

MINISTRY OF FINANCE
(Department of Revenue)

NOTIFICATION

New Delhi, the 20th June, 2025

INCOME-TAX

S.O. 2768(E).—In exercise of the powers conferred by sub-section (1F) of section 197A read with sub-sections (1A) and (2) of section 80LA of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred as the Income-tax Act), the Central Government hereby notifies that no deduction of tax shall be made under the provisions of the Income-tax Act as specified in column (4) of the Table below, in respect of the payments as specified in column (3) of the said Table, made by any “payer” to a person, being a Unit in an International Financial Services Centre (hereinafter referred as “payee”) as specified in column (2) of the said Table.

TABLE

Sl. No.	International Financial Services Centre (IFSC Unit) (Payee)	Nature of receipt (Payment)	Relevant provisions relating to deduction of Tax at source under Income-tax Act
(1)	(2)	(3)	(4)
1.	BATF Service Provider	Professional or Consulting or Advisory fees	194J
2.	Broker-Dealers	Payment made by Recognised Stock Exchanges	194J
		Commission Incentives	194H or 194C
3.	Finance Company	Interest on account of lease	194A
		Freight Charges or Hire Charges	194C
4.	Fund Management Entity	Portfolio management fees	194J
		Investment advisory fees	194J
		Management Fees	194J
		Performance Fees	194J
5.	Recognised Clearing Corporation	Professional or Technical Services fees	194J
		Interest Income	194A
		Penalty levied on clearing members	194J
6.	Recognised Depository	Professional or Technical or Contractual fees	194J or 194C
7.	Recognised Stock Exchange	Professional or Technical Services fees	194J
		Rent for Data Centres	194I
		Interest Income	194A
		Penalty levied on Members by Stock Exchanges	194J.

2. (1) For the purposes of this notification, –

(a) “BATF Service Provider” shall have the same meaning as assigned to it in clause (h) of sub-regulation (1) of regulation 3 of the International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(b) “broker dealer” shall have the same meaning as assigned to it in clause (g) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(c) “finance Company” shall have the same meaning as assigned to it in clause (e) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(d) “fund management entity” shall have the same meaning as assigned to it in clause (p) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(e) “recognised clearing corporation” shall have the same meaning as assigned to it in clause (n) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(f) “recognised depository” shall have the same meaning as assigned to it in clause (o) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority

(Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(g) “recognised stock exchange” shall have the same meaning as assigned to it in clause (q) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(h) “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); and

(i) “payee” means a unit in an International Financial Services Centre within the meaning of sub-clauses (a) and (d) to the Explanation under sub-section (3) of section 80LA of the Income-tax Act.

(2) The relaxation provided in this notification shall be subject to the following conditions, namely: -

(a) the payee shall –

(i) furnish a statement-cum-declaration in Form No. 1 to the payer, giving details of previous years relevant to the ten consecutive assessment years for which the payee 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 payee opts for claiming deduction under the said sub-sections;

(b) the payer shall –

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

(ii) also furnish the particulars of all the payments made to the payee 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.

3. The relaxation provided in this notification shall be available to the payee only during the said previous years relevant to the ten consecutive assessment years as declared by the payee in Form No. 1, for which deduction under section 80LA is being opted and the payer shall be liable to deduct tax on payments as referred above for any other year.

4. The relaxation provided in this notification is in respect of the income from any Unit in an International Financial Services Centre, from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone.

5. The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall –
- (a) lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents; and
 - (b) be responsible for evolving and implementing appropriate security, archival and retrieval policies.
6. The format of statement-cum-declaration to be furnished by the payee to the payer shall be the same as specified in Form No. 1 of Notification [No.28/2024] Number S.O 1135 (E), dated the 7th March, 2024.
7. This notification shall come into force on the 1st day of July, 2025.

[Notification No. 67 /2025/ F. No. 275/38/2025-IT(B)]

RUBAL SINGH, Dy. Secy.