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NOTIFICATION NO. 56/2012
DATED 31-12-2012

Section 197A of the income-tax Act, 1961 – Deduction of tax at source – no deduction in certain cases – Specified payment under section 197A(1f)

In exercise of the powers conferred by sub-section (1F) of section 197A of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that no deduction of tax under Chapter XVII of the said Act shall be made on the payments of the nature specified below, in case such payment is made by a person to a bank listed in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934), excluding a foreign bank, namely:-

- (i) bank guarantee commission;
- (ii) cash management service charges;
- (iii) depository charges on maintenance of DEMAT accounts;
- (iv) charges for warehousing services for commodities;
- (v) underwriting service charges;
- (vi) clearing charges (MICR charges);
- (vii) credit card or debit card commission for transaction between the merchant establishment and acquirer bank.

2. This notification shall come into force from the 1st day of January, 2013.