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Procedure and Formats for Generation of Unique Identification Number (UIN) for Form No. 121

Notification No. 01/CPC(TDS)/2026, dated 28-03-2026

The Directorate of Income-tax (Systems), in accordance with Rule 211 of the Income-tax Rules, 2026, has prescribed the procedure for the allotment of a Unique Identification Number (UIN) for Form No. 121. This pertains to declarations made by payees under Section 393(6) of the Income-tax Act, 2025, for the non-deduction of tax. The payer is responsible for enabling the payee to submit these declarations and must ensure the mandatory quoting of PAN.

Under the new guidelines, the payer must allot a UIN to every declaration and report these details quarterly in Part B of Form No. 121. The UIN will follow a specific sequence comprising the financial year, quarter, and a serial number. These particulars must be uploaded electronically via the Income-tax e-filing portal within the stipulated timelines. This notification is set to take effect from April 1, 2026, to standardize the tracking of non-deduction declarations.

1. Section 80P - Deduction on interest income of co-operative society depends on source of funds; matter remanded for verification

In the instant case[1], the assessee, a co-operative society engaged in providing credit facilities to its members, had earned interest income from deposits and investments made with co-operative societies, co-operative banks and other financial institutions. The assessee claimed deduction of the entire income under section 80P(2), treating such interest income as attributable to its business activities.

During the assessment proceedings, the Assessing Officer observed that the assessee failed to furnish complete details regarding the source of deposits and nature of investments. Relying on the decision of the Hon'ble Supreme Court in *Totgars Co-operative Sale Society Ltd.*, the AO held that such interest income was not attributable to the business of providing credit facilities to members and assessed it under the head "Income from other sources", thereby denying deduction under section 80P and the Commissioner of Income Tax (Appeals) affirmed that view.

The Hon'ble Bangalore Tribunal held that the allowability of deduction under section 80P depends upon the nature and source of funds from which the deposits are made. It observed that where deposits are made out of operational business funds, i.e., profits and gains arising from the business of providing credit facilities to members, the interest income would be attributable to such business and eligible for deduction under section 80P(2)(a)(i).

However, where deposits are not made out of such business funds, deduction would be restricted only to interest earned on statutory or mandatory deposits. Further, interest earned from deposits with a co-operative society (not being a co-operative bank) would qualify for deduction under section 80P(2)(d), and the remaining interest income would be taxable under the head "Income from other sources".

The Tribunal further held that in cases where any portion of interest income is assessed under the head "Income from other sources", the corresponding interest expenditure and proportionate administrative expenses incurred for earning such income must be allowed as deduction under section 57.

Since the facts on record were insufficient to determine the exact nature and source of deposits, the Tribunal restored the matter to the file of the Assessing Officer for fresh examination in accordance with law.

2. Section 194-IA – No TDS on purchase of rural agricultural land not being a capital asset; no default under section 201

In the instant case[2], the assessee, an individual, had purchased certain land parcels. The original assessment under section 143(3) was completed without any adverse observation in respect of such purchases.

Subsequently, the TDS Officer initiated proceedings under sections 201 and 201(1A) on the ground that the assessee had failed to deduct tax at source under section 194-IA, since the aggregate consideration of the properties exceeded ₹50 lakhs. Accordingly, the assessee was treated as an

[1] Udaya Souharda Co-operative Society Ltd. vs. ITO [2026] 184 taxmann.com 527 (Bangalore - Trib.)

[2] Income-tax Officer (TDS-3) v. Tarun Santramdas Varma [2026] 184 taxmann.com 656 (Ahmedabad - Trib.)

assessee in default and demand including interest was raised.

On appeal, the Commissioner (Appeals) deleted the demand, holding that section 194-IA was not applicable. The finding was based on certificates issued by the Gandhinagar Urban Development Authority, revenue records and census data, which established that the lands were situated beyond the prescribed distance from municipal limits and were agricultural in nature, thereby falling outside the scope of "capital asset" under section 2(14).

The Tribunal upheld the order of the Commissioner (Appeals) and observed that the Assessing Officer had not brought any material evidence on record to demonstrate that the lands were situated within the prescribed distance from the municipal limits as per the relevant notifications. In absence of any contrary evidence, the factual findings of the Commissioner (Appeals) could not be disturbed.

The Tribunal held that since the lands qualified as rural agricultural land, the same did not fall within the definition of "capital asset" under section 2(14), and consequently, provisions of section 194-IA were not applicable.

Accordingly, it was held that the assessee could not be treated as an assessee in default under section 201(1), and the interest levied under section 201(1A) was also not sustainable. The appeal of the Revenue was therefore dismissed.

3. Section 23 – Annual letting value to be taken at nil where property held for letting remained vacant throughout the year

In the instant case[3], the assessee company was engaged in the business of leasing and management of a software technology park and derived income mainly from rent and service charges. During the relevant assessment year, certain portions of the property remained vacant and no rental income was received therefrom. The assessee computed the annual letting value (ALV) of such vacant portions at nil under section 23(1)(c), stating that continuous efforts were made to let out the property and the same was subsequently let out in later years.

During the assessment proceedings, the Assessing Officer rejected the claim of nil ALV and computed notional rental income, which was added to the total income. The Commissioner (Appeals) upheld the addition on the ground that the assessee failed to demonstrate adequate efforts made to let out the property during the year.

On further appeal, the Tribunal observed that section 23(1)(c) covers a situation where a property is held for letting and remains vacant during the whole or part of the year. It held that the expression "let" used in the said provision is to be interpreted in a purposive manner to include cases where the property is intended to be let or is available for letting, and not necessarily actually let during the relevant year.

The Tribunal further observed that where the property remains vacant for the whole year and the assessee demonstrates intention to let out the same, the actual rent received or receivable would be nil, and accordingly, the annual value is also required to be taken at nil under section 23(1)(c).

In the present case, the assessee had substantiated that the properties were held for letting, efforts were made to find tenants and the same were actually let out in subsequent years. Therefore, the condition of vacancy as contemplated under section 23(1)(c) stood satisfied.

Accordingly, the Tribunal held that the annual letting value of the vacant properties was to be taken at nil

[3] Sofotel Infra (P.) Ltd. v. DCIT [2026] 184 taxmann.com 652 (Mumbai - Trib.)

and the addition made on account of notional rent was liable to be deleted.

4. Section 147 – Reopening beyond four years invalid in absence of failure to disclose; change of opinion not permissible

In the instant case[4], The assessee, a Government company engaged in exploration and production of mineral oil, trading of natural gas and generation of power, was subjected to regular assessments under section 143(3) for the relevant assessment years. During the original assessments, disallowance under section 14A was made by the Assessing Officer and the same was subsequently confirmed by the Commissioner (Appeals).

Thereafter, the Assessing Officer issued notices under section 148 beyond a period of four years from the end of the relevant assessment years, proposing to enhance the disallowance under section 14A read with Rule 8D on the ground of short disallowance.

In reassessment proceedings, additional disallowances were made over and above those already made in the original assessments. The Commissioner (Appeals) upheld the validity of reopening, though granted partial relief on merits.

On further appeal, the Tribunal observed that the issue of disallowance under section 14A had already been examined during the original assessment proceedings and had also attained finality at the level of the Commissioner (Appeals). Thus, the reopening was based on the very same material already available on record.

The Tribunal further noted that the reopening was initiated beyond four years and there was no failure on the part of the assessee to disclose fully and truly all material facts necessary for assessment. In such circumstances, the condition prescribed under the proviso to section 147 was not satisfied.

It was held that reopening of assessment on the same issue, without any fresh tangible material, amounted to a mere change of opinion, which is not permissible under law.

Accordingly, the Tribunal held that the reassessment proceedings were invalid in law and liable to be quashed. Consequently, the additions made in reassessment were also set aside and the appeals of the assessee were allowed.

[4] Gujarat State Petroleum Corporation Ltd. v. DCIT [2026] 184 taxmann.com 647 (Ahmedabad - Trib.)