

Seminar on 12/04/2014 (WIRC, ICAI)

Issues for Discussion for Traces

1. Any change in the version of RPU and FVU should be informed in advance at least 30 days time limit to be given so that the pending work done in the old version be filed before the utility is updated;

NSDL will be sensitized for early notification by running ticker on website

2. The change in the FVU utility version introduced should not be made effective from retrospective returns filed. The processing of the Returns filed as per old FVU versions to be processed as per old version. Presently the problem is being faced for 197 certificates and its validity which has been included from October 2013 onwards in the new utility. The returns filed for the Quarters June and September 2013 have been processed with demands for these cases;

Any validation change implemented in RPU is generally for whole FY. Implementing it for selective quarters will result in more complication of data handling. 197 certificate validation can be handled for whole year and not quarter wise as it could be overused willingly.

3. Late Fee under Section 234E needs to be reviewed. As per the Budget Speech of the Finance Minister at the time of the presentment of the Finance Bill in 2012, it was stated about the immunity on the part of uploading of returns would be granted and stated that if the taxes have been paid and returns are uploaded within one year from the date, then no penalty will be levied. There after there has been no further development in this area. Issue needs to be resolved at the earliest.

This is a policy decision & only parliament/CBDT can take it up.

4. Circular for extension of time limit for government deductors have been granted but for other assesses there is no such extension, why there is such bias;

This is a policy decision & only parliament/CBDT can take it up.

5. The Appellate Authorities have passed Orders for various genuine mistakes and corrections, the same have not been rectified on the TDS CPC website. By what deadline this updates on the website be expected;

Issues with codes have been identified for some scenarios and most of these statements have already been reprocessed.

6. Online uploading of the TDS Returns by the Deductor – when it should be expected.

Online correction filing has already been started on TRACES.

7. The default and the consolidated file is sent by TDS CPC on request made by the Deductor. We recommend to send the same immediately after processing the return on their registered mail, where in the Form 16A, Consolidated file and Defaults file are mailed without making any request by the Deductor, as a part of simplification and faster compliance of the rectification filing and resolution to the problems;

These files can be made available only after valid KYC. There is always risk involved in sharing data via emails. Current approach also removes risk of losing all data if person with registered email id changes the organisation or get transferred.

8. Processing of correction statements takes long time for correction returns, which results in the delay for issue of certificates to the deductee. Processing time needs to be made on real time basis;

Correction statements are being processed regularly with pendency of at the most 1% at any point of time.

9. The demand notices are being sent and based on this demand notices for interest in delay payment of taxes. After payment of taxes, Deductor is required to file the correction statement and accordingly the demand gets cancelled on the TDS Portal. In many instances it is noticed that after complying with the requirements still some petty demands of Rs.5 to Rs. 50/- is shown outstanding. The Deductor is again required to do this cumbersome process and pay Rs. 35/- as fees to Tin Fcs. There should be some criteria of raising this petty demands as this is becoming an harassment to the genuine tax payers.

Online correction filing facility is available on TRACES which makes it easier for deductors. Moreover, additional late payment is generated while processing the correction statement filed by deductor for Late Payment (LP) interest. To avoid such small amount of demand, deductors needs to calculate additional LP at their end before making payment as interest determined at CPC is till date of processing.

10. All TDS deduction and deposit to be made online for all type of payments as is implemented for TDS on Immovable property. As a result of this all types of filing can be minimized and the result and output is faster.

It will be tedious process for deductors who have large no. of deductees.

11. The deductor has been provided by a certificate u/s 197 by the payee for lower deduction of tax subject to a certain financial cap. The deductor makes note of the limits but continues to deduct tax at lower rate even

after the cap has been crossed. This has been brought to his notice by his organisation's internal audit team. The deductor makes up the short deduction and pays the amount with interest u/s 201. He is required to revise his returns of the respective quarters to which the transactions pertain. How should this be carried out in the following example:

Total transactions related to the particular month:

Rs. 500000, cap was of Rs. 300000 @ 1% instead of normal 10%.

Tax has been deducted of Rs. 5000 which should have been 3000 plus 20000

The entries in the e statement in respect of the deductee show the gross figure at 500000 and the tax deducted figure at 5000

How should the correction statement be filed?

Please provide details of such instances & we will forward the same to CPC-TDS.

However, it seems to be case of mismatch of challans & is separately discussed in this seminar.

12. After filing the correction statement, we have received notice from the TRACES department regarding new liability raised for the same quarter and same FY. It has been noticed on downloading the justification file from the TRACES site, liability is determined because of short deduction u/s 197. On downloading the consolidated file from TRACES, we have noticed that LOWER TDS Deduction certificate number is on record, and the limit mentioned therein is not crossed. The objection needs to be clarified.

Some code issues have been identified and such cases have already been reprocessed.

13. On filing the correction statement with reference to PAN, TRACES is showing invalid PAN and deductor is having copy of PAN card and believes it to be true. How should this be addressed.

PAN holder needs to contact Assessing officer as it may have been deleted because of duplication.

14. What is to be done about demand in cases prior to 01/10/2010 where PAN is not available & employee/deductee has long way back left the company?

Reprocessing is being done for such cases.