November 4, 2026

CBDT

No TDS on dividends between IFSC aircraft leasing units

CBDT S.O. 6016(E) ends TDS on dividends one IFSC aircraft leasing unit pays another, once the payee gives Form No. 1(N). In effect from April 1, 2026.

THE CENTRAL BOARD OF Direct Taxes, Department of Revenue, Ministry of Finance, issued Notification S.O. 6016(E), dated November 4, 2026 (Notification No. 141/2026, F. No. 275/17/2026-IT(B)), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 5784. It is made under section 400(1) read with Schedule VI (Table: S.No. 11) of the Income-tax Act, 2025. It is deemed to have come into force on April 1, 2026, and its explanatory memorandum certifies that no person is adversely affected by the retrospective effect.

KEY FACTS

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Notification S.O. 6016(E) (Notification No. 141/2026)



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The Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, issued Notification S.O. 6016(E), dated November 4, 2026 (Notification No. 141/2026, F. No. 275/17/2026-IT(B)), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 5784. It is made under section 400(1) read with Schedule VI (Table: S.No. 11) of the Income-tax Act, 2025. It is deemed to have come into force on April 1, 2026, and its explanatory memorandum certifies that no person is adversely affected by the retrospective effect.

The notification says no tax shall be deducted under section 393(1) (Table: S.No. 7) of the Act from dividend income paid by a unit of an International Financial Services Centre (IFSC) primarily engaged in the business of leasing of an aircraft (the payer) to a company that is itself an IFSC unit primarily engaged in that business (the payee).

The payee must give the payer a statement-cum-declaration in Form No. 1(N), annexed to the notification, for the tax year in which the exempt dividend income is payable, furnished and verified as the form sets out. The form asks for the payee's name, PAN, the name and address of its IFSC unit, contact number, email ID and the tax year, some of it pre-filled where possible. The declarant states that the unit is engaged in leasing of aircraft, that its dividend income is eligible for exemption under Schedule VI (Table: S. No. 11), and that it continues to work in the IFSC and in aircraft leasing during that tax year. The form is signed by a person competent to sign the return of income under section 265 of the Act.

The payer must not deduct tax on dividends paid or credited after it receives a copy of the form. It must report every payment on which it did not deduct tax because of the notification in its statement of deduction of tax under section 397(3)(b) of the Act, read with rule 219 of the Income-tax Rules, 2026. The Principal Director General or Director General of Income-tax (Systems) will lay down the procedures, formats and standards for the secure capture and transmission of data and the uploading of documents, and is responsible for the security, archival and retrieval policies.

"Aircraft" has the meaning in Note 3 of Schedule VI to the Act; "International Financial Services Centre" the meaning in section 2(q), and "Unit" the meaning in section 2(zc), of the Special Economic Zones Act, 2005. The notification does not say whether tax deducted on dividends paid before the payer receives the form can be refunded, and does not set out the Schedule VI exemption itself. It is signed by Rajendra Kumar Meena, Under Secretary.

Issued by	Central Board of Direct Taxes, Department of Revenue, Ministry of Finance

Document	Notification S.O. 6016(E) (Notification No. 141/2026)
Dated	November 4, 2026
Published in	Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 5784 (CG-DL-E-04112026-277668)
Takes effect	Deemed in force from April 1, 2026
Made under	Section 400(1) read with Schedule VI (Table: S.No. 11), Income-tax Act, 2025
Covers	Dividends paid by an IFSC unit primarily engaged in aircraft leasing to a company that is an IFSC unit primarily engaged in aircraft leasing
No deduction under	Section 393(1) (Table: S.No. 7), Income-tax Act, 2025
Payee's declaration	Form No. 1(N), for the tax year in which the dividend is payable
Payer's reporting	Statement of deduction of tax under section 397(3)(b), read with rule 219 of the Income-tax Rules, 2026
Procedures set by	Principal Director General or Director General of Income-tax (Systems)
File number	F. No. 275/17/2026-IT(B)
Signed by	Rajendra Kumar Meena, Under Secretary

The notification (PDF, 718 KB)

Source: Gazette of India, CG-DL-E-04112026-277668.

Checked against the official copy on November 7, 2026.

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