



## Govt exempts levy of TDS paid on lease rent or supplemental lease rent paid to a International Financial Services Centre

Aug 01, 2023

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**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
CENTRAL BOARD OF DIRECT TAXES  
NEW DELHI**

### NOTIFICATION NO

**57/2023, Dated: August 01, 2023**

**S.O. 3451(E).** - In exercise of the powers conferred by sub-section (1F) of section 197A read with clause (c) of sub-section (2) of section 80LA, of the Income-tax Act, 1961 (43 of 1961) (hereinafter the Income-tax Act), the Central Government hereby specifies that no deduction of tax shall be made under section 194-I of the Income-tax Act on payment in the nature of lease rent or supplemental lease rent, as the case may be, made by a person (hereinafter referred as 'lessee') to a person being a Unit of an International Financial Services Centre (hereinafter referred as 'lessor') for lease of a ship subject to the following-

(a) The lessor shall,-

(i) furnish a statement-cum-declaration in Form No.1 to the lessee giving details of previous years relevant to the ten consecutive assessment years for which the lessor opts for claiming deduction under sub-sections (1A) and (2) of section 80LA of the Income-tax Act; and

(ii) such statement-cum-declaration shall be furnished and verified in the manner specified in Form No.1, for each previous year relevant to the ten consecutive assessment years for which the lessor opts for claiming deduction under sub-sections (1A) and (2) of section 80LA of the Income-tax Act.

(b) The lessee shall,-

(i) not deduct tax on payment made or credited to lessor after the date of receipt of copy of statement- cumdeclaration in Form No. 1 from the lessor; and

(ii) also furnish the particulars of all the payments made to lessor on which tax has not been deducted in view of this notification in the statement of deduction of tax referred to in sub-section (3) of section 200 of the Income-tax Act read with rule 31A of the Income-tax Rules, 1962.

2. The above relaxation shall be available to the lessor only during the said previous years relevant to the ten consecutive assessment years as declared by the lessor in Form No. 1 for which deduction under section 80LA is being opted. The lessee shall be liable to deduct tax on payment of lease rent for any other year.

3. The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents and the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies.

Explanation: for the purpose of this notification-

(a) 'ship' shall have the same meaning as assigned to it in clause (ii) of Explanation to clause (4F) of section 10 of the Income-tax Act;

(b) 'International Financial Services Centre' shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); and

(c) 'Unit' shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

4. This notification shall come into force from 1st day of September, 2023.

**Form No. 1**

**To be furnished by a Unit engaged in the business of leasing of a ship of an International Financial Services Centre to the Lessee**

1. Name of the assessee:
2. Permanent Account Number:
3. Name and address of the unit of International Financial Services Centre:
4. Date of permission obtained under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949 (10 of 1949) or permission or registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or any other relevant law, as mentioned in sub-section (1A) of section 80LA of the Income tax Act, 1961.

**Statement-cum-Declaration**

I..... son/daughter of.....in capacity....., do hereby declare that the above-mentioned unit is engaged in the business of leasing of a ship and is eligible for deduction under sub-sections (1A) and sub section (2) of section 80LA of the Income-tax Act, 1961. I further declare that we have opted to claim the said deduction for the period from the previous year.....relevant to assessment year.....to the previous year.....relevant to assessment year.....I further declare that the above mentioned Unit continues to be a unit working in International Financial Services Centre and continues to be engaged in the business of ship leasing during the year.....(relevant to Assessment Year.....) in which this statement-cum- declaration is being submitted.

**Verification**

I.....son/daughter of.....in capacity.....do hereby certify that all the particulars furnished above are correct and complete.

**Signature of the declarant**

(to be signed by a person competent to sign the return of income as provided in section 140 of the Income-tax Act)

**[F.No.275/19/2023-IT(B)]**

**(Shyam Sharma)  
Under Secy.**