

Form 15G - Form 15H for no deduction of tax at source

Section 197A

Section 197A provides that if a declaration in a prescribed form (Form no. 15G - Form 15 H) is submitted by the recipient of income to the payer, then no tax is deductible under following sections:

Section No.	Nature of Payment
Section 192A	Payment of accumulated balance due to an employee
Section 193	Interest on Securities
Section 194	Dividends
Section 194A	Interest other than interest on securities
Section 194D	Insurance Commission
Section 194DA	Payment in respect of life insurance policy
Section 194EE	Payment in respect of deposits under National Savings Scheme
Section 194-I	Rent

Persons eligible to submit Form 15 G - Form 15H

Nature of payment falling under:	Persons eligible to submit prescribed declaration under section 197A
Section 194 and 194 EE	Resident Individual
Other sections - Section 192A, Section 193, Section 194A, Section 194D, Section 194DA, Section 194-I	Any person other than a company or a firm

It is to be noted that Form 15H can be submitted by an individual resident in India, who is of age of sixty years or more at any time during the previous year (i.e. senior citizen) while Form 15 G can be submitted by the other eligible persons listed above.

Conditions to be observed before submitting above declaration

(a) Tax on his estimated total income of the previous year will be nil **AND**

(b) Aggregate of income falling under Section 192A, Section 193, Section 194, Section 194A, Section 194D, Section 194DA, Section 194 EE and Section 194-I shall not exceed maximum amount not chargeable to tax (i.e. exemption limit) **[This condition is very tricky- to understand this condition effectively, readers should go through Practical 1 and 2 minutely]**

It is to be noted that condition (b) is not applicable w.e.f. 1st June, 2003 if the recipient is a resident individual who is 60 years or more at any time during the financial year. (I.e. senior citizen)

Duty of the payer of income referred to in above sections

The payer shall submit the declaration to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, on or before the seventh day of the month next following the month in which the declaration is furnished to him.

Practical application of the section 197A

Practical 1

Mr. Jagat, resident, aged 55 years, provides following estimation for the previous year 2018-19

1. F.D. interest from State Bank of India - Rs. 1,00,000
2. Income under the head 'PGBP' - Rs. 2,22,000
3. Contribution to P.P.F.- Rs.1,10,000

He would like to submit Form No. 15G to State Bank of India. Advise him.

Solution

First of all, let' s verify whether both the conditions (a) and (b) relevant for submitting declaration are satisfied or not?

Condition (a) Tax on his estimated total income of the previous year will be nil

Particulars	Rs.
Income under the head 'PGBP'	2,22,000
FD interest with SBI	1,00,000
Gross Total Income (GTI)	3,22,000
Less: Deduction u/s 80C-Contribution to PPF	(1,10,000)
Total Income	2,12,000
Tax on estimated income	Nil

Condition (b) Aggregate of income falling under Section 192A, Section 193, Section 194, Section 194A, Section 194D, Section 194DA, Section 194 EE and Section 194-I shall not exceed maximum amount not chargeable to tax (i.e. exemption limit)

In this case, FD interest Income (falling under Section 194A) is Rs.1,00,000 which doesn't exceed exemption limit. Therefore, in present case, both the conditions of section 197A are satisfied. Hence, Mr. Jagat can submit form No. 15G to SBI in duplicate.

Practical 2

Consider following changes in above Practical 1.

"Instead of income under the head 'PGBP', interest on debentures from Reliance Industries Limited is given".

Can Jagat submit Form No. 15G to State Bank of India as well as to Reliance Industries Limited?

Solution

First of all, let's verify whether both the conditions (a) and (b) relevant for submitting declaration are satisfied or not?

Condition (a) Tax on his estimated total income of the previous year will be nil.

The computation made in Practical 1 shall remain valid because I have changed the nature of income and not the amount. Therefore, condition (a) is satisfied in this practical.

Condition (b)

Aggregate of income falling under Section 192A, Section 193, Section 194, Section 194A, Section 194D, Section 194DA, Section 194 EE and Section 194-I shall not exceed maximum amount not chargeable to tax (i.e. exemption limit)

In this practical, total of [FD interest income (falling under section 194A) and interest from Reliance industries Ltd. (falling under section 193)] is Rs.3,22,000 [Rs.1,00,000+ Rs. 2,22,000] which exceeds Rs. 2,50,000 [exemption limit].

Therefore, condition (b) is not satisfied. Hence, Mr. Jagat cannot submit form 15G to SBI as well as Reliance Industries Limited.

Brainstorming

Mr. Bhagat, resident, aged 66 years, provides following estimation for the previous year **2018-19**

- (a) F.D. interest from State Bank of India- Rs. 3,10,000
- (b) Pension Income - Rs. 72,000
- (c) Contribution to P.P.F. Rs. 1,00,000

Mr. Bhagat would like to submit Form No. 15 H to State Bank of India. Advise him.

Source courtesy: caclubindia.com