

MUMBAI PORT TRUST

ESTATE DEPARTMENT

No.EM/AS-6/F-310/341

Date : 18th April 2009.

To,
MbPT Lessees / Tenants /Licensees

This is to inform you that for the F.Y.2009-10, the tax at source on the rent amount payable by you to Mumbai Port Trust should be deducted as per the rates prescribed in the Income Tax Act, 1961. Lessees/ Tenants are requested to refer to the Schedule of Rates in the Act for the purpose of deduction of tax at source for the current Financial Year.

2. To our knowledge, under Section 194(I) of the Income Tax Act, 1961 read with Finance Act, 2008, the Estate Rentals / Warehouse rent are subject to deduction of TDS at 20% of the gross rent as Income Tax + 3% Education Cess of such Income Tax (i.e. 20.6%) provided, the aggregate sum credited or paid during the Financial Year exceeds Rs.1,20,000/- p.a. Since, the Mumbai Port Trust is a Local Authority for assessment of Income Tax, surcharge is not applicable as such.

3. The amount of tax should be calculated on the gross amount i.e. on the entire amount of rent and not on the amount in excess of Rs.1,20,000/- p.a.

4. If the aggregate amount of rent receivable from a particular tenant/ lessee/ licensee in respect of all letting exceeds Rs.1,20,000/- in a financial year, it would be the responsibility of the person making the payment of rent, to deduct income tax at source. In such cases, the net amount should be accompanied by the TDS certificates in Form No.16A failing which the amount received will be treated as part payment.

5. The date on which the net amount is received will be taken as the date of receipt for computation of interest on delayed payments even for the amount of tax deducted. Thus, the date of certificate of tax deduction or the date of actual payment in Government treasury will be irrelevant to this Port Trust. It will be the onus of the lessee / tenant / licensee deducting the income tax at source to remit it in time to the Government treasury. If there is any delay on his part, he would be required to pay penalty or face prosecution under the Act by the Income Tax Authorities. In short, the date of receipt of the net amount will be considered as the date of receipt of the gross amount, only where the TDS Certificate in Form No.16A is received.

6. Interest for delayed payment of bills @18% p.a. will be computed taking the date of receipt of the net amount as the base.

7. All tenants/lessees/licensees deducting TDS are requested to forward the TDS certificates in Form No.16A. It shall be necessary for all tenants / lessees / licencees to mention the correct plot Code No. & Bill No. against nature of payment in the TDS certificate to facilitate proper accounting of such amounts paid by them.

8. The Permanent Account Number of MbPT is AAATM5001D. This may be incorporated in the TDS certificates.

(P. Mohana Chandran)
ESTATE MANAGER