

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6823  
ANSWERED ON:07.05.2010  
APPLICATION OF IT ACT.  
Singh Shri Sushil Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Central Board of Direct Taxes (CBDT) had issued a circular dated November 24,2009 in connection with application of provisions of section 194J of income Tax Act in the case of payments by the Third Party Administrators (TPAs) in the insurance sector to Hospitals;
- (b) if so, the details thereof;
- (c) whether any model format has been issued to TPAs in which the auditor`s certificates are to be issued;
- (d) the time limit by which the certificates are to be issued; and
- (e) the basis on which the certificate is to be issued to Hospitals in case a TPA makes an interim payment to Government of India;

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI. S.S.PALANIMANICKAM)

- (a) Yes Sir. The Central Board of Direct Taxes (CBDT) has issued a Circular No. 8/2009 dated 24th November, 2009 to clarify the rule position of deductibility of tax at source on payment by TPAs to hospital etc. u/s 194J of the Income Tax Act.
- (b) to (e) The circular clearly provides that a certificate from the auditor of the deductee assessee stating that all the taxes and interest on the above receipts have been paid by the deductee assessee (hospital etc.) would be treated as sufficient compliance for the purpose of section 201 (1) of the Income Tax Act. No time limit has been specifically given in the circular as the effect to compliance to section 201 (1) shall be considered by the Assessing Officer (AO) only on the presentation of auditor`s certificate by the deductor. Under Section 203 a certificate for tax deducted at source has to be issued by the deductor (TPA) to the deductee (hospital etc.) in usual manner in accordance with the provisions of law.