# APPLICATION FOR GRANTING RELAXATION UNDER SECTION 119(2)(A)

From,

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Dated .....

To,

The Chairman

The Central Board of Direct Taxes

Dear Sir/Madam,

Subject : Application For granting relaxation in respect of penalty leviable under section 271C

PAN No .....

It is submitted that the assessing officer has imposed penalty under section 271C in case of my client ..... for the Assessment Year ..... allegedly for not deducting tax at source under section 194C.

The assessing officer was of the view that assessee should deduct tax under section 194C from payment made to labourers. We are in opinion that no tax is required to be deducted on such payment because payment is made to the employees employed by the assessee on daily wages and hence no contractual payment is made so as to attract TDS under section 194C. In this regard the decision of CIT v. Dewan Chand (2009) 178 Taxman 173 (Del) may be referred to wherein it was held that the liability to deduct tax under section 194C only arises in case of contractual payments. Since the payments were made to the employees employed by the assessee on daily wages, they are not caverd v/s 1996 of the Act.

Therefore, you are requested that the penalty imposed by the assessing officer under section 271C should please be waived.

Thanking you

Yours faithfully

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