

# FIDC

## Finance Industry Development Council

*(A Representative Body of Assets and Loan Financing NBFCs)*

101/103, Sunflower, 1<sup>st</sup> Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: [directorgeneral@fidcindia.org.in](mailto:directorgeneral@fidcindia.org.in)



[www.fidcindia.org.in](http://www.fidcindia.org.in)

**July 19, 2022**

**To**  
**The Member (Legislature),**  
**Central Board of Direct Taxes (CBDT),**  
**North Block, Central Secretariat,**  
**New Delhi,**  
**Delhi 110001**

**Ref. : Section 194R of the Income-tax Act, 1961 ('the Act') read with CBDT  
Circular no. 12 of 2022 dated 16 June 2022**

**Sub.: Request for additional clarifications regarding section 194R of the Act**

**Respected Madam,**

At the outset, we thank you immensely for providing an opportunity for an in person meeting with our representatives on 8 July 2022 to discuss the issues and implementation challenges faced by non-banking finance companies (NBFCs) in relation to section 194R of the Act which provides for tax deduction at source (TDS) on provision of benefits / perquisites.

In continuation of our letter dated 2 July 2022 and the discussion during our meeting, please find enclosed as Annexure 1, a write up on the various issues faced and the clarification sought with respect to applicability of section 194R of the Act.

For the convenience of reference, the relevant areas and our asks corresponding to those issues are summarized hereunder:



[twitter.com/FidcIndia](https://twitter.com/FidcIndia)



[facebook.com/fidcindia/](https://facebook.com/fidcindia/)



[linkedin.com/company/fidc-india](https://linkedin.com/company/fidc-india)



[instagram.com/fidcindia/](https://instagram.com/fidcindia/)

# FIDC

## Finance Industry Development Council

(A Representative Body of Assets and Loan Financing NBFCs)

101/103, Sunflower, 1<sup>st</sup> Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: [directorgeneral@fidcindia.org.in](mailto:directorgeneral@fidcindia.org.in)



[www.fidcindia.org.in](http://www.fidcindia.org.in)

Sr. No.	Area	Circular Q. No. Ref	Relief Sought
1.	One time settlement of loans and loan waivers	3	Exclusion of settlement / waiver of loan by banks and regulated financial institutions from the scope of section 194R
2.	Events	4	All expenses (other than pertaining to leisure) for the day immediately prior to and the day immediately after the conference dates should not be regarded as “overstay” giving rise to any benefit and perquisite so as to attract section 194R; & Taxpayers should be provided an option to forego the claim for deduction of the expenses on the “leisure element” of events as an alternative to complying with section 194R of the Act, subject to consequential relaxations being allowed from interest and penalties.
3.	Payments already subject to TDS under other sections of Chapter XVII-B	7	A clarification may be issued that payments which are already subject to TDS under any other section of Chapter XVII of the Act will be excluded from the TDS provisions under section 194R



# FIDC

## Finance Industry Development Council

(A Representative Body of Assets and Loan Financing NBFCs)

101/103, Sunflower, 1<sup>st</sup> Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: [directorgeneral@fidcindia.org.in](mailto:directorgeneral@fidcindia.org.in)



[www.fidcindia.org.in](http://www.fidcindia.org.in)

Sr. No.	Area	Circular Q. No. Ref	Relief Sought
4.	Invoices in the names of vendors or service providers – including cases of statutory dues	7	A clarification may be issued that statutory expenses and other expenses in such situations being borne by or reimbursed by the business should not be regarded as benefit / perquisite in the hands of recipient so as to attract section 194R.

We request you to kindly oblige our above request. We sincerely thank you for your patient support.

Thanking you,  
Yours Faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR**  
**DIRECTOR GENERAL**  
**9820035553**

Cc

The Joint Secretary (Tax Policy and Legislation), CBDT

