

Buying Property From an NRI? No TAN Needed From 1 October 2026

CBDT Notification No. 121/2026 (G.S.R. 830(E), 22 September 2026) moves TDS on property bought from a non-resident seller into the PAN-based Form No. 141 route for resident individual and HUF buyers.

INCOME-TAX ACT 2025

SECTION 397(1)(C)(III)

FORM NO. 141 SCHEDULE E

FORM NO. 132

A S Banka Advisors Private Limited

HOMeward
BOUND



What Changed on 1 October 2026

Until 30 September 2026, a resident individual buying a flat from an NRI had to register as a deductor: apply for a TAN, pay TDS by challan, file a quarterly non-resident TDS statement and issue a certificate. All of that for one purchase.

The Finance Act, 2026 substituted Section 397(1)(c) of the Income-tax Act, 2025 with effect from 1 October 2026. The TAN requirement no longer applies to a resident individual or HUF deducting tax on consideration for transfer of immovable property under Section 393(2) [Table: Sl. No. 17].

Notification 121/2026, the Income-tax (Fifth Amendment) Rules, 2026, supplies the machinery: rules 215(1), 218(3) and 219(5) amended, Form No. 141 gets a new Schedule E, Form No. 132 gets a new option.

Item	Detail
Instrument	CBDT Notification No. 121/2026, G.S.R. 830(E)
Dated	22 September 2026
In force	1 October 2026 (rule 1(2))
Who benefits	Resident individual or HUF buyer
Seller	Non-resident (NRI)

Four Features of the New Route

1

No TAN

Section 397(1)(c)(iii) switches off the TAN requirement for this deduction.

2

One Form, Not Three Steps

Tax is paid with a challan-cum-statement in Form No. 141, new Schedule E, instead of a challan plus a quarterly statement.

3

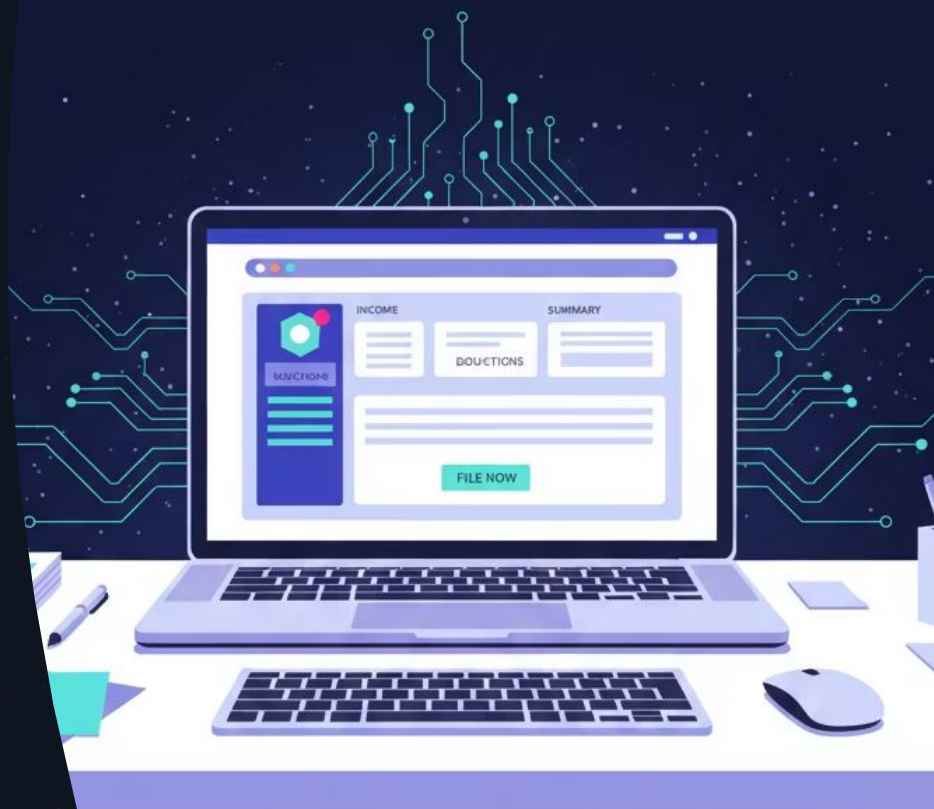
A 30-Day Clock

Payment and Form No. 141 are due within thirty days from the end of the month of deduction (rule 218(3) read with new clause (e); rule 219(5)(e)).

4

Certificate in Form No. 132

Issue it to the seller within fifteen days from the due date of the Form No. 141 (rule 215(1), Table Sl. No. 3).



Old Route vs New Route: The Numbers

Step	Deducted up to 30 Sep 2026	Deducted on or after 1 Oct 2026
TAN	Required, Section 397(1)(a)	Not required, Section 397(1)(c)(iii)
Deposit	Challan within 7 days from month end (rule 218(2))	With Form No. 141 within 30 days from month end
Statement	Quarterly Form No. 144	Transaction-wise Form No. 141, Schedule E
Certificate	Form No. 131	Form No. 132, within 15 days of the Form No. 141 due date
Rate	Rates in force, Sl. No. 17	Unchanged

0

TAN Applications

No TAN needed for resident individual or HUF buyers

30

Days from Month End

Deadline for Form No. 141 and payment

15

Days for Form No. 132

Certificate to seller after Form No. 141 due date

 Worked date: tax deducted on 10 October 2026, Form No. 141 and payment due by 30 November 2026.

Who Can Use It, Who Cannot

Eligible (Both Conditions)

- Buyer is a resident individual or a resident HUF
- Payment is consideration for transfer of immovable property by a non-resident seller
- Property type in Schedule E: land (other than agricultural land), building or part of a building, or both
- Joint buyers: each buyer files a separate Form No. 141 (Note 11)

Still Need a TAN and the Regular Route

- A company, LLP, firm or trust buying from an NRI
- A non-resident buyer
- Any tax deducted before 1 October 2026
- Regular route: challan plus quarterly Form No. 144 plus Form No. 131



Stakeholder Impact

CA Professionals

Update property-closing checklists for payments from 1 October 2026. Map each instalment to the right route, and confirm the portal treatment for deals that began under a TAN.

Founders and Startups

A founder buying a home from an NRI relative or co-founder now files one form instead of registering as a deductor. If the company buys office premises from an NRI, the company still needs its TAN.

MSMEs and Business Owners

Firms and companies buying premises from an NRI get no relief: TAN, challan, quarterly Form No. 144 and Form No. 131 continue. The penalty for failing to deduct stays equal to the tax not deducted (Section 448).

Four Caveats Before You Pay

1

The Rate Did Not Change

Section 393(2) Sl. No. 17 applies the rates in force on the NRI's gain, with no Rs 50 lakh threshold. Long-term gain rate under Section 197(1): 12.5 percent, plus surcharge and cess (Note 10).

2

Deduct on Every Instalment

Token advance, part payments and the final payment each need a Form No. 141. Later instalments quote the earlier acknowledgement number.

3

No PAN Means a Higher Rate

Section 397(2)(b) applies the higher of the rates in force or 20 percent unless the seller gives the rule 217 details: contact details, overseas address, tax residency certificate and tax identification number.

4

Mid-Deal Switch-Over Is Unclear

The Rules do not say how a purchase that began under a TAN moves to Form No. 141. Confirm the portal position before the first post-October instalment.

Action Plan for a Purchase From an NRI

1

Step 1

Confirm residential status: seller non-resident, buyer resident individual or HUF

2

Step 2

Collect seller PAN, or the full rule 217 set (contact, overseas address, TRC, TIN)

3

Step 3

Check for a Section 395(1) or 395(6) lower-deduction certificate; consider a Section 395(2) application

4

Step 4

Fix the rate: long-term or short-term gain, plus surcharge and cess

5

Step 5

File Form No. 141 Schedule E and pay within 30 days from month end, one form per joint buyer

6

Step 6

Issue Form No. 132 to the seller within 15 days of the Form No. 141 due date

OCTOBER

SUN	MON	TUE	WED	THUR	FRI	SAT
					1	1
			2	3	8	9
4	6	7	8	11	12	13
11	13	14	15	18	19	20
18	20	21	22	25	26	27
26	27	28	30			

Key Dates and Next Step

1

22 September 2026

Notification No. 121/2026 issued

2

30 September 2026

Last day of the TAN route for this deduction

3

1 October 2026

Form No. 141 Schedule E route in force

4

30 November 2026

Form No. 141 due for a deduction made on 10 October 2026



Critical reminder: the duty to deduct is unchanged. Only the paperwork got simpler.

Status per rule: Income-tax (Fifth Amendment) Rules 2026 = IN FORCE from 1 October 2026.

Buying from an NRI, or advising a client who is? Book a Call with **A S Banka Advisors Private Limited.**