



*Rawani & Co.*  
Chartered Accountants



## TRACES SITE- RECOVERY & ISSUES

27/12/2017

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# STATISTICS



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# STATISTICS

| Name and Address   |   |   |                                     |                   |
|--|---|---|-------------------------------------|-------------------|
| <b>Web Information Manager</b><br>Mrs. Jyoti Yadav<br>jyoti_yadav@tdscpc.gov.in<br>Aayakar Bhawan , Sector 3, Vaishali, Ghaziabad, U.P. - 201010 | <b>CPIO (CPC-TDS) &amp; Feedback Handling Officer</b><br>Mrs. Amita Sharma<br>amita_sharma@tdscpc.gov.in<br>Aayakar Bhawan , Sector 3, Vaishali, Ghaziabad, U.P. - 201010 | <b>Appellate Authority (CPC-TDS)</b><br>Sh. Sarvesh Chandra Katiyar<br>sarvesh_chandra_katiyar@tdscpc.gov.in<br>Aayakar Bhawan , Sector 3, Vaishali, Ghaziabad, U.P. - 201010 |                                     |                   |
| Processing related Statistics  | FY 2016-17  |   | FY 2017-18*                         |                   |
|  | Received  | Processed   | Received                            | Processed         |
| Original Statements  | 63,95,259   | 63,95,259   | 49,11,205                           | 49,08,293         |
| Correction Statements  | 22,69,346   | 22,69,346   | 12,58,823                           | 12,57,563         |
| Online Corrections   | 18,12,937   | 18,11,213   | 12,76,953                           | 12,76,766         |
| Download Request Type  | FY 2016-17  |   | FY 2017-18*                         |                   |
|  | Unique Deductors using the facility   | Download Requests   | Unique Deductors using the facility | Download Requests |
| Form 16A   | 16,83,154   | 24,80,00,223  | 14,03,249                           | 30,20,613         |
| Form 16  | 4,98,079  | 4,29,97,919   | 5,00,231                            | 6,85,165          |
| Form 16B   | 1,98,844  | 5,08,513  | 1,19,318                            | 2,45,379          |
| Justification Report   | 6,17,362  | 40,16,068   | 4,28,295                            | 11,31,370         |
| Conso File   | 7,86,909  | 57,36,173   | 6,04,145                            | 24,75,381         |

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## STATISTICS

| Registration Statistics          |  | FY 2017-18      |
|----------------------------------|--|-----------------|
| Deductors Registered - Govt.     |  | 1,81,560        |
| Deductors Registered - Non-Govt. |  | 17,51,628       |
| <b>Tax Payer</b>                 |  | <b>8,53,838</b> |

| Grievance related Queries | FY 2016-17 | FY 2017-18* |
|---------------------------|------------|-------------|
| Inbound Calls             | 5,99,774   | 3,24,477    |
| Grievances through email  | 1,17,725   | 61,692      |
| Grievances through Post   | 13,827     | 6,343       |
| Online Grievances         | 55,943     | 23,954      |

| 26AS Views                      | FY 2016-17   | FY 2017-18*  |
|---------------------------------|--------------|--------------|
| Total Views                     | 17,33,13,621 | 11,04,77,661 |
| Distinct Taxpayers viewing 26AS | 3,39,85,776  | 2,97,75,549  |

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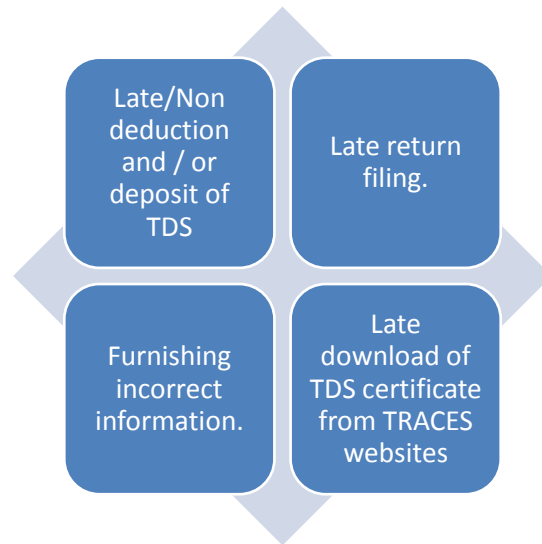
## FUNCTIONALITIES THROUGH TRACES

- Registration and Login
- Add sub-users for a TAN
- View Challan Status / Statement Status / Default Summary
- Download Conso File / Justification Report
- PAN Verification / Download Consolidated TAN PAN File
- 197 Certificate Validation
- Online Correction
- Declaration for Non Filing of Statement
- Download Form 16 / 16A / 27D / 16B
- Provide Feedback
- Download forms
- Manage Profile
- Dashboard View
- Refund Functionality
- Request for Resolution
- Declaration to Deposit Lower TDS

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## Why Defaults Happen



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## Categories of Defaults :

### SUBSTANTIVE :

- Deduction of tax at source :
  - Failure to deduct tax at source
  - Delay in the deduction of whole or part amount of tax
- Payment of tax deducted at source :
  - Failure to deposit the whole or part of TDS (non-deposit)
  - Delay in the payment of whole or part amount of TDS (short deposit or late deposit)

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## Types of TDS Defaults :

### PROCEDURAL :

#### III. Failure to furnish or delay in furnishing the prescribed statements u/s 200(3)

- The provisions of quarterly statements of TDS have been introduced in the statute vide section 200(3) w.e.f. 01/04/2005.
- Every person responsible for deducting tax is required to file quarterly statements of TDS for the quarters ending on 30th June, 30th September, 31st December, and 31st March in each Financial Year.

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## Consequences of TDS Defaults

### > Consequences on failure to comply with TDS/TCS provisions under the Income-tax Act, 1961 are as follows :

- Non allowance of expenditure u/s 40(a)(i) / 40(a)(ia).
- Being treated as an assessee in default u/s 201
- Simple interest payable u/s 201(1A) on account of failure to deduct or pay tax.
- Penalty payable when assessee is in default in payment of tax u/s 221.
- Assessee liable to pay fee u/s 234E for delay in furnishing statement.
- Penalty u/s 271C/CA for failure to deduct tax at source or collect at source.
- Penalty u/s 271H for failure to furnish the statements of tax deducted at source.
- Penalty for failure to furnish a certificate as required by section 203 or 206C.
- Prosecution u/s 276B on failure to pay tax to the credit of Central Government under Chapter

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## Consequences of TDS Defaults

### A. **Non allowance of expenditure u/s 40(a)(ia)**

- Failure to deduct tax on interest, commission, brokerage, rent, royalty or professional fees etc.
- Having deducted, failure to pay the tax deducted within the dates prescribed or before the due date of filing the return of income u/s 139(1)
- Results in disallowance of expenditure

#### Saving :

- If tax is deducted & paid in the subsequent year, or paid after the end of the previous year but after due date of return u/s 139(1) then expenditure is deductible in that year.
- If established that assessee is not an assessee in default u/s 201- No disallowance.

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## Notice from TDS Department- Not to Ignore

- For Interest on delay remittance of TDS, pay the same after verification and file Revised Return.. Such payment should be under the category of Tax on Regular Assessment..
- For short deduction, verify the contents and file revise return accordingly;
- Send reply to the Notice of the Assessing Officer with a copy of the receipt of filing Revised Return.

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## Defaults... Whether Legal

- It is stated that the defaults generated and displayed on the TDS-CPC website is deemed to be the NOD;
- If the errors are not rectifiable by filing e-Revised TDS Return, then to ensure that the necessary correspondence be done with the TDS Assessing Officer/TDS-CPC to avoid penalties;

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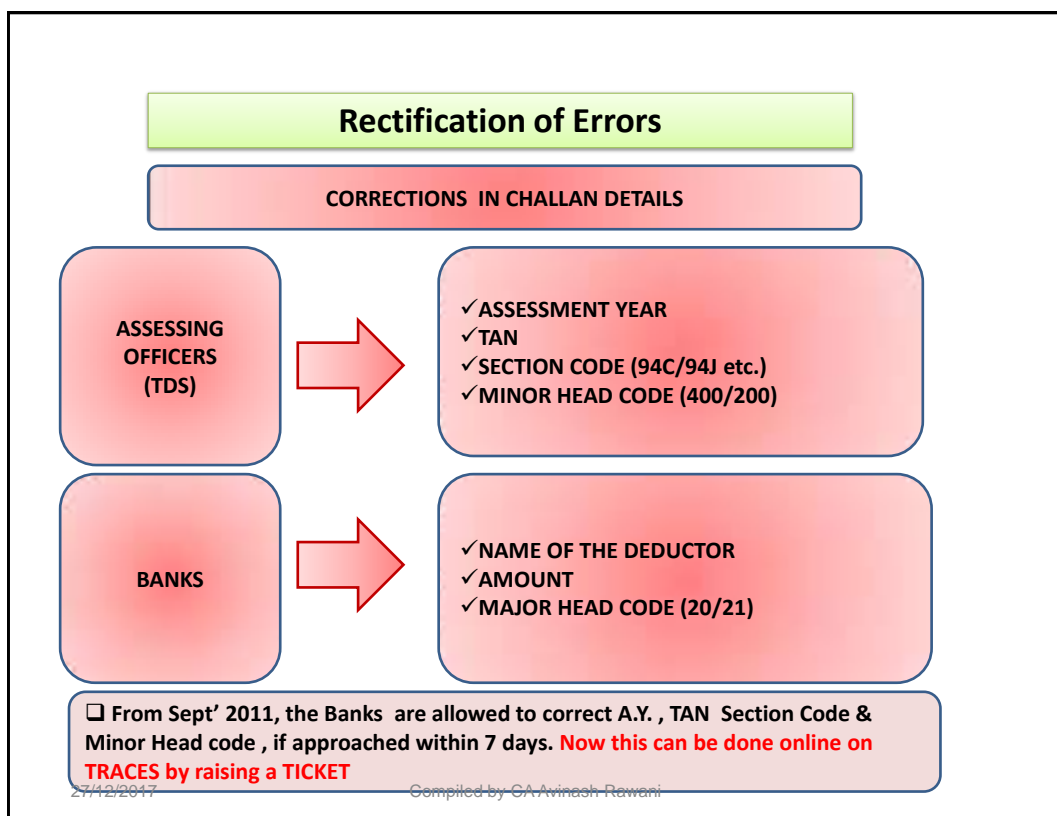
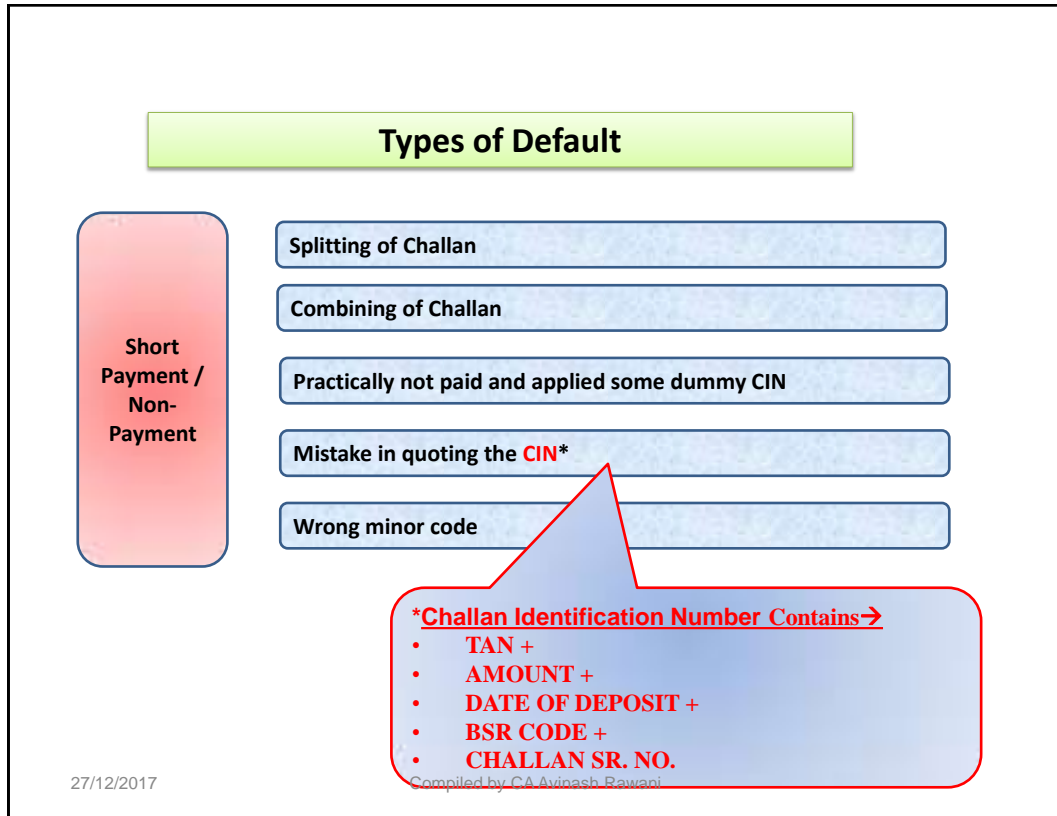
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## DEVELOPMENT OF STANDARD OPERATING PROCEDURES

- Matching the unconsumed challan.
- Top Deductors paying less/no tax with respect to previous financial years.
- Resolvable/Collectible TDS Demand.
- G-OLTAS reconciliation.
- Corporate connect for TDS compliance

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From 01<sup>st</sup> Sept. 2011, the Banks are allowed to correct Errors in Physical Challan as under

| Correction Reqcd.  | Time-limit from Challan Deposit date |
|--|--------------------------------------|
| TAN/PAN  | Within 7 days                        |
| Assessment Year  | Within 7 days                        |
| Amount   | Within 7 days                        |
| Other fields<br>(Major Head, Minor Head,<br>Nature of payment) | Within 3 months                      |

**The time window for correction by the bank is 7 days from the date of receipt of correction request from the tax-payer.**

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## Reply to Online Communication From TDSpc

The screenshot shows the TDS TRACES portal interface. The 'Communications' menu is highlighted, and a dropdown menu is open showing various request categories. The 'Request for Resolution' option is circled in red. The 'Request Category' dropdown menu includes the following options:

- Statement Status
- Statement Rejection Reason
- Form 1E / 15A
- Justification Report
- Copy File
- TAN/PAN Master
- PAN Verification
- Delete Contract
- Defaults / Demand
- Information Serv
- Form 26AS
- Refund of Challan
- KYC
- Demand Waive off
- Extension of time against Demand Notice
- Change in Communication Details
- Correction Statement filed for the establish
- Amount paid against the demand notice
- Late Filing Fee Waive off

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## Rectification of Errors

### Points to be remember while depositing TDS/TCS

- Select correct minor head code (200) while making TDS/TCS deposits
- Select correct minor head code (400) while making regular TDS/TCS payments arising out of Order u/s. 201(1)/201(1A)/271C or 272A(2)(k) etc.
- Ensure due diligence in quoting TAN, section code and assessment year while making TDS/TCS deposits
- For deducting TDS/TCS refer to latest chart/rules for TDS/TCS rates
- On due date deposit tax before 20.00 hours ( i.e. 8:00 p.m.) to avoid interest for late payment.

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## Rectification of Errors: Consolidated TDS/TCS File

- Available to registered TANs at TIN
- **Mandatory from June 2010-11** to prepare correction return with consolidated TDS/TCS file generated each time.
- Available on online request and successful verification
- Consolidated file provided by TIN includes
  - all the updates done vide correction statements (accepted at TIN central system) filed by deductor/ collector
- Consolidated TDS/TCS file is
  - emailed at email ID in TAN account
  - available for instant download
- eTutorial on TAN registration and Consolidated file request on TIN website

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## TDS / TCS – Good Practice

- Insist for PAN of deductee / employee, with a copy of **PAN CARD**
- **Verify PAN of deductee / employee** before quoting in TDS/TCS return
- **Report all transactions** where tax is deducted/collected
- In case **PAN of the deductee / employee is not available;**
  - deduct tax at higher rate
  - report such transactions in the TDS/TCS return with flag 'C' indicating tax deducted at higher rate
  - File correction statement to update deductee / employee PAN if provided subsequently
- Deduct tax as per the latest prescribed rates and correctly report the same in the TDS/TCS statement

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## Consequences of TDS Defaults

### ● Issues :

1. Will short deduction result in disallowance of expenditure?
2. What is the position in regard to sums deducted and paid during the year but beyond the time as prescribed in chapter XVII B?
3. What is the position in regard to the provisions where payees have been identified? Will there be a difference if the payees have not been identified?
4. What is the meaning of the term "deduction"?

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## Consequences of TDS Defaults

### B. Tax deductor deemed to be an assessee in default u/s 201

- If an assessee fails to deduct tax at source or having deducted fails to pay, then such person shall be deemed to be an assessee in default.
- Simple interest u/s 201(1A) at the rate of 1% or 1.5% shall be payable who does not deduct or after deducting fails to pay the tax.
- Interest to be paid from the date on which such tax was deducted to the date on which such tax is actually paid.
- Form 26A to be obtained from the Practising Chartered Accountant in the specified format for allowance for expenses. (As per Finance Act, 2012 effective 1.4.2012)

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## Consequences of TDS Defaults

### Section 201 (contd..) Saving

- As per the Proviso inserted by Finance Act, 2012--
  - any person who fails to deduct tax, but
  - is not deemed to be an assessee in default in respect of such tax provided if the resident payee—
    - a. Has furnished return of income u/s 139;
    - b. has taken into account such sum for computation of income;
    - c. Has paid the tax due on income
    - d. A certificate to that effect is issued by his “accountant”

#### Issues :

- Is the insertion of the proviso retrospective?
- What is the position in case of a return of loss by the payee?
- In case of such a return of loss by the payee is the assessee still to be treated as an assessee in default?

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## Consequences of TDS Defaults

### C. Penalty payable when tax in default u/s 221

- Penalty u/s 221 is payable when an assessee is in default or is deemed to be in default in making the payment of tax and fails to pay the tax.
- The Assessing Officer may direct an amount of penalty payable.
- The total amount of penalty shall not exceed the amount of tax in arrears.
- The assessee shall be given a reasonable opportunity of being heard.
- No penalty shall be levied where the assessee proves to the satisfaction of the Assessing Officer that the default was for good and sufficient reasons.

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## Consequences of TDS Defaults

### C. Fee for default in furnishing statements u/s 234E

- Fee payable for failure to deliver a statement within the time prescribed in section 200(3) or the proviso to sub-section (3) of section 206C.
- A sum of rupees two hundred shall be payable for every day during which the failure continues.
- The amount of fee shall not exceed the amount of tax deductible or collectible, as the case may be.
- The amount of fee shall be paid before delivering or causing to be delivered a statement as per section 200(3) or the proviso to sub-section (3) of section 206C.

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## Consequences of TDS Defaults

- The provisions of this section shall apply to a statement which is to be delivered for TDS or TCS, on or after the 1<sup>st</sup> day of July, 2012.

### Issues :

- Is the payment of “Fee” mandatory ?
- Is this payment for default in the nature of “Fee” as is understood or will it partake the character of a Penalty ?

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## Consequences of TDS Defaults

### C. Penalty for failure to deduct tax at source u/s 271C

- Failure to deduct the whole or any part of the tax—
  - As required under the provisions of Chapter XVIIIB, or
  - As required under section 115-O(2) or
  - As per second proviso to section 194B
- Penalty of the sum equal to the amount of tax which was required to be deducted or paid shall be payable.
- Any penalty imposable shall be imposed by the Joint Commissioner.
- Issue : Can a penalty be levied under both the sections, i.e., section 221 & section 271C ?

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## Consequences of TDS Defaults

### C. Penalty for failure to collect tax at source u/s 271CA

- Failure to collect the whole or any part of the tax under the provisions of Chapter XVIIIBB.
- Penalty of the sum equal to the amount of tax which was failed to be collected shall be payable .
- Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.

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## Consequences of TDS Defaults

### G. Penalty for failure to furnish the statements u/s 271H :

- A person shall be liable to pay penalty, if—
  - He fails to deliver a statement within the time prescribed in section 200(3) or the proviso to sub-section (3) of section 206C or;
  - Furnishes incorrect information in the statement which is required to be delivered
- The penalty payable shall be a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees.

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## Consequences of TDS Defaults

- Penalty shall not be payable u/s Sec.271H(3) if the quarterly statements for TDS or TCS were delivered before the expiry of a period of one year from the time prescribed.
- The provisions of Sec.271H are applicable in respect of the quarterly returns filed on or after 1st day of July 2012.

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## Consequences of TDS Defaults

### H. Penalty u/s 272A(2)(g) for failure to furnish a certificate as required by section 203 or 206C :

If any person fails –

- to furnish a certificate as required by section 203 or 206C,
- he shall pay by way of penalty, be liable to pay a sum of Rs.100 for every day during which the failure continues.

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## Consequences of TDS Defaults

- **I. Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B (Prosecution u/s 276B) :**
  - Failure to pay to the credit of the Central Government, -
    - (a) the tax deducted at source as required by or under the provisions of Chapter XVII B ; or
    - (b) the tax payable by him under sub-section (2) of section 115-O ; or as per second proviso to section 194B,
  - Punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

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## Consequences of TDS Defaults

### **I. Failure to pay the tax collected at source (Prosecution u/s 276BB) :**

- Failure to pay to the credit of the Central Government, the tax collected by him as required under the provisions of section 206C
- Punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

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## Compounding of offences

- Power to compound offences u/s 279(2)
  - Any offence under this Chapter may, either before or after the institution of proceedings, be compounded by the Principal Chief Commissioner or Chief Commissioner or a Principal Director General or Director General.
- Compounding of interest at the discretion of the authority, based on the category and nature of demand.
- Compounding according to the guidelines issued by the CBDT from time to time.
  - Prosecution initiated under IPC cannot be compounded;
  - Classification of Application under various categories of offences as per Section

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## In case of No deduction return is to be filed.

- answer is **NO**.
- The filing of a NIL statement is not mandatory at present but it may be enforced in future.
- However, in case of Form 24Q4, if there is no deduction, then also you are required to E-file it.
- In case of receipt of letter from the Department, file the related reply.

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## Non-Filing Reasons can be given

Dashboard **Statements / Payments** Defaults Communications Downloads

Welcome You have logged in on

**Declaration for Non - Filing**

Provide details below to add the statement details for non - filing :

Financial Year\* 2013-14 Quarter\* Q1 Q2 Q3 Q4 Form Type\* 24Q 26Q 27Q 27EQ

Reason\* --Select--

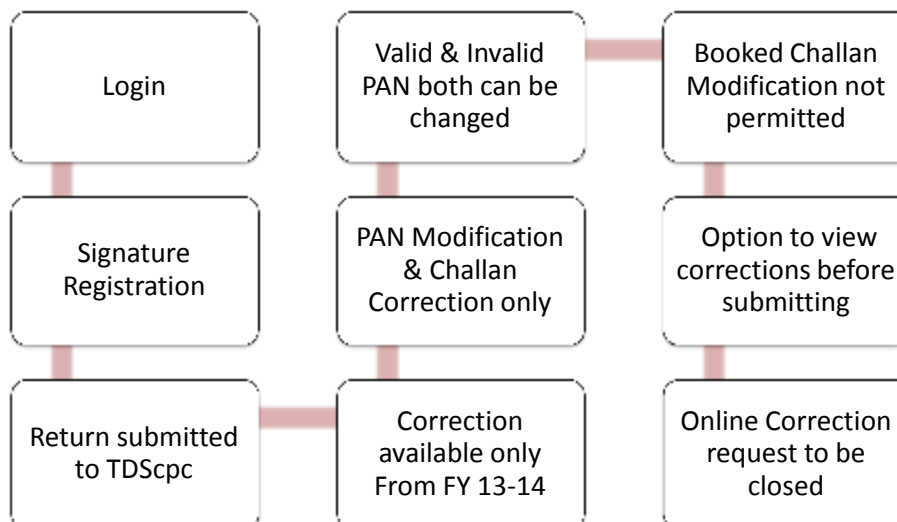
- Select--
- Not Liable to deduct
- No Payment made /
- Temporarily Business
- Permanently Business
- Payment Below Thre
- Any Other Reason

Add Statement Details

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## ONLINE CORRECTION SYSTEM AT GLANCE



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### TDS Assessment procedure Notified

- CP of STDS Scheme notified on 15/01/2013;
- The guidelines are as per normal assessment proceedings;
- Notices to come by way of e-mail only;
- Monitoring through e-mail and communication only and no personal interference on the part of the Department or Assessee

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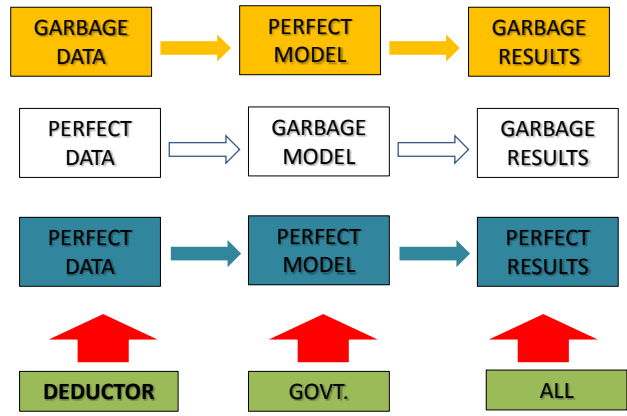
### Finance Act 2012 Amendments

- Tax Residency Certificate made mandatory for application for lower or non deduction of tax by the non residents (Section 195)

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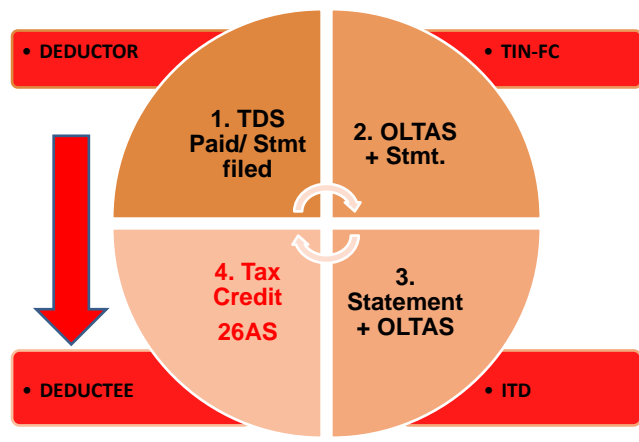
**In Nutshell.....Garbage In → Garbage Out**



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**The Ultimate Advantage**



*The purpose of life is just not to be happy alone. It is to be useful, to be honorable, to be compassionate, to have it make some difference that you have lived and lived well.*

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# Forgiveness

The TDS Returns should be filed in such a way that it should not make

our **Life TeDious**



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