

Income Tax Clearance Certificate/No Objection Certificate
A.P. (DIR Series) Circular No.27 (September 28, 2002)

RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001

A.P. (DIR Series) Circular No.27

September 28, 2002

To,

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Income Tax Clearance Certificate/No Objection Certificate

Attention of Authorised Dealers is invited to the Notification F.No.500/152/96-FID dated November 18, 1997, issued by the Central Board of Direct Taxes (copy enclosed) in terms of which a person making remittance of foreign exchange could submit an undertaking in duplicate addressed to the Assessing Officer, which should be signed by a person authorised to sign the Income Tax Return of the applicant together with a certificate in duplicate from the Accountant.

2. Accordingly, authorised dealers are advised that they may accept an undertaking made in accordance with the Notification dated November 18, 1997, referred to above, **in lieu of** an 'Income Tax clearance Certificate' or a 'No Objection Certificate' as prescribed in the respective Notifications and related circulars issued under Foreign Exchange Management Act, 1999 and allow remittance of foreign exchange.

3. It is clarified that in case of NRIs/PIOs who do not maintain NRO account and have no taxable income in India, authorised dealers may allow remittances after obtaining a simple declaration from them, as per the procedure prescribed in A.P.(DIR Series) Circular No.26 dated September 28, 2002.

4. Authorised Dealers may bring the contents of this Circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999).

Yours faithfully,

Grace Koshie

Chief General Manager

F.No.500/152/96-FTD
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, Dated : 18th November, 1997

To

All the Chief Commissioners of Income-Tax,
Directors General of Income-Tax

Sir,

**Subject : Remittance to a non-resident – deduction of tax at source –
Submission of No Objection Certificate – Dispensing with – regarding**

1. Section 196 of the Income-tax Act, 1961 provides that any person responsible for paying to a non-resident any sum chargeable under the Act shall, at the time of credit of such income to the account of the payee or at the time of repayment thereof in cash or by cheque or draft or any other mode, whichever is earlier, deduct income-tax thereon at the rates in force.

2. The Reserve Bank of India have provided in their Office Manual that no remittance shall be allowed unless a No Objection Certificate has been obtained from the Income-tax Department. It has since been decided that henceforth remittances may be allowed by the Reserve Bank of India without insisting upon a No Objection Certificate from the Income-Tax Department and on the person making the remittance furnishing an undertaking (in duplicate) addressed to the Assessing Officer accompanied by a certificate from an Accountant (other than an employee) as defined in the explanation below Section 288 of the Income-tax Act 1961 in the form annexed to this circular. The person making the remittances shall submit the undertaking along with the said certificate of the Accountant to the Reserve Bank of India, who in turn shall forward a copy thereof to the Assessing Officer.

3. The contents of this Circular may be brought to the notice of all the officers working in your charge.

Yours faithfully,

Sd/-
(Rajat Bansal)
Under Secretary (FTD)