

Form No. 126 (Earlier Form No. 15C/15D)- Frequently Asked Questions

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. What is the Form No. 126?

Ans. 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).

2. Who is eligible to file Form No. 126?

Ans. 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.
- i. Any person other than the person referred to in (i) who carries on a business or profession in India through a branch

3. Which banking company or an insurer is eligible to file Form No. 126?

Ans. A banking company or an insurer who fulfils the following conditions laid down in Rule 209 is eligible to file Form No. 126:

- 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")

4. Which persons other than banking company or an insurer are eligible to file Form No. 126?

Ans. Any person other than banking company or an insurer who fulfils the following conditions laid down in Rule 209 is eligible to file Form No. 126:

- 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.

5. What is the purpose of the Form No. 126?

Ans. 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.

6. What are the prerequisite conditions for filling Part B of Form No. 126?

Ans. The applicant banking company or insurer must fulfill all the following conditions as laid down in Rule 209:

- 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

7. What are the prerequisite conditions for filling Part C of Form No. 126?

Ans. The applicant person other than banking company/insurer must fulfil all the following conditions as laid down in Rule 209:

- 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

8. Is Form No. 126 mandatory?

Ans. No, it is not mandatory. It is an optional application that a person can file if they wish to receive certain sums without deduction of tax.

9. What is the time limit for filing Form No. 126?

Ans: There is no specific time limit prescribed; however, the form must be submitted before the income is received to avoid TDS.

10. How many times can Form No. 126 be filed in a year?

Ans: Form No. 126 should be filed once for tax year.

11. Which "Part" of the form No. 126 do I need to fill?

Ans: Part A of Form No. 126 which has applicant details, is to be filled by every applicant. Form No. 126 has two other parts:

- i. **Part B:** To be filled up, if the applicant is a banking company/insurer. It states that the applicant company or insurer fulfils all the conditions laid down in Rule 209;
- ii. **Part C:** To be filled up if the applicant is a person other than banking company/insurer;

12. What documents are required to file Form No. 126?

Ans: Documents required include ITRs and financial statements

13. How can I file Form No. 126?

Ans: Form No. 126 can be filed online on the TRACES website (www.tdscpc.gov.in) or the NRI services portal if filing from outside India (www.nriservices.tdscpc.gov.in)

14. Can Form No. 126 be filed offline?

Ans. No. Form No. 126 cannot be filed offline.

15. How do I e-Verify form No. 126?

Ans: Form No. 126 can be verified e-using Digital Signature Certificate (DSC), Electronic Verification Code (EVC), Aadhaar-based authentication or Mobile OTP. DSC is mandatory for companies, LLPs, and other entities having a TAN-based login.

16. How do I know that the form has been successfully submitted?

Ans: Once successfully submitted and verified, an acknowledgement number and transaction ID is generated and the remitter receives a confirmation message via email and SMS.

17. How can I track the status of my Form No. 126 application?

Ans. Applicants can track their request using the "Track Request for Form 128/126" tab under the Statements/Forms section of the TRACES portal.

18. Can the applicant withdraw Form No. 126 after filing?

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

19. What is the outcome of Form No. 126?

Ans. If the applicant meets the eligibility or compliance criteria, the Assessing Officer will electronically generate a certificate on the TRACES portal 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.

20. What is the validity of the certificate issued by the AO?

Ans. The certificate issued by the Assessing Officer remains valid for the specified tax year, unless cancelled earlier. And a fresh application may be filed after expiry or within three months before expiry to ensure continuity.

21. Why is Form No. 126 important?

Ans. It is important because it prevents excessive tax deduction (TDS) on payments to non-residents by allowing the AO to determine the actual taxable portion under the Income-tax Act, 2025, or applicable Double Taxation Avoidance Agreements (DTAA).