



AGARWAL ESTATES[®]
TRUST Redefined

Tax Exemption Process



Happy Homes... Happy Families

One Stop, All Solutions - Real Estate Services

Founded by NRI/Techie (Ex-Cisco/TCS/HP/Dell/Atos Origin)

A Venture to Redefine TRUST with a unique concept of

All we need is Your Autograph![®]



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TAX EXEMPTION CERTIFICATE/PROCESS

TDS for an NRI to sale property in India is minimum **20%** of the **sale value**, not on capital gain.

Eligibility:

An individual residing abroad or in India and expecting to receive any income on which tax is likely to be deducted at source in India can apply for exemption certificate.

Whenever an individual's actual tax liability as per the provisions of the act is lower than the TDS, he may apply for tax exemption from the income tax department. The procedure involved is lengthy and requires coordination among departments.

For tax exemption certificate, the NRI seller can submit application in income tax department under whose jurisdiction his/her PAN belongs to. Moreover, tax exemption can only be applied from the place/city the seller has the PAN Card from.

Irrespective of where the seller is staying or where he has to sell his property, tax exemption has to be applied **ONLY** from the place where his PAN No. is from. OR the seller can transfer his PAN card from the place of his choice which is actually a cumbersome process which can take any number of months.

The buyer's TAN No. should be in place before the tax exemption process starts. It is MANDATORY that the buyer obtains the TAN No on time and it usually takes 10-12 working days to procure the same. The buyer can use the same TAN No. if he is transacting for two or more properties at a given point of time.

While applying for the tax exemption in the "Agreement to Sale", the payment details should be NIL. However, to safeguard the parties' interest an additional page should be signed wherein the token/advance details can be mentioned.

Even if part of the payment is made, then minimum 20.6% TDS has to be deducted on the amount paid. However, our experience with this specific step is that the IT department has NOT issued the TDS Exemption Certificate. We might be wrong as it has happened only once. It is advisable to consult professional tax consultants.

Some basics below:

a) Seller's CA will request a copy of the sale agreement. The sale agreement will NOT have any information pertaining to the payment details. It will be kept ZERO since the entire sale consideration value will be paid at the time of registration.

b) Seller's CA will request for the Buyer's TAN number. Buyer has to apply for TAN# and it may take up to three weeks to obtain TAN#.

c) In the tax exemption process, seller cannot take any payment into his account until the exemption certificate is issued. Hence, the total sale consideration amount will be paid at the

time of registration only. Sample write up for **PAYMENT** terms & conditions in Sale Agreement as below:

The PURCHASERS will pay the entire sale consideration value of **Rs. 10,100,000/- (Rupees One Crore and One Lac Only)** at the time of registration.

d) To safeguard the interest of the seller, **an additional page** should be signed wherein the token/advance details can be mentioned. Sample writeup for **PAYMENT** terms & conditions in Sale Agreement as below:

1. The PURCHASERS have paid Rs. **2,00,000/- (Rupees Two lac only)** as the advance amount into Mr. _____ account via cheque no. _____ dated __/__/__.
2. The PURCHASERS will pay the remaining sale consideration value of **Rs. 10,800,000/- (Rupees One Crore and eight lac Only)** at the time of registration.

e) Once the tax exemption certificate is issued, the registration can be completed. Few things to note here:

- i) The tax exemption certificate is only valid for a particular sale and for a particular buyer if the deal goes through smoothly. Same certificate cannot be used for the sale of property to any other buyer. Moreover, the certificate mentions the name of the buyer and the time period for which it is valid very clearly.
- ii) The validity of the tax exemption certificate is mentioned in the certificate along with the financial year.

The bank will take 3-5 working days for loan disbursement after receiving the Tax exemption certificate. A week's time is basically required for loan disbursement, coordinating registration formalities with the lawyer and sub-registrar. The date of registration can be finalized during that period

Tax deduction while making initial payment:

If the seller wants to apply for TDS exemption certificate, it's advisable to **NOT** to make any payment in seller's account.

Any payment which goes to the seller's account, TDS needs to be deducted minimum @20.6% and it has to be deposited by the 7th of next month to IT (IRS). It's assumed that buyer will have enough time in that window to apply for TAN and receive TAN#. So that he can deposit the tax in Bank by 7th of next month (Either online or at Branch office from authorized bank).

Additional info:

- Please be noted that **onus is on buyer** to deduct taxes.
- One can certainly apply for the tax exemption. However, if the tax exemption takes much longer time than anticipated, the whole amount of TDS can be also

being deducted. The seller **can later claim refund** of the surplus tax paid while filing the returns. If the registration of the property is near the end of the **financial year** (eg. February or March), then one can allow full TDS and tax return can be filed in May and can refund is expected in July. Had it been some other month of year, we would **not** have suggested proceeding with the complete tax deduction.

- TDS Certificate generation to be given to seller by buyer is issued Quarterly only by IT.
- If TDS was deducted from Oct to Dec, then quarterly tax return can be filed **after** 7th Jan. And once the return is accepted, it takes almost a week for the TDS certificate to be generated.
- Once money is credited in NRO account, then FORM 15XX needs to be submitted to Bank and money can be transferred to foreign account.
- By end of April or May only, Taxes can be filed online. Once tax is filed online, it takes 45 days to 90 days to process refund by Income Tax department. Tax can be filed manually in April, but it's a very cumbersome process. Refund of excess TDS is allowed annually only.

DISCLAIMER: PLEASE CONSULT TAX PROFESSIONALS FOR GUIDANCE AND ACCURACY. WE ARE NOT RESPONSIBLE AT ALL FOR THE CONTENTS OF THIS DOCUMENT.

Agarwal Estates Unique Differentiator

Agarwal Estates, One Stop, All Solutions - Real Estate services venture, utilizes the promoter's extensive experience in process implementation, service delivery and standard methodologies to suit the requirements of the real estate market in India. This has helped us in delivering high quality services - on time - and also enabled us to successfully launch the concept of: **All we need is your autograph!®**



TRANSPARENCY is the CORE VALUE of Agarwal Estates

Being a **transparent** organization, we empower our customers through our revolutionary concept and key initiative called as **KEY (Knowledge Empowers You)**. We share all the information with customers to enable them to make informed decisions. We have been constantly getting acknowledged by our existing customers about the **Knowledge** we share with them.

Agarwal Estates provides end-to-end solutions:

- **Real estate advisory:** Overseas investments, buy-back options, Flexible investment amount, etc.
- **Buy/sell/rent property:** Understanding your needs and providing the right solutions
- **Property and tenant management:** Peace of mind, guaranteed rent
- **Home loans:** Free consultancy, awareness about hidden charges, maximum savings
- **Home décor & interiors:** Six weeks completion for a standard 3 BHK starting at Rs 3+ lakhs
- **Allied services:** Property tax, Electric meter transfer, Vastu, etc.

ONE STOP, ALL SOLUTIONS - REAL ESTATE SERVICES



Agarwal Estates aspires to empower customers with the **right knowledge** to enable them to make the **right decisions** at the **right time**.



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