

**INCOME TAX UPDATE**

**CBDT clarifies Employer's  
TDS obligation under New  
'default' Tax Regime**



**CBDT clarifies Employer's TDS obligation under**  
**New 'default' Tax Regime u/s 115BAC**

CBDT vide Circular No. 4/2023 dated 5th April, 2023 has issued clarifications regarding employer's liability w.r.t. TDS on salary in the light of new default personal tax regime introduced by the Finance Act, 2023 u/s 115BAC(1A). CBDT has issued the following directions /clarifications in the said circular:

- That an employer, shall seek information from each of its employees having income u/s 192 regarding their intended tax regime and each such employee shall intimate the same to his employer for each year and upon intimation, the employer shall compute the employee's total income and deduct tax at source according to the option exercised.
- That in the absence of intimation by the employee, it shall be presumed that the employee continues to be in the default tax regime (i.e. New Tax Regime) and

has not exercised the option to opt out of the new tax regime. Accordingly, in such a case, the employer shall deduct tax at source, on income under section 192 in accordance with the rates provided under 115BAC(1A).

- That employee's intimation would not amount to exercising option in terms of Section 115BAC(6) and the person shall be required to do so separately in accordance Section 115BAC(6).

**This Circular is applicable for TDS during FY 2023-24 and subsequent years.**

For details, please refer CBDT Circular No. 4/2023 dated 5th April, 2023

**<https://incometaxindia.gov.in/communications/circular/circular-no-4-2023.pdf>**

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