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INCOME-TAX ACT, 2025

D: Collection and recovery

Section 420 - Tax clearance certificate.

(1) Subject to such exceptions as the Central Government may, by notification, specify in this behalf, no person,—

(a) who is not domiciled in India;

(b) who has come to India in connection with business, profession or employment; and

(c) who has income derived from any source in India,

shall leave the territory of India by land, sea or air unless he furnishes to such authority as may be prescribed—

(i) an undertaking in the prescribed form from his employer; or

(ii) through whom such person is in receipt of the income,

to the effect that tax payable by such person who is not domiciled in India shall be paid by the employer referred to in clause (i) or the person referred to in clause (ii), and the prescribed authority shall, on receipt of the undertaking, immediately give to such person a no objection certificate, for leaving India.

(2) Nothing contained in sub-section (1) shall apply to a person who is not domiciled in India but visits India as a foreign tourist or for any other purpose not connected with business, profession or employment.

(3) Subject to such exceptions as the Central Government may, by notification, specify in this behalf, every person, who is domiciled in India at the time of his departure from India, shall furnish—

(a) the Permanent Account Number allotted to him under section 262;

(b) the purpose of his visit outside India; and

(c) the estimated period of his stay outside India,

to the income-tax authority or such other authority in such form, as may be prescribed.

(4) Where no such Permanent Account Number has been allotted to any person referred to in sub-section (3), or his total income is not chargeable to income-tax, or he is not required to obtain a Permanent Account Number under this Act, such person shall furnish a certificate in such form, as may be prescribed.

(5) No person—

(a) who is domiciled in India at the time of his departure; and

(b) in respect of whom circumstances exist which, in the opinion of an income-tax authority render it necessary for such person to obtain a certificate under this section,

shall leave the territory of India by land, sea or air unless he obtains a certificate from the income-tax authority stating that he has no liability under this Act or the Wealth-tax Act, 1957 or the Gift-tax Act, 1958 or the Income-tax Act, 1961 or the Expenditure-tax Act, 1987 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, or that satisfactory arrangements have

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been made for the payment of all or any of such taxes which are or may become payable by that person.

(6) No income-tax authority shall make it necessary for any person who is domiciled in India to obtain a certificate under this section unless—

(a) he records the reasons therefor; and

(b) obtains the prior approval of Principal Chief Commissioner or Chief Commissioner.

(7) If the owner or charterer of any ship or aircraft carrying persons from any place in the territory of India to any place outside India allows any person to whom sub-section (1) or (5) applies to travel by such ship or aircraft without first satisfying himself that such person is in possession of a certificate as required by that sub-section, he shall be personally liable to pay the whole or any part of the amount of tax, if any, payable by such person as the Assessing Officer may, having regard to the circumstances of the case, determine.

(8) In respect of any sum payable by the owner or charterer of any ship or aircraft under sub-section (7),—

(a) the owner or charterer, shall be deemed to be an assessee in default for such sum; and

(b) such sum shall be recoverable from him in the manner provided in this Part as if it were an arrear of tax.

(9) The Board may make rules for regulating any matter necessary for, or incidental to, the purpose of carrying out the provisions of this section.

(10) For the purposes of this section, the expressions “owner” and “charterer” include any representative, agent or employee empowered by the owner or charterer to allow persons to travel by the ship or aircraft.

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