

03:32 PM 18 JAN MARKET STATS ▾	SENSEX 27,258 ▲ 21.98	NIFTY 50 8,417 ▲ 19.00	GOLD (MCX) (Rs/10g.) 28,740 ▲ 2.00	USD/INR 68.00 ▲ 0.04	CREATE PORTFOLIO	Download ET MARKETS APP	CHOOSE LANGUAGE ENG
--------------------------------------------	---------------------------------	----------------------------------	----------------------------------------------	--------------------------------	-------------------------	--------------------------------	------------------------

IBA wants finance ministry to allow non-agency banks to collect taxes

By PTI | Updated: Jun 03, 2016, 08.12 PM IST

[Post a Comment](#)

NEW DELHI: [Indian Banks' Association](#) (IBA) has urged finance ministry to reconsider its order restricting [agency-banks](#), mostly state-owned, from tie-ups with other banks for collection of [direct taxes](#), saying the move has created problems for companies.

Budget 2017:
[Can Arun Jaitley make you & economy happy?](#)
[Click for our special Budget 2017 coverage](#)

[CBDT](#) recently asked all the agency banks "not to enter" into any tie-ups with non-agency banks for collection of direct taxes. Any agency-bank entering into such arrangement with non-agency banks for tax collection of entities other than FPIs would be deauthorised, it added.

Agency banks are those lenders which are authorised by the government to collect taxes.

Seeking review of the instructions, the Indian Banks' Association (IBA), in a letter to the Chief Controller of Accounts (CCA), Central Board of Direct Taxes, said existing arrangements have been in place for several years now and have been of "immense benefit" to customers who can use their existing bank accounts towards all their payment obligations including direct tax payments.

The restrictions follow a report of Public Accounts Committee of Parliament in which it expressed concern over practice of some agency banks offering facility of collection of direct taxes to some 'non-agency banks'.

As per the Department of [Financial Services](#), allocation of government business to private sector banks and use of net-banking facility for e-payment of direct taxes through agency-non-agency bank tie-ups is "unauthorised and irregular."

RBI, according to the CCA office memorandum, said that it has not approved any tie-ups arrangements between authorised and non-authorised banks. RBI was of the "opinion" that the non-agency banks were only playing the role of facilitator by aggregating the tax payments of their customers and remitting it to the agency bank like any other taxpayer.

In its letter, IBA said banks facilitating the payments do not receive any commission from the agency banks for such facilitation of clients. Furthermore, it argued, the arrangement with agency banks was merely for operational convenience of customers and such should not be "construed as sub-agency tie-ups".

"We request your good office to take up the matter with concerned authorities for continuation of the existing operational arrangements," IBA said.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

- Live Market
- News
- Portfolio
- Mobile
- Live TV
- Newsletter
- Commodities
- Speed
- QnA
- Blogs
- Alerts
- RSS

Other Times Group news sites

Times of India | इकनॉमिक टाइम्स
 मुंबई मिरर | Mumbai Mirror
 Times Now | Indiatimes
 नवभारत टाइम्स | महाराष्ट्र टाइम्स
 ವಿಜಯ ಕರ್ನಾಟಕ | Lifehacker
 Gizmodo | Eisamay | IGN India
 NavGujarat Samay

Living and entertainment

Timescity | iDiva | Zoom |
 Luxpresso | Gaana | Happytrips |
 Cricbuzz | Get Smartapp

Networking

itimes | MensXP.com

Hot on the Web

Income Tax Slabs | Budget 2017
 Sensex, Nifty Live | Income Tax
 Calculation
 UP & Punjab Assembly Elections
 2017 | Demonetisation
 Gold Rate

Services

ads2book | Gadgetsnow | Free Business Listings
 Simplymarry | Astrospeak | Timesjobs | Magicbricks | Zigwheels | Timesdeal |
 dineout | Filmipop | Remit2India | Gaana | Greetzap | Tchradar | Alivear |
 Google Play

