing, the AO generates certificate electronically on the TRACES AO Portal. The generated certificates are available for download to the applicant. Onus of sharing the certificate with respective deductor(s) is on the applicant.

7. Withdrawal of Application in Form No. 126:

An applicant can withdraw the Form No. 126 after filing at any time before the Assessing Officer (AO) passes an order on the application.

8. Outcome of Form No. 126:

If the Assessing Officer is satisfied with the application, a certificate is issued authorizing the applicant to receive the specified sums without TDS during the relevant tax year. But, if the applicant fails to meet eligibility or compliance criteria, the AO may reject the application, resulting in TDS under section 395(1) of the Income-tax Act.

9. Brief note on broad / qualitative changes in Form No. 126:

Merger of 2 forms into a Single Combined Form:

Forms 15C (for banking company/insurer) and 15D (for persons other than banking company/insurer) have been merged into a single Form No. 126. This will provide a unified application framework under Rule 209, with category-specific declarations built into the same form. The form introduces:

- Part B - to be filled where the applicant is a banking company/insurer, and
- Part C - to be filled where the applicant is a person other than banking company/insurer.

This preserves the substantive conditions and declarations of both forms, while housing them within a single, structured framework.

10. Common Changes made across Forms:

- i. To make forms system-friendly and enable e-filing and uploading, certain anomalies found due to grouping of name, address, PAN and aadhaar number have been separated into different boxes.
- ii. Assessment/financial/previous year(s) have been replaced with tax year(s).
- iii. Sections and clauses have been changed as per the Income-tax Act, 2025.
- iv. Currency symbol "Rs." has been replaced with "₹".