PETER VIBUILA

No TDS on Buying Property Under Liquidation In case concerning S Kumars Nationwide, NCLAT rules that liquidator is not required to prepare balance sheet, P&L a/c

Salkat.Das1@timesgroup.com

ducted at source while liquidating a bankrupt company. nal throwing out taxman's claims nai Company Law Appellate Tribues is set to get easier with the Natio-Mumbai: Liquidation of compani that the liquidator has to get tax de-

ring the liquidation process. pare a balance sheet and profit & loss account and get it audited du the liquidator is not required to preof Income Tax, the NCLAT ruled tionwide and Chief Commissioner In the case between S Kumars Na-

no question of claiming refund of le income tax return, then there is dator of a company in liquidation under the Code is not required to fi-"We are of the view that the liqui-

> mar Mishra said in its order. of Jarat Kumar Jain and Ashok Ku-

stating that any buyer of property from a liquidator under Insolvency The order was passed on Monday

process easy, said CA who case will set a making the precedent, The landmark iquidation required to deduct and pay 1% TDS come-tax Act, 1961 and Bankruptcy Cotion 194-IA of the Inderation under Secfrom the sale conside, 2016 shall not be

appeared for submissions not be claimed as ce deducted could refund during liquserved that TDS on-The bench also ob-

on behalf of

the company under liquidation. hout filing of return of income of the liquidator idation process wit-

cedent, making the liquidation "The landmark case will set a pre-



process easy," said Anil Goel, a chartered accountant who appea-red before NCLAT for submissions on behalf of the liquidator, Om Prakash Agarwal

"Tax deducted at source (TDS) was

detrimental to the interest of credivery from the liquidation process. This order has permanently remotors, adversely impacting the recoved this difficulty," Goel said. income tax authority not to de-

duct 1% TDS from the sale consideciting "over-riding" effect of diffethat income tax dues can be recove-TDS is inconsistent, said the court, red by the department as per waration of ₹43 crore on the premise rent legal provisions. IBC. The provision of deduction of erfall mechanism set out under

to prepare audited financial statenot possible under the income tax and filing of income tax return is ments during liquidation process tions does not require a liquidator other documents. annual financial statement and law without preparing an audited The scheme of IBC and regula-

shall be verified by the liquidany is wound up under the orders of tor," the court said. "It is clear that when the compa-

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months au executives market ome retur Bengalur hed shares employe tent Syste (LITS), (LTI), L& land Feb restothe disposed Tech are sultancy Executiv accordin

priceso LITIS. hitnew Kesha