

Form No. 121 – Frequently Asked Questions

Form of Declaration under section 393(6) of the Income-tax Act, 2025 for receipt of certain incomes without deduction of tax

Form No. as per I.T. Rules, 1962	15G & 15H	Form No. as per I.T. Rules, 2026	121
Corresponding section of I.T. Act, 1961	197A (1), 197A(1A) & 197A(1C)	Corresponding section of I.T. Act, 2025	393(6) 393(7)
Corresponding Rule of I.T. Rules, 1962	29C	Corresponding Rule of I.T. Rules, 2026	211

1. What is Form No. 121 and what is its legal significance?

Ans: Form No. 121 is a statutory declaration prescribed under the Income-tax Rules, 2026, through which a taxpayer declares that tax liability on its estimated total income for the relevant tax year is nil. Based on this declaration, the payer (deductor) is permitted to not deduct tax at source (TDS) on specified payments.

The legal basis of this form lies in:

Section 393(6) and 393(7) of the Income-tax Act, 2025, which correspond to earlier Section 197A of the Income-tax Act, 1961.

The form acts as a preventive compliance tool, ensuring that taxpayers whose tax liability is nil are not subjected to unnecessary TDS, thereby avoiding subsequent refund claims and administrative burden.

2. Why was Form No. 121 introduced, replacing Forms 15G and 15H?

Ans: Form No. 121 has been introduced as part of a broader effort to simplify tax compliance and align forms with the new Income-tax Act, 2025.

Earlier:

- Form 15G was used by individuals below 60 years & other person such as HUF, Trusts etc.
- Form 15H was used by senior citizens (60 years or above)

The introduction of Form No. 121 merges both forms into a single, unified declaration, reducing duplication and confusion. It also introduces:

- Better structuring of fields (separate fields for PAN, name, etc.)
- Alignment with “Tax Year” terminology instead of “Previous Year”
- Enhanced compatibility with electronic filing systems

Overall, the change improves ease of compliance, standardization, and system integration.

3. Who is eligible to submit Form No. 121?

Ans: Eligibility depends on age and tax liability conditions:

i) **Individuals below 60 years & other person such as HUF, Trusts etc.**

They can submit Form No. 121 only if:

- The tax liability on estimated total income for the tax year is nil, AND.
- The aggregate of specified incomes (on which TDS is applicable) does not exceed the maximum amount not chargeable to tax.

ii) **Individuals aged 60 years or more (Senior citizens):**

They have a relaxed condition:

- They can submit Form No. 121 if the tax on estimated total income is nil.

4. What types of income are covered in the declaration made in Form No. 121?

Ans: Form No.121 applies to specific categories of income where TDS is generally required but may be avoided through declaration. The types of income along with applicable category of payer and payee are provided in the table below:

Sl. No.	Nature of Income or Sum	Payer / Deductor	Payee / Deductee
1	Payment of accumulated balance due to employee (Recognised Provident Fund)	Trustees of EPF Scheme or any person authorised under such scheme to make payment of accumulated balance due to employees	Any person other than a company or a firm
2	Insurance commission (soliciting/procuring insurance business)	Any person responsible for paying such commission	Resident Individual and other resident person (not being a company or a firm)
3	Rent	Specified person	Resident Individual and other resident person (not being a company or a firm)
4	Income in respect of units (Mutual Fund / specified undertaking / company)	Any person responsible for payment	Resident Individual and other resident person (not being a company or a firm)
5	Interest on securities	Any person responsible for payment	Resident Individual and other resident person (not being a company or a firm)
6	Interest other than interest on securities (bank/co-op bank/post office)	Banking company / Co-operative bank / Post office	Resident Individual and other resident person (not being a company or a firm)

7	Interest other than interest on securities (others)	Specified person (non-banking entity)	Resident Individual and other resident person (not being a company or a firm)
8	Payment under life insurance policy (including bonus)	Any person responsible for payment	Resident Individual and other resident person (not being a company or a firm)
9	Dividend (including preference dividend)	Domestic company	Resident Individual

5. What is the structure of Form No. 121?

Ans: Form No. 121 consists of two main parts:

- i) **Part A – Declaration by the Taxpayer (Declarant)**
 - Contains personal details (name, PAN, address, etc.)
 - Declaration of estimated total income
 - Details of incomes for which TDS exemption is claimed
- ii) **Part B – Verification by the Payer (Deductor)**
 - Confirmation that the declaration has been received
 - Verification of completeness and correctness
 - Used for reporting and compliance purposes

This dual structure ensures **accountability on both sides**—the taxpayer declares, and the payer validates and reports.

6. When and how should Form 121 be submitted?

Ans: The timing and the mode of submission of Form No. 121 is as under:

- i) **Timing:**
 - Ideally submitted **before the income is credited or paid**
 - Preferably at the **start of the tax year**

This ensures that tax is not deducted in the first place.

- ii) **Modes of submission:**
 - **Electronic mode:** Through digital verification (preferred method) on the portal provided by the payer
 - **Physical mode:** Paper submission to the payer

Timely submission is critical, as delayed submission may result in **tax deduction and subsequent refund process**.

7. What are the responsibilities of the payer/deductor?

Ans: The payer (such as a bank, company, or institution) plays a crucial compliance role:

- i) **Receipt and Verification**
 - Ensure declaration is complete and valid
- ii) **Allotment of UIN**
 - Assign a Unique Identification Number to each declaration
- iii) **Quarterly Reporting**
 - Upload details of declarations in prescribed format at e-filing portal (<https://www.incometax.gov.in>)
 - Deadline: 7th of the month following the quarter
- iv) **TDS Statement Reporting**
 - Report the transactions on which tax is not deducted as a result of receipt of a declaration in the quarterly TDS statement in Form No. 140

Failure to comply may lead to **penalties and compliance issues for the deductor.**

8. What is UIN and why is it important?

Ans: UIN (Unique Identification Number) is a system-generated number assigned to each declaration (Form No. 121) by the payer.

Its importance lies in:

- Tracking each declaration uniquely
- Ensuring transparency and audit trail
- Linking declarations with TDS statements

It helps the tax department in **monitoring and verifying compliance effectively.**

9. What is the format of UIN (Unique Identification Number)?

Ans: The format of the UIN is specified in the **Notification No. 01/CPC(TDS) /2026** dated **28th of March 2026** issued by the Directorate of Systems. This notification is available for download at <https://traces.tdscpc.gov.in/ThingsToKnow/notifications>.

i) **UIN Format:**

The Unique Identification Number (UIN) is a 26-character alphanumeric code allotted by the payer for each declaration received in Part A of Form No. 121.

ii) Structure of UIN:

The UIN consists of three components:

a) Running Serial Number

- Ten alphanumeric characters beginning with the letter "D" followed by nine digits (for example: D000000001)
- Resets to "1" at the beginning of every financial year for each TAN

b) Tax Year

- Six digits representing the tax year for which the declaration is furnished (for example, for Tax Year 2026-27, it shall be 202627)

c) TAN of the Payer

- Ten alphanumeric characters (for example, for TAN: MUMN12345A it shall be MUMN12345A)

Illustration: UIN to be allotted by the payer (TAN: MUMN12345A) to the first declaration (Part A of Form No. 121) received by him for Tax Year 2026-27 shall be, - D000000001202627 MUMN12345A

Important points:

- UIN must be generated for every declaration, whether received electronically or in paper form (after digitization).
- The same sequence series continues for both electronic and digitized declarations.
- UIN ensures unique identification, tracking, and reporting of declarations in Part B of Form No. 121.

10. What documents/details are required for filing Form No. 121?

Ans: The documents/details required for filing Form No. 121 are as under:

- i) Valid & operative PAN (mandatory)
- ii) Details of income/investments
- iii) Proof of age (for senior citizens)
- iv) TAN of the payer (for reporting purposes)

Incomplete or incorrect details may lead to **rejection or invalidation of the declaration.**

11. What changes have been introduced in Form No. 121 compared to earlier forms?

Ans: Key improvements include:

- i) Merger of Forms 15G & 15H
- ii) Improved form design (separate fields for better clarity)
- iii) Alignment with Income-tax Act, 2025
- iv) Use of “Tax Year” terminology
- v) System-friendly structure for e-filing
- vi) Enhanced guidance through explanatory notes

These changes aim to create a **modern, digital-ready compliance framework**.

12. Can Form No. 121 be submitted through a depository?

Ans: Yes, as per the Finance Act, 2026 (**effective from 1 April 2027**), Form No. 121 may be submitted electronically to a **depository**, provided:

- Income is from securities, units, or dividends
- Such assets are held with the depository
- Securities are listed on a recognized stock exchange

This step promotes **digitization and ease of compliance in capital market transactions**.

13. What is the overall objective of Form No. 121?

Ans: The primary objectives are:

- To avoid unnecessary TDS where no tax is payable
- To reduce the burden of claiming refunds
- To streamline compliance through a unified form
- To enhance efficiency through digital processes

In essence, Form No. 121 balances **taxpayer convenience with administrative efficiency**.

14. Is the declaration in Form No. 121 required to be submitted to each payer?

Ans: Yes, the declaration in Form No. 121 is required to be submitted separately to each payer. The declarant must furnish **Part A of Form No. 121** to every payer who is responsible for making payment of the relevant income or sum, enabling each payer to consider the declaration while complying with the applicable provisions.