

# Waiver of Interest on delayed payment of TDS or TCS

The Central Board of Direct Taxes (CBDT) has issued an order under Section 119 of the Income-tax Act, 1961, addressing the waiver of interest levied under Sections 201(1A)(ii) and 206C(7) due to technical glitches in TDS/TCS payments.

## 1. Issue Identified:

- Taxpayers faced technical glitches while making TDS/TCS payments, leading to delays in crediting the Central Government despite timely debits from their bank accounts.
- As a result, many taxpayers received interest notices under the said sections.

## 2. CBDT's Directive:

The Chief Commissioner of Income Tax (CCIT), Director General of Income Tax (DGIT), or Principal Chief Commissioner of Income Tax (PrCCIT) can waive or reduce the interest in cases where:

- The taxpayer-initiated payment, and the bank account was debited before the due date.
- The delay in crediting the government was due to technical glitches beyond the taxpayer's control.

## 3. Process for Waiver:

- Taxpayers can apply for a waiver of interest, and the CCIT/DGIT/PrCCIT will review the application.
- A 'speaking order' will be passed after verification from the bank/Directorate of Systems.
- If the interest has already been paid, a refund may be granted if the waiver is approved.

## 4. Deadline for Applications:

- Waiver applications must be filed within one year from the end of the financial year for which interest was charged.
- The application shall be processed within six months from the end of the month of receipt of the application.

## 5. Finality of Decision:

- The order passed will be final, and the CBDT will entertain no further petitions.
- The circular is effective from March 28, 2025.

This provides relief to taxpayers who faced a levy of interest due to technical failures beyond their control while making TDS/TCS payments.



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