

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3692
ANSWERED ON:16.12.2011
TDS FROM PENSION OF NORTH EAST RESIDENTS
Mithlesh Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether residents of North-Eastern States are exempted from Income Tax for their income from any sources;
- (b) if so, whether some Central Government Pensioners are paid pension amount by Banks after deducting Tax Deduction at Source (TDS); and
- (c) if so, the reasons therefor and reaction of the Union Government thereto?

Answer

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

(a) As per section 10(26) of the Income-tax Act, 1961 in the case of members of Scheduled Tribes [as defined in clause (25) of article 366 of the Constitution], residing in area or States given below, any income which accrues or arises:

- i) from any source in such areas or States, or,
- ii) by way dividend or interest on securities from all over India, does not form part of total income.

The member of Scheduled Tribe should be residing in any area specified in Part I or Part II of the Table appended to paragraph 20 of the Sixth Schedule to the Constitution or in the States of Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura or in the areas covered by notification No. TAD/R/35/50/109, dated the 23rd February, 1951, issued by the Governor of Assam under the proviso to sub-paragraph (3) of the said paragraph 20 as it stood immediately before the commencement of the North-Eastern Areas (Reorganization) Act, 1971.

(b): These pensioners whose income is exempt under section 10(26) of the Income Tax Act, 1961 are paid pension by banks without deducting tax at source, if a certificate u/s 197 of Income Tax Act, 1961, is produced.

(c) Does not arise in view of reply (b) above.