

**VASAI BRANCH OF WIRC OF ICAI**

**TDS PROCEDURES**

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TMG & ASSOCIATES**

TDS PROCEDURES : - not at all tedious

Tax Information Network (TIN) is a part of this modernization initiative by Income Tax Department.

CBDT introduced “Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003” stating that the “e-deductor” shall furnish e-TDS Return on computer media on quarterly basis. In the same scheme responsibilities of e-Intermediary and powers of e-Administrators were defined.

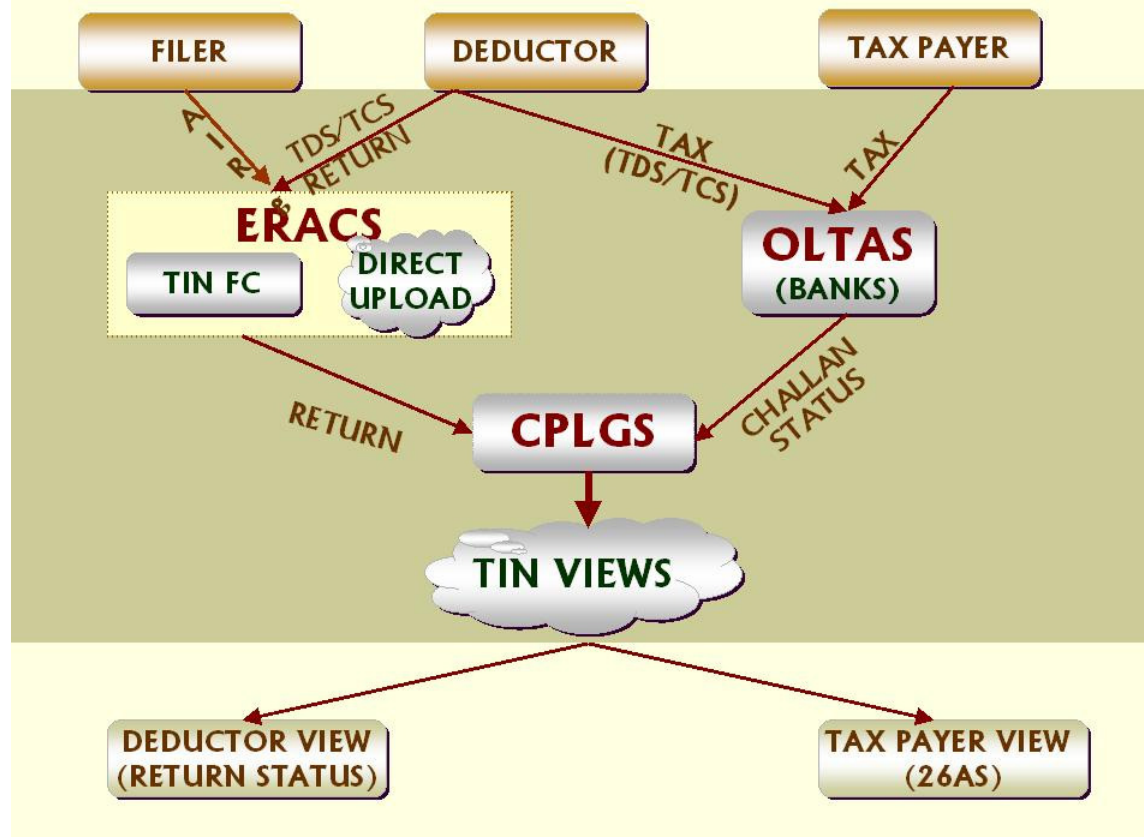
**TDS PROCEDURES :**

**TIN has three key sub-systems.**

Online Tax Accounting System (OLTAS) for daily upload to the central system the details of tax deposited in various tax collecting branches across the country.

Electronic Return Acceptance and Consolidation System (ERACS) : a web-based utility for upload of electronic returns

Central PAN Ledger Generation System (CPLGS) which is the central system that consolidates details of TDS/TCS Adv Tax/SA Tax for each PAN.



**TDS PROCEDURES :**

**Benefits of TIN to the deductors**

- 1 Elimination of manual preparation, signing and issue of TDS certificates.
- 2 No need to file and store multiple copies of TDS Certificates.
- 3 Instead of filing large number of physical papers (truckloads for large companies) the e-TDS return is now one floppy/CD.
- 4 Cost saving in preparation of statements.
- 5 Furnishing through service network of TIN-FCs helping them demand better service quality.

As per notification no. 41/2010 dated May 31, 2010 from April 1, 2010 addition to the existing two categories, i.e. Government and Company, quarterly statements of TDS/TCS shall also have to be furnished electronically in the following cases:-

- a) Tax Audit u/s 44AB of the Income-tax Act is applicable in the immediately preceding financial year.
- b) The number of deductees'/collectees' records in a quarterly statement for any quarter of the immediately preceding financial year is equal to or more than **twenty**.

**TDS PROCEDURES :**

**A.MAKING PAYMENT :**

Procedure for Tax Payer :

- a) Use challan type 281
- b) Use separate challans to deposit tax deducted under each section
- c) Use separate challans to deposit tax deducted for different types of Deductees i.e. Corporate or Non Corporate
- d) Use separate challans for deductees having no-PAN
- e) Can be paid manually or online through OLTAS.

It is mandatory for the following types of assesses to pay tax online with effect from April 1,2008 :

- i) All the corporate assesses.
- ii) All assesses (other than company) to whom provisions of section 44AB of the Income Tax Act, 1961 are applicable.

# TDS PROCEDURES :

**NSDL** TAX INFORMATION NETWORK  
*of Income Tax Department*

about TIN | services | TIN facilitation centers | publications | downloads | faq | login | customer care

about NSDL  
guided tour  
contact us  
site map  
related links  
disclaimer  
TIN Call Center  
Registration for Annual Tax Statement (Form 26AS)  
View Annual Tax Statement (Form 26AS)

welcome

**new @ TIN**  
[TDS/TCS returns with insufficient deductee PAN \(August 11, 2008\)](#)  
[New AIR Filers' Manual](#)

**online services**  
select

**search**  
Search the website **GO**  
All Words

**detailed search**  
Detailed Search

**TIN facilitation centers**  
Search for TIN-FC near your location

**Online Services**

- PAN
- TAN
- e-TDS/TCS Online Filing
- Challan Status Enquiry
- Quarterly Statement Status
- View Tax Credit
- e-payment : pay taxes online**
- e-Return Intermediary
- Online PAN Verification
- Status of Tax Refunds **NEW**
- PAN/TAN Application Status Enquiry

Tax Information Network (TIN), a repository of nationwide tax related information, has been established by National Securities Depository Limited on behalf of Income Tax Department of India (ITD).

**New features:**

- [SMS facility for Challan Status \*\*NEW\*\*](#)
- [Contact details of TIN Call Center \(TCC\) have changed \*\*NEW\*\*](#)
- [Procedure for filing e-TDS/TCS returns with insufficient deductee PAN \(August 11, 2008\) \*\*NEW\*\*](#)

**NSDL** TAX INFORMATION NETWORK  
*of Income Tax Department*

## e-Payment

Select applicable challan

**TDS/TCS**

CHALLAN NO./ITNS 281 (Tax Deducted at Source / Tax Collected at Source (TDS/TCS) from corporates or non-corporates)

**Non-TDS/TCS**

CHALLAN NO./ITNS 280 (payment of Income tax & Corporation Tax)  
CHALLAN NO./ITNS 282 (payment of Securities Transaction Tax, Hotel Receipts Tax, Estate Duty, Interest Tax, Wealth Tax, Expenditure Tax / Other direct taxes & Gift tax)  
CHALLAN NO./ITNS 283 (payment of Banking Cash)

Use this challan for deposit of TDS/TCS

TDS PROCEDURES :

## e-Payment

Income Tax Department

<b>Tax Applicable*(Tax Deducted/Collected At Source From)</b>		<b>Challan No./</b>	
<input type="radio"/> (0020)COMPANY DEDUCTEES <input type="radio"/> (0021)NON-COMPANY DEDUCTEES		ITNS	
		281	
Tax Deduction Account No*	<input type="text"/>	Assessment Year*	Assessment Year <input type="text"/>
Full Name*	<input type="text"/>		
Flat/Door/BlockNo.	<input type="text"/>	Name of premises/Building/ Village	<input type="text"/>
Road/Street/Lane	<input type="text"/>	Area/Locality	<input type="text"/>
City/District*	<input type="text"/>	State*	State <input type="text"/>
Pin Code *	<input type="text"/>		
<b>Type Of Payment*</b>			
<input type="radio"/> (100)ADVANCE TAX <input type="radio"/> (102)SURTAX			
Nature Of Payment*	Nature of Payment <input type="text"/>		
Bank Name*	Bank Name <input type="text"/>		

**Note:**

- Enter valid 10-digit Tax Deduction Account Number (TAN) first.
- Fields marked with \* are mandatory.
- Provision to enter tax amount is given in the Bank's site.
- Do not enter double quotes ("") in any of the fields

• Online Tax Statement helps you in filing your income return, " C

Deductor should provide these details correctly. Banks do not have authority to rectify errors in these fields

Proceed   Clear Form   Home



**TDS PROCEDURES :**

Procedure for Collecting Bank :

Collecting Bank branch need to give counter mentioning the Challan Identification Number (CIN)

The collecting bank branch will transmit the details to the “Tax Information Network” (TIN) through the Online Tax Accounting System (OLTAS).

Income Tax Department has devised the file formats for uploading data regarding tax payment. Banks are expected to generate and upload tax data as per these formats. Once the file has been prepared as per the file format, it can be verified for correctness of its structure using the File Validation Utility (FVU) provided by NSDL

TDS PROCEDURES :

**B. VERIFICATION ONLINE :**

One can verify status of payments through link “Challan Status Enquiry” on website [www.tin-nsdl.com](http://www.tin-nsdl.com)

**NSDL** TAX INFORMATION NETWORK  
of Income Tax Department

**OLTAS-Challan Status Inquiry**

[Introduction](#) [FAQs](#) [Downloads](#) [Contact Us](#)

**For Tax Payers :**

CIN Based View TAN Based View

**For Banks :**

Collecting Bank Branch Nodal Bank Branch

**Challan Status Enquiry for Tax Payers :**

Using this feature, tax payers can track online the status of their challans deposited in banks. This offers two kind of search.

**a) CIN based view :**


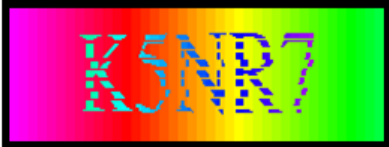
On entering Challan Identification Number (CIN i.e. details such as BSR Code of Collecting Branch, Challan Tender Date & Challan Serial No.) and amount (optional), the tax payer can view the following details:

- BSR Code
- Date of Deposit
- Challan Serial Number

**TDS PROCEDURES :**

**CIN Based View :**

Through CIN Based View details of any particular challan can be verified.

		<b>TAX INFORMATION NETWORK</b> <i>of Income Tax Department</i>	
<b>Challan Status for Tax Payer</b>			
<b>BSR Code of Collecting Branch *</b>	<input type="text" value="0000630"/>		
<b>Challan Tender Date(Cash/Cheque Deposit Date) *</b>	<input type="text" value="9"/>	<input type="text" value="Mar"/>	<input type="text" value="2005"/>
<b>Challan Serial No. *</b>	<input type="text" value="43087"/>		
<b>Amount</b>	<input type="text"/>		
<p><b>* Verify the text in the below picture</b></p> <p>Please enter alphabets and digits only and characters are case sensitive.</p>			
		<p>* Enter the code shown:</p> <input type="text" value="K5NR7"/>	
<input type="button" value="VIEW"/> <input type="button" value="CLEAR"/>			

**TDS PROCEDURES :**

The details may not be available with TIN in case the bank has not uploaded the tax collected data to TIN or the Challan Identification Number uploaded by the bank is different then the CIN issued to taxpayer / deductor. In that case taxpayer / deductor may contact the bank branch where the tax has been deposited

**TAN Based View**

Through the TAN Based View details of all challans deposited in the banks for a given TAN during a specified period can be viewed.

TDS PROCEDURES :

**OLTAS - Challan Status Inquiry**

**Challan Status Query for Tax Payer**

Tax Deduction / Collection Account Number (TAN)

Please enter valid TAN.

Challan Tender Date/Date of Deposit (Period)

From: DD 01 MM APR YYYY 2009

To: DD 30 MM JUN YYYY 2009

**Note:**

Enter TAN in upper case. E.g MUMM1111

**View Challan Details:**

Details of Challans deposited for given period can be viewed online

Download the challan file and verify the challan details in the statement through FVU

- Period selected should be within 15 months.

**TDS PROCEDURES :**

**Rectification of errors in challan**

Taxpayer / Deductor may contact bank IF

- a) any challan deposited in the bank is not being displayed
- b) name, amount and major head code displayed is incorrect.

For rectification in TAN/PAN, assessment year and minor head code deductor may contact TDS assessing officer.

**Verification through Short Messaging Service (SMS) based facility**

Send SMS to 575758

SMS to contain the word **CSI** followed by space and CIN (BSR code, tender date, challan serial no.) amount is optional

CIN and amount should be comma separated.

Eg. **CSI 0510001,11032009,5,5000**

**CIN constitutes of** BSR Code of Collecting Branch (seven digit) ,  
Challan Tender Date (DDMMYYYY) and Challan Serial No (length less than or equal to 5 digit) and Amount.

Facility for downloading file containing challan details uploaded by banks is provided in the TAN Based View

**TDS PROCEDURES :**

**PREPARATION & FILING OF TDS RETURN :**

1. e-TDS/TCS statement must be prepared in clean text **ASCII Format with "txt"** as filename extension.
2. NSDL has prepared an e-TDS Return Preparation Utility (NSDL quarterly e-TDS RPU) for preparation of quarterly e-TDS statements and an e-TCS Return Preparation Utility (NSDL quarterly e-TCS RPU) for preparation of quarterly e-TDS/TCS statements. These utilities are MS–Excel based and VB based (Form 24Q) freely downloadable at [www.tin-nsdl.com](http://www.tin-nsdl.com).
3. Each branch / division of an entity will have a separate TAN if it is filing separate TDS/TCS returns.

**TDS PROCEDURES :**

<b>Form No.</b>	<b>Description</b>	<b>Periodicity</b>	<b>Due Date</b>
<b>24Q</b>	<b>For salary deduction</b>	<b>Quarterly</b>	<b>For first three quarters: within 15 days from end of quarter. For last quarter: upto 15th June in the succeeding F .Y. Q1 – 15th July Q2 – 15th October Q3 – 15th January Q4 – 15th June</b>
<b>26Q</b>	<b>For non-salary deduction (Rent , Contractor etc.)</b>		
<b>27Q</b>	<b>For deduction on payment to non-salary non-resident</b>		
<b>27EQ</b>	<b>Collection of TCS on sale Timber, scrap etc</b>	<b>Quarterly</b>	<b>For first three quarters: within 15 days from end of quarter. For last quarter: upto 15h June in the succeeding F.Y.</b>
<b>27A</b>		<b>With each e-TDS/TCS statement in physical form.</b>	



**TDS PROCEDURES :**

The Deductee PAN field should contain a structurally valid PAN or **PANAPPLIED** or **PANNOTAVBL** or **PANINVALID** only. If any other value is mentioned in this field then the File Validation Utility (FVU) will give an error during validation of the statement.

**With effect from April 01, 2008, ITD has increased the percentage of structurally valid PAN to be quoted FVU will give an error during validation of the statement. Now 100% PAN required.**

In order to upload return one has to eliminate entries related to non-PAN deductees. Example :

Challan amount Rs.1,00,000/-. PAN available for 50 deductees with total TDS Rs.50,000/- . If Tax Deductor files a return with challan amount of Rs. 1,00,000/- and with details of 50 deductees with PAN, the return will be accepted. It means the deductor can furnish the details relating to such deductees whose PANs are available.

The deductor can later file **correction returns** with details of remaining deductees with the same challan details, i.e., the challan amount should be the amount deposited (in this case Rs. 1,00,000/-).

## TDS PROCEDURES :

### **TDS/TCS File Validation Utility (FVU)**

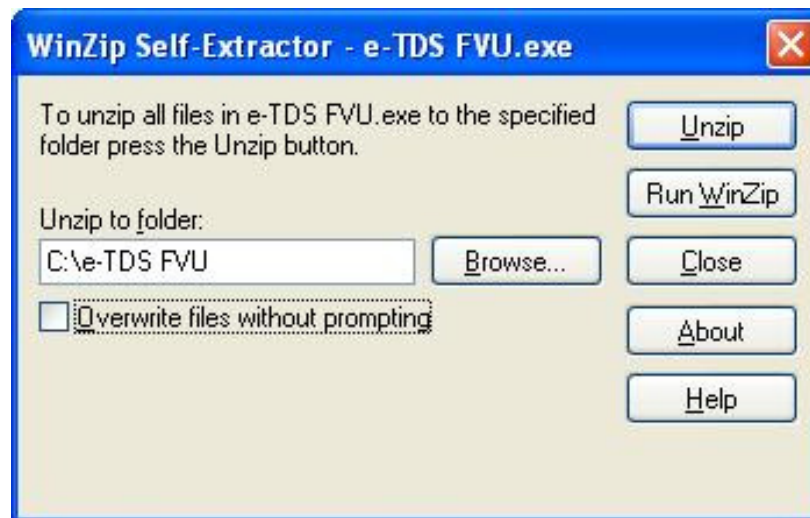
TDS/TCS File Validation Utility (FVU) has been developed by NSDL to help deductors /collectors to ensure that the quarterly e-TDS/TCS statement prepared by them conforms to the prescribed file format.

TDS/TCS FVU setup can be freely downloaded from [www.tin-nsdl.com](http://www.tin-nsdl.com) FVU can be executed on any of the Windows platforms mentioned below :

Win 2K Prof./ Win 2K Server/ Win NT 4.0 Server/ Win XP Prof

After downloading, double-click on 'e-TDS FVU.exe'.

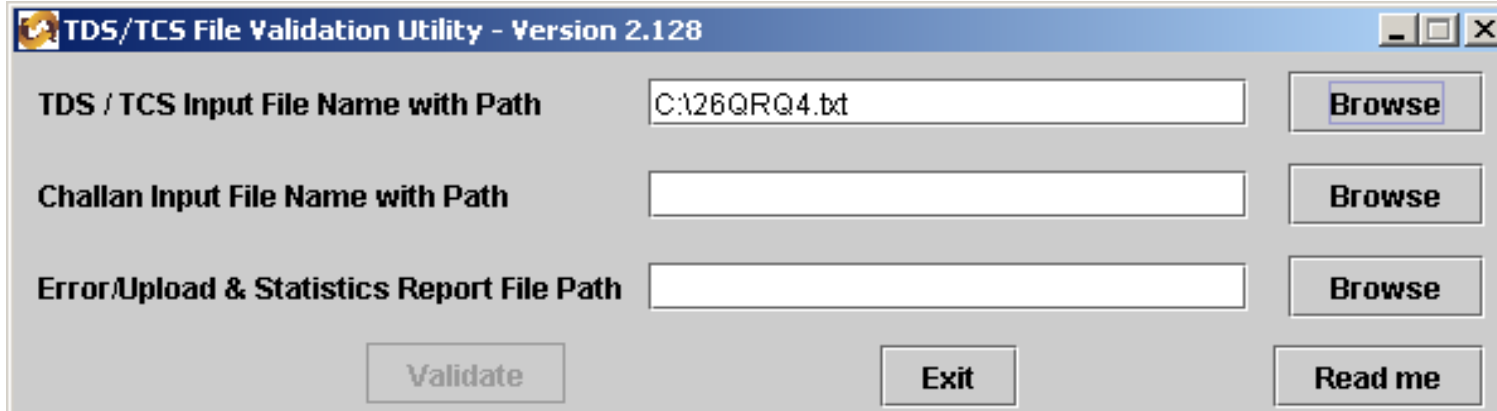
**A 'WinZip Self-Extractor – e-TDS FVU.exe'** will open as displayed in Figure.



The '**TDS FVU Setup.exe**', '**TDS\_FVU.bat**' and '**TDS\_FVU\_STANDALONE.jar**' files should be present in the same folder to run the FVU.

To run the TDS/TCS FVU double-click on the **TDS\_FVU.bat**

TDS PROCEDURES :



Path of the 'Input File', Challan Input File (which is downloaded from tin-nsdl.com with extension of .csi) have to be mentioned.

In Error/Report file, path as well as name must be mentioned which will be created by FVU.

In case the input file is **valid**, FVU will generate three files:

**'TDS/TCS Statement Statistics Report'** - html format

**'PAN Statistics Report' (Only in case of PAN deficiency) – html format**

**26QRQ4.fvu - 'upload file'.**

**26QRQ4.html** is a **'TDS/TCS Statement Statistics Report'** is a summary of the e-TDS/TCS statement successfully validated by the FVU.

# TDS PROCEDURES :

**FVU -TDS STATEMENT STATISTICS REPORT - Batch Number 1**

You are advised to verify the details of your TAN at Income Tax Department's web-site (www.incometaxindia.gov.in) before submission of the statement. If the data displayed is not updated then request for necessary changes by submitting 'Form for Changes or Corrections in TAN data for TAN allotted' along with the statement. If such a request has already been filed, then please enclose a copy of acknowledgment of such request with the Form 27A.

The details in the report are as per the statement prepared by you. In case of any discrepancy in the details, rectify the statement accordingly. Thereafter, validate the rectified statement again through FVU.

The details provided in the physical Form 27A should match with the statistics report.

You can track the status of the challans as well as the statements furnished at www.tin-nsdl.com using TAN and Provisional Receipt Number.

<b>Name of Deductor</b>		<b>TAN of Deductor</b>	
NSDL		MUMN05226E	
<b>PAN of Deductor</b>	<b>Form Number</b>	<b>Form Type</b>	
PANNOTREQD	26Q	Non-Salary (Electronic)	
<b>Assessment Year</b>	<b>Financial Year</b>	<b>Quarter</b>	<b>Upload Type</b>
2009-10	2008-09	Q4	Regular
<b>Type of Correction</b>			
NA			
<b>No. of Challans</b>	<b>Total Challan Amount (Rs.)</b>	<b>No. of Deductee Records</b>	
6	4436544.00	18	
<b>No. of Challan</b>	<b>No. of Unmatched challan</b>	<b>No. of Matched challan</b>	
6	2	4	
<b>Amount of Payment / Credit (Rs.)</b>	<b>Total Income Tax Deducted at Source (Rs.)</b>	<b>Total Tax Deposited as per Deductee Annexure (Rs.)</b>	
28702525.00	59070.00	207500.00	
<b>Deductee PAN Details (Annexure I)</b>			
<b>No. of Valid PAN</b>	<b>No. of PAN Applied (PANAPPLIED)</b>	<b>No. of PAN Not Available (PANNOTAVBL)</b>	<b>No. of Structurally Invalid PAN (PANINVALID)</b>
15	1	1	1
<b>Distinct Count of mismatch of Bank branch code in e-TDS/TCS statement with the authorized bank branch code master</b>			1
<b>Details of bank branch code not present in list of authorized bank branch code master</b>			
1234567			

**TDS PROCEDURES :**

In case the challan details do not match, a warning file will be generated in the path provided for output file. This file will contain details of mismatch of challans as displayed in following Figure :

**e-TDS/TCS statement warning file**

e-TDS/TCS statement warning file is generated by FVU if:

1. The value in the Bank Branch Code (BSR code) field of challan in the e-TDS/TCS statements is not present in the authorized list of collecting Bank Branch Codes in the FVU and/or
2. If the PAN of the deductor is same as that of any deductee in the e-TDS/TCS statement.
3. If the challans details of the statement do not match with the details uploaded by the bank.

This file is generated to give an alert to the deductor about the records in which invalid values are mentioned.

Line no. in the text file	Record Type	Batch no. in the text file	Challan detail record no.	Deductee/ Salary detail record no.	Challan tender date	Challan Serial no.	BSR code	Error Code	Error Description
3	Challan	1	1	NA	04/05/2009	26	0331207	T-FV-3141	Challan details mentioned in the statement not present in the challan file imported
5	Challan	1	2	NA	04/05/2009	26	0331207	T-FV-3141	Challan details mentioned in the statement not present in the challan file imported
7	Challan	1	3	NA	04/05/2009	26	0331207	T-FV-3141	Challan details mentioned in the statement not present in the challan file imported
9	Challan	1	4	NA	04/05/2009	26	0331207	T-FV-3141	Challan details mentioned in the statement not present in the challan file imported

**TDS PROCEDURES :**

The upload file generated by the FVU (**26QRQ4.fvu**) is a valid statement containing a value generated by the FVU, which indicates that the statement has been successfully validated through the FVU.

**The upload file (with extension .fvu) is to be submitted to a TIN-FC in a CD/floppy along with physical Form 27A or directly to NSDL through the online upload facility at [www.tin-nsdl.com](http://www.tin-nsdl.com)**

Quarterly e-TDS/TCS statements furnished directly through the web-site should be digitally signed using a Digital Signature Certificate (DSC) (Class II or Class III)

In case quarterly e-TDS/TCS statement is valid TIN-FC will issue a Provisional Receipt to the deductor/collector. The Provisional Receipt issued by TIN-FC to deductor/collector is deemed to be the proof of quarterly e-TDS/TCS statements furnished by the deductor/collector.

**Maximum charges payable :**

<b>No. of Deductee Records in e-TDS/TCS Statement</b>	<b>Upload Charges</b>	<b>Upload Charges inclusive of service tax</b>
Upto 100 deductee records	Rs. 27.50/-	Rs. 30/-
101 to 1000 deductee records	Rs. 165/-	Rs. 182/-
More than 1000 deductee records	Rs. 550/-	Rs. 606/-

Each quarterly e-TDS/TCS statement (Form 24Q, 26Q, 27Q or 27EQ) is furnished in a separate CD/floppy along with duly filled and signed Form 27A in physical form.

- **Check status of challans before preparation of TDS statement – regular/correction**
- **Save .fvu file of all TDS/TCS statements filed**
- **Preserve all Provisional Receipts (PRN)**

**TDS PROCEDURES :****Quarterly Statement Status****How can I get more details with respect to inconsistencies in my TDS return?**

You can access TIN web-site ([www.tin-nsdl.com](http://www.tin-nsdl.com) ). Click on the link "[Quarterly Statement Status](#)" and then provide your TAN and the Provisional Receipt Number (PRN) of the return to get more details about your returns

*In case of match pending cases, compare the CIN as shown in the [Quarterly Statement Status](#) (what you have provided in the return) with the CIN as given in [Challan Status Inquiry \(CIN as given by the banks\)](#) to identify the mistake.*

**How can I rectify these inconsistencies?**

If you have made any mistakes in your TDS/TCS returns you can rectify them by filing a correction statement. Procedure for preparation and filing of return is available in TIN website.

If bank has made any mistake in the amount or name or major head code given by them against your CIN, they can rectify them

If the bank has made any mistake in TAN or CIN you will have to contact your TDS Assessing Officers

If bank has not uploaded your challan, then you may request the bank to upload the same.

TDS PROCEDURES :

You can verify the details provided by the banks by using the “Challan Status Inquiry” facility available in TIN web-site

The screenshot shows the NSDL Tax Information Network (TIN) website. At the top, the NSDL logo and 'TAX INFORMATION NETWORK of Income Tax Department' are displayed. A navigation bar includes links for 'about TIN', 'services', 'TIN facilitation centers', 'publications', 'downloads', 'faq', 'login', and 'customer care'. On the left, a sidebar menu lists options such as 'about NSDL', 'guided tour', 'contact us', 'site map', 'related links', 'TIN Call Center', 'Privacy Policy', and 'disclaimer'. The main content area features a 'welcome' message and a 'new @ TIN' banner with the text: 'Preparation of correction TDS/TCS statement made easy. Register your TAN online and get your consolidated TDS/TCS'. Below this is a list of 'Online Services' including PAN, e-TDS/TCS Online Filing, Quarterly Statement Status, e-payment, Online PAN Verification, PAN/TAN Application Status Enquiry, Online TAN Registration (NEW), TAN, Challan Status Enquiry (circled in red), View Tax Credit, e-Return Intermediary, Status of Tax Refunds, e-furnish: Form 15CA, and AIR – Status view for filers (NEW). A paragraph below the list states: 'Tax Information Network (TIN), a repository of nationwide tax related information, has been established by National Securities Depository Limited on behalf of Income Tax Department of India (ITD)'. A 'more' link is provided. At the bottom left, a 'New:' section mentions a provision of tax deduction at source (TDS) under the Income Tax Act 1961 effective from April 1, 2010. On the right, there are sections for 'online services' (a dropdown menu), 'search' (a search bar with a 'GO' button and a dropdown for 'All Words'), and 'detailed search' (a dropdown menu).



# TDS PROCEDURES :

The screenshot shows a Microsoft Internet Explorer browser window titled "Welcome TIN User - Microsoft Internet Explorer". The address bar contains the URL: <https://onlineservices.tin.nsd.com/TIN/JSP/tds/linktoUnauthorizedInput.jsp>. The page header features the NSDL logo on the left and the text "TAX INFORMATION NETWORK of Income Tax Department" on the right. The main content area is titled "Status of TCS/TDS Statements" and contains two input fields: "TAN:" and "Provisional Receipt No.(PRN):", each followed by an asterisk. Below these fields is a "View Status" button. A large grey arrow points from the input fields down to a text box.

**Status of TCS/TDS Statements**

TAN: \*

Provisional Receipt No.(PRN): \*

Provide TAN and PRN of statement for which status needs to be viewed

TDS PROCEDURES :

Welcome TIN User - Microsoft Internet Explorer

Address: https://onlineservices.tin.nsdli.com/TIN/ChallanStatusP.do?ID=332964353

of Income Tax Department

### Status of TCS/TDS Challan Annexure

Select Status: All

- All
- Match Pending
- Booked
- Match Failed

**Statement Details**

TAN	AGRB10062C
Provisional Receipt No.(PRN)	060010100003054
Assessment Year	200607
Form No.	24Q

Challan Record No.	Challan Identification Number (CIN)			Total deposited amount as per challan (Rs.)	Total amount as per Deductee annexure (Rs.)				Count of Deductees	Count of Unbooked Deductees		Status of Challan	Challan Status Reason	Provisional Receipt No. (PRN)
	Bank Branch Code (BSR Code)	Challan Tender Date	Challan Serial No.		Tax deposited (Rs.)	Interest (Rs.)	Other (Rs.)	Total deducted amount (TDS + Sur. + Cess) (Rs.)		PAN not in ITD Database	No/Invalid PAN			
1	0200078	08-07-2006	2	***	***	***	***	***	1	0	0	Booked	-	060010100003054
2	0200078	08-07-2006	1	***	***	***	***	***	1	0	0	Booked	-	060010100003054

If challan status is Match pending or Match failed, deficiencies in the statement to be rectified vide correction statement

**TDS PROCEDURES :**

<b>Challan Status</b>	<b>Error in Statement</b>	<b>Error in Challan details uploaded by the BANK / incorrect TAN provided by deductor in challan</b>	<b>Action to be taken by deductor w.r.t. challan details</b>
<b>Challan fully Matched</b>	<b>No</b>	<b>No</b>	<b>No action</b>
<b>Match Failed (Amount does not match)</b>	<b>Yes</b>	<b>No</b>	<b>File correction statement</b>
<b>Match Failed (Amount does not match)</b>	<b>No</b>	<b>Yes</b>	<b>Contact Bank</b>
<b>Match Failed (Different TAN in challan and statement)</b>	<b>Yes</b>	<b>No</b>	<b>File correction statement</b>
<b>Match Failed (Different TAN in challan and statement)</b>	<b>No</b>	<b>Yes</b>	<b>Contact Assessing Officer</b>
<b>Match Failed (Amount + TAN mismatch)</b>	<b>Yes</b>	<b>No</b>	<b>File correction statement</b>
<b>Match Failed (Amount + TAN mismatch)</b>	<b>No</b>	<b>Yes</b>	<b>Contact Assessing Officer for TAN and Bank for Amount</b>
<b>Match Pending (CIN in statement not found in bank data)</b>	<b>Yes</b>	<b>No</b>	<b>File correction statement</b>
<b>Match Pending</b>	<b>No</b>	<b>Yes</b>	<b>Contact Assessing Officer</b>

TDS PROCEDURES :

**TMG & ASSOCIATES**

TIN Call Centre (TCC)  
National Securities Depository Limited  
3rd Floor, Sapphire Chambers,  
Near Baner Telephone Exchange,  
Baner,  
Pune – 411 045  
**Phone:** 020-2721 - 8080  
**Fax:** 020—2721- 8081  
**Email:** tininfo@nsdl.co.in  
**Working hours:**  
9.30 A.M. to 8.00 P.M. – Monday to Friday  
9.30 A.M. to 6.00 P.M. – Saturday

**TDS PROCEDURES :**

**Why to deduct tax / collect tax**

U/s 271C Failure to deduct whole or part of the tax attracts penalty equal to amount of tax failed to be deducted / paid.

U/s 201(1A) Interest @1% / 1.50% p.m. is charged over and above penalty.

U/s 271CA Failure to Collect Tax attract penalty equal to amount of tax failed to collect.

U/s 40a(ia) there is a provision for disallowance of expenditure on which applicable TDS is not deducted.

U/s 276B & 278AA : rigorous imprisonment for three months to seven years and with fine is specified.

**TDS PROCEDURES :**

**TDS RATE CHART APPLICABLE FROM  
01.07.2010**

SEC.	HEAD	THREASHHOLD	PAYEE	
			INDIVIDUAL / HUF	OTHER ENTITY
194A	Interest from Banking Co	10000	10%	10%
194A	Int other than from bank	5000	10%	
194C	Contacto r/Sub-con – Single Transact	30000	1%	2%
194C	Contacto r/Sub-con – Agrégate in FY	75000	1%	2%
194C	Transporter	30000	*	*
	* If PAN available = NIL; If PAN not available 20%			
194D	Insurance Comm	20000	10%	10%
194H	Commission / Brokerage	5000	10%	10%
194I	Rent on Plant & Machinery	180000	2%	2%
194J	Rent other than P & M	180000	10%	10%
194J	Fees to Professional/ Technical Service	30000	10%	10%
206C	TCS on Scrap		1%	1%
	<b>In case deductee have no PAN or if he give invalid PAN then rate is 20%.</b>			

**Section wise discussion :**

**1. Section 206C - TAX COLLECTION AT SOURCE (TCS)**

TCS means collection of tax at source by the seller (collector) from the buyer (collectee/payee/party) of the goods specified u/s 206C of Income-tax Act, 1961 (like timber obtained under forest lease, scrap, alcoholic liquor for human consumption, etc.). For example, if purchase value of goods is Rs.10,000/-, the buyer will pay an amount of Rs.10,000/- + X (X being the value of TCS as specified in the Income-tax Act, 1961) to the seller. The seller will deposit the tax collected at source (TCS) at any of the designated branches of the authorised banks.

TCS ON SALE OF SCRAP IS 1%

TDS PROCEDURES :

**2. Section 192 – TDS on Salary :**

• **PI refer to CIRCULAR NO. 8/2010 [F.No. 275/192/2009-IT(B)], DATED 13-12-2010 for calculation of TDS on salaries.**

- TDS needs to be deducted in 12 months equally.

A) HRA : Lower of following is exempt u/s 10(13A) : (a) HRA actually received (b) 40% / 50% of Basic Pay (c) Rent Paid Less 10% of Basic Pay.

Employee or his / her spouse do not hold any house within the municipal limits.

B) Conveyance : Rs.800/- p.m. exempt u/s 10(14)(ii) read with Rule 2BB for commuting between residence and place of work.

C) Children Education Allowance : Exempt to the extent of Rs.100/- p.m. per child for maximum Two children.

D) LTA : Exemption limited to actual amount spent for traveling in India. Exemption available for two journeys in a block of Four calendar years. Current block is 2010 – 2013. In case of new employees, employer should take a declaration stating whether he/she has claimed the exemption in respect of LTA in current block.

E) Meal Coupons : Exemption of Rs.50/- per meal is available if Coupons are usable at eating joint and are non-transferable .

F) Award or Gifts : Exemption upto Rs.5000/- is available under Rule 3(7)(iv) if gift is received from employer on ceremonial occasions or otherwise.

G) Leave Encashment : If received at the time of retirement, lower of following exempt (a) encashment received (b) Last 10 months average salary (c) Rs.3 L.

H) Medical Reimbursement : Exempt upto Rs.20,000/- u/s 17(2)(vii)



**TDS PROCEDURES :**

**2. Section 192 – TDS on Salary (CONTD.):**

**I) Running & Maintenance of Car :**

(i) Employee owns car and used for official / personal : Taxable amount is Actual Expenditure less Rs.1200 / Rs.1600 p.m. + Rs.600/- p.m. in case of chauffeur is provided.

(ii) Employer owns car : NIL

**J) Reimbursements :** exempt to the extent to which such expenses are actually incurred.

**K) Medical Insurance :** Premium paid by employer for mediclaim insurance is exempt.

**Relief U/S 89 :** Where employee receives arrears or advance salary due to which his total income is assessed at higher rate, the employer shall allow relief u/s89.

**Sitting fees** paid to Non-Executive Directors : Non-Executive directors are not Employees. Moreover, sitting fees are not paid for rendering any professional service. However, one has to take a conservative approach while dealing with the issue.

**TDS PROCEDURES :****2. Section 192 – TDS on Salary (CONTD.):**

- Verification and preservation of documents regarding claim of employees for HRA, LTA, investments etc. is employer's responsibility.
- Every year CBDT issues circular as per which it may be necessary for the employer to satisfy himself about authenticity of claim of employees. Employer has to establish its bonafides at the time of TDS assessments.
- Interest on Housing Loan upto Rs.1,50,000/- is allowed u/s 24(2).
- Interest in excess of Rs.1,50,000 not allowed under section 24(2) can be considered for deductions under Section 80C
- Deduction under Section 80G cannot be considered by employer while calculating TDS.
- Employees not getting HRA and paying rent can claim deduction u/s.80GG.  
[Lower of (a) Rs.2000/- p.m. (b) 25% of the total income  
(c) Excess of Rent paid over 10% of total income.]  
However employer cannot consider the same while calculating TDS.

**TDS PROCEDURES :**

**Salary Paid to Non-Residents – taxable :**

U/s 9(1)(ii) income is said to be earned in India if it is deemed to accrue or arise in India.

**Employees on secondment :**

Employees of overseas company are deputed to work for Indian Companies. Indian Companies make reimbursement to overseas companies. The recipient in this case is not employees but the overseas company. Hence liable to withholding tax. (A.T.&S. India P Ltd, in re [2006] 287 ITR 421 (AAR).

**TDS PROCEDURES :**

**3. Section 194A – Interest other than Interest on Securities**

Exemption is provided to :

- a) interest PAID to any banking co.
- b) interest on deposits other than time deposit with a banking co.

Timing for deduction : At the time of credit or payment whichever is earlier. Here “credit” means any credit given by payer that would entitle the payee to claim the payment of the amount credited. [ Ramesh R Suraiya vs. Commissioner of Income Tax (55 ITR 699) ]

In case of Industrial Development Bank of India vs. ITO (10 SOT 497) the Hon’ble Mumbai Tribunal has observed that provisions of TDS cannot be invoked in a case where the person who is to receive the interest cannot be identified at the stage of initial provision.

A view can be taken that no tax is required to be deducted at source on monthly provisions on ad-hoc basis.

**TDS PROCEDURES :**

**3. Section 194A – Interest other than Interest on Securities (contd.)**

**Declaration u/s 197A(1A) - (Form 15G) :**

Recipient (other than a company or firm ) may make a declaration for no deduction of tax. Declaration can be made only if the aggregate income includible in his total income does not exceed maximum total income.

**Declaration u/s 197A(1C) - (Form 15H) :**

Applicable in case if payee is individual of age 65 years or more. Declaration to the effect that tax on his estimated total income will be NIL.

Declarations received u/s 197A need to be filed with Commissioner within 7 days of succeeding month.

**Beneficial Owners :**

If income is assessable in the hands of person other than recipient, recipient has to give declaration to deductor that credit of TDS be given to the other person.

**Hire Purchase transactions :**

In such case payment is received partly towards sale and partly towards hire charges. Agreed amount payable by hirer in periodical instalments cannot be characterized as interest. Accordingly, Section 194A will not apply.

**Bills on Collection :**

Banks merely acting as agent receives interest on behalf of supplier would certainly fall under section 194A and TDS will be deductible by buyer from the interest which is ultimately payable to seller.

TDS PROCEDURES :

**4. Section 194C – Payment to Contactors, sub-contractors**

In determining the applicability of Section 194C vis-à-vis Section 194J, one would have to consider the nature of services i.e. whether the services provided are in the nature of ‘ technical, managerial or consultancy services ’ under the purview of Section 194J of the Act or is in the nature of ‘work’ in terms of Section 194C of the Act.

Applicability of the Section 194C is expanded W.E.F. 01.10.2009 to make it applicable to all contracts between residents & residents, resident & non-residents, non-residents & non-residents.

Section 194C do not apply to the payments made to the airlines or the travel agents for purchase of tickets for air travel of individuals. The provisions shall, however, apply when payments are made for chartering an aircraft for carriage of passengers of goods - No. 713, dated 2-8-1995.

TDS not applicable to payments made to hotels.

**5. Section 194H & 194I – Payment of Commission or Brokerage, Rent**

CBDT has clarified vide circular no.4/2008 dtd 28.04.08 that tax need not be deducted at source on the service tax portion under section 194I in respect of rent.

If municipal Tax & Ground Rent are borne by the tenant, no tax will be deducted on the sum.

**TDS on Car Rent :**

Whether applicable u/s194C or 194I ?

If contract is there, Section 194C is applicable.

TDS PROCEDURES :

**6. Section 194J - Fees for Professional or Technical Services**

The 'fees for technical services' as per Explanation 2 to Section 9(1)(vii) means any consideration (including any lump sum consideration) for rendering any managerial, technical or consultancy services (including the provision of services of technical or other personnel) but does not include consideration for any construction, assembly, mining or like which would be chargeable as income under 'Salaries' of recipient.

**Reimbursements :**

This is a debatable issue.

Following is clarified in Q.no.30 of circular 715 dtd 08.08.1995 :

'Section 194C & 194J refers to any sum paid. Obviously, reimbursements cannot be deducted out of the bill amount for the purpose of tax deduction at source.'

One has to take conservative approach in this regards and deductee be educated accordingly.

**Purchase of Software :**

If software is purchased off the shelf, it is purchase of article. If it is developed as per requirement of customer it is a professional service.



## **7. Section 195 – Payment to Non-Residents**

### Peculiarities :

- No threshold limits
- Not clear whether to deduct TDS on gross sum or on element of income.
- Deductor has option to file application to AO for determining TDS
- Application can also been made to Authority of Advance Rulings
- Deductor can opt for DTAA rates.
- Circular No. 04/2009, dated 29-6-2009
- Section 195 of the Income-tax Act, 1961 mandates deduction of income tax from payments made or credit given to non-residents at the rates in force.

**TDS PROCEDURES :****15CA 15CB**

The revised procedure for furnishing information regarding remittances being made to non-residents w.e.f. 1st July, 2009 is as follows:-

- (i) **Obtain a certificate** from an Chartered Accountant (other than employee) in Form 15CB.
- (ii) **upload the remittance details** to the Department in Form 15CA (undertaking). The information to be furnished in Form 15CA is to be filled using the information contained in Form 15CB (certificate).
- (iii) The remitter will then **take a print out** of this filled up Form 15CA (which will bear an acknowledgement number generated by the system) and sign it. Form 15CA (undertaking) can be signed by the person authorised to sign the return of income of the remitter or a person so authorised by him in writing.
- (iv) The duly signed Form 15CA (undertaking) and Form 15CB (certificate), will be **submitted in duplicate** to the Reserve Bank of India / authorized dealer. The Reserve Bank of India / authorized dealer will in turn forward a copy the certificate and undertaking to the Assessing Officer concerned.

TDS PROCEDURES :

**TMG & ASSOCIATES**

**THANK YOU**

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