

Non deduction / Lower Deduction of TDS and Filing of TDS Return under IT Act – Part -1

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Return Preparation Utility (RPU)

How to resolve Inconsistencies in TDS/TCS Statements through Correction Statements

❑ **How are the inconsistencies identified?**

- ❖ When you file your TDS/TCS return, first the details regarding deposit of TDS/TCS made by you is compared with the data given by banks.
- ❖ The data is uploaded by banks on the basis of the TDS/TCS challans received by them.
- ❖ For this purpose, the Challan Identification Number (CIN), TAN and TDS amount as given in your TDS/TCS return is compared with the corresponding details given in the challan details provided by the bank that has accepted the tax. (CIN consists of the BSR code of the branch where you deposited the tax, date on which you deposited tax and the challan serial number which have been stamped on the counter foil of the challan given to you.)
- ❖ Once these are matched, the PAN ledger of each deductee is credited with the TDS/TCS as provided in your return provided the PANs of the deductees have been given by you in the return.

How to resolve Inconsistencies in TDS/TCS Statements through Correction Statements

- ❑ What are the kinds of inconsistency status provided in the inconsistency letter?
- ❖ **Matched** : If all the CIN details in the TDS/TCS return match with the corresponding details provided by the banks, the challan is shown as matched as the payment claimed to have been made by you is also validated by the bank
- ❖ **Match Failed** : In this case CIN given in your TDS/ TCS return is found in the bank data. But the TAN and / or amount as given in your return against this CIN do not match with the TAN and / or amount given against this challan by the bank.
- ❖ **Match Pending** : In this case, the CIN as given in your statement is not available in the CIN details provided by the banks.
- ❖ **Count of Missing deductee PAN** : If you have not provided the PAN details of some of your deductees, the count of such cases is provided.
- ❖ **Count if deductee PAN not present in ITD database** : If some of the deductee PAN provided by you are not present in Income Tax Department (ITD) database, the count of such cases is provided.

How to resolve Inconsistencies in TDS/TCS Statements through Correction Statements

- ❑ What could be the possible impact of these inconsistencies?
- ❖ In case of inconsistency, there would be no posting in the PAN ledger of the deductee with the amount of tax deducted/tax collected on his behalf. He may, therefore, have difficulty in proving the TDS /TCS claimed by him in his income tax return
- ❖ If challans claimed in the TDS/TCS returns could not be matched completely with the data given by the banks, you may have difficulty in proving to your TDS assessing officer that you have actually deposited the TDS/TCS deducted by you.

How to resolve Inconsistencies in TDS/TCS Statements through Correction Statements

- How can I get more details with respect to inconsistencies in my TDS return?
- ❖ You can access TRACES website.
- ❖ Click on the link “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 Status Statement (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.

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

How to resolve Inconsistencies in TDS/TCS Statements through Correction Statements

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

How to resolve Inconsistencies in TDS/TCS Statements through Correction Statements

❑ How can I prevent these inconsistencies in my future return?

- ❖ You should use the same TAN to deposit tax in the bank and to prepare the TDS/TCS statement.
- ❖ In case you have multiple TANs, only one TAN should be used consistently, the other TAN(s) should be surrendered to ITD.
- ❖ The deductor details, i.e. TAN, name, address of deductor should be correctly stated in the statement filed.
- ❖ Challan details (BSR code- 7 digits, challan serial number – upto 5 digits, date of tender) mentioned in the statement should be same as those stamped by the bank on the challan counterfoil.(Verify the challan details from TIN website (www.tin-nsdl.com) before filing the statement to prevent errors)
- ❖ The challan amount mentioned in the statement should same as the total amount deposited in the bank.
- ❖ Valid 10-digit PAN of deductee should be provided.

How to make correction/Revision in Salary Details of e-TDS return already filed?

☐ 1. Can I update a salary detail?

- ❖ Yes. You can update a salary detail record.

☐ 2. How can I update a salary record?

- ❖ You can update salary details viz; Name and PAN of employee, salary amount, deductions etc. Steps for updating salary record are as under:
 - **Identify the salary detail record by**
 - its sequence number as per regular statement
 - Value in the field 'Gross total Income' as per regular statement.
 - Update the salary details as required
 - Along with updated values, Gross Total Income as per regular statement should also be provided in the correction statement.

How to make correction/Revision in Salary Details of e-TDS return already filed?

☐ 3. Can I add a salary record?

❖ Yes. You can add a salary record..

☐ 4. How can I add a salary record?

❖ You can add a new salary records as per following procedure.

▪ 1. Maintain the sequence of the new challan record in continuation to the sequence number of the last challan as per regular statement and add details of challan in this record..

▪ Example Regular statement filed by you has three salary records and you wish to add one more salary record Sequence of new record being added should be 4 in the Annexure II.

☐ 2. Add new salary record.

How to make correction/Revision in Salary Details of e-TDS return already filed?

☐ 5. Can I delete a salary record?

- ❖ Yes. You can delete a salary record.

☐ 6. How can I delete a salary record?

- ❖ Steps for deleting a salary record are as under:
 - Identify the salary record to be deleted by
 - its sequence number as per regular statement
 - Gross total income as per regular statement
 - Flag the salary detail record to be deleted.
 - Along with flag for deletion, correction statement should also contain value of the field Gross total Income as per regular statement.

How to make correction/Revision in Salary Details of e-TDS return already filed?

❑ 7. Can I update the Assessment Year of a regular TDS/TCS statement by filing a correction statement?

❖ No, the fields TAN, Form no., quarter, FY and A.Y quoted in a regular statement cannot be updated by furnishing a correction statement

❑ 8. What is the significance of a identifying a record while updating/deleting the same?

❖ While preparing a correction statement, the record to be updated/deleted is required to be identified by its sequence number as well as values of certain fields as per regular statement. List of fields used for identifying a record are as under:

1. Challan detail – CIN details and deposit amount
2. Deductee detail – PAN of the deductee, total tax deducted and total tax deposited
3. Salary details – Gross total income.

Contd.

How to make correction/Revision in Salary Details of e-TDS return already filed?

❑ 8. What is the significance of a identifying a record while updating/deleting the same? Contd.

- ❖ The correction statement should contain values of the fields referred to above as per regular statement along with the corrections made.
- ❖ Once the correction statement is received at TIN central system, the values of the identification fields are verified with the corresponding values as per TIN central system.
- ❖ If the values match, the correction statement will get accepted. If the values do not match, the correction statement will get rejected at the TIN central system.
- ❖ Example: If the value in the field Last Bank challan no. (i.e. challan no. as per regular statement) in the correction statement does not match the corresponding details as per the regular statement in the TIN central system, the correction statement will get rejected for the reason **“Last Bank challan serial number of the correction statement is not matching with corresponding statement details available at TIN Central system”**.

How to make correction/Revision in Salary Details of e-TDS return already filed?

❑ 9. Can I rectify the details of a challan if the status of the same on the NSDL website is displayed as 'Booked'?

❖ Once the challan is updated with status 'Booked' modifications or rectifications to the details of the said challan are not allowed. As a result any correction TDS/TCS statement with modifications / rectifications on a booked challan will get rejected at the TIN central system.

Correction of TDS payment Challan

☐ 1. Can I update a TDS challan?

❖ Yes. You can update a challan.

☐ 2. How can I correct the details of a TDS challan?

❖ There are two types of correction, which are as under:

➤ OLTAS challan correction

➤ Online Challan Correction

Correction of TDS payment Challan

❑ The in depth steps to be followed are as under: i. OLTAS challan correction

- OLTAS Challan Correction is the functionality provided by TDSCPC to the deductor for correction of the Unclaimed and Matched Challans .
- AO approval is not required if OLTAS Challan Correction is made through website for change in the following fields mentioned below :
 - **Financial Year-Y.** can be corrected upto the Financial Year relating to Date of Deposit of challan.E.g., if challan is of F.Y. 2008-09 and Date Of Deposit is 20-06-2016, F.Y. cannot be greater than 2016-17.
 - **Minor Head Code (200 and 400)** – Minor Head 200 and 400 is allowed for correction through OLTAS Challan Correction available on TRACES.
 - **Major Head Code (20/21)-** Correction in Major Heads- 20 (Company) and 21(Non-Company) can be corrected through OLTAS Challan Correction available on TRACES.
 - **Section Code** – Correction in Section code except Section Code-195 is possible through
- ❖ OLTAS Challan Correction available on TRACES.
- ❖ **Note:-** For correction/changes in Section Code – 195 deductor needs to contact Jurisdictional assessing Officer.

Correction of TDS payment Challan

☐ Brief Steps for OLTAS Challan Correction

- Login to TRACES website
- Go to “ **Request for OLTAS Correction**” under “**Statement Payment Tab**”
- User can Select any correction type mentioned below:
 - ❖ – Financial Year
 - ❖ – Minor Head Code (200 and 400)
 - ❖ – Major Head Code (20/21)
 - ❖ – Section Code
- Enter the challan (CIN) details and challan amount. Challan should be unclaimed or matched.
- If the details of challan entered are valid ,then user can proceed to edit the challans details.
- Updated values will be displayed in the summary table.
- Click on “Submit correction request” and confirmation screen will be displayed.

Correction of TDS payment Challan

☐ Brief Steps for OLTAS Challan Correction

- User validates the details and click on confirm details view the verification details.
- Request ID details will be displayed
- Email goes to deductor's registered E-mail ID on submission of Oltas Challan Correction.

☐ ii. Online Challan Correction

- ❖ This feature enables deductor to match the unmatched challans by tagging it with CIN / BIN
- ❖ detail from OLTAS/G-OLTAS. For CIN relaxation of +/- 1 Year is given by the department
- ❖ However BIN'S can be utilized for a particular Quarter only
- **Step 1** : Login to TRACES website
- **Step 2** : Go to "Request for correction" under " Defaults" by entering relevant Quarter,
- ☐ Financial Year, Form Type , Latest Accepted Token number
- Correction category should be "Online"
- Request number will be generated

Correction of TDS payment Challan

☐ Brief Steps for OLTAS Challan Correction

- **Step 3** : Request will be available under “ Track Correction Request”
- When request status become “Available” click on Available / In progress status to proceed with the correction
- Provide information of Valid KYC

- ❖ **Step 4** : Select the type of correction category from the drop down as “Challan Correction”

- ❖ **Step 5** : Make the required corrections in the selected file

- ❖ **Step 6** : Click on “Submit for Processing” to submit your correction (Only Available to Admin User)
- ❖ **Step 7** : 15 digits token number will be generated and mailed to Registered e-mail ID

Correction of TDS payment Challan

☐ Brief Steps for OLTAS Challan Correction

☐ Status of Online Correction Requests:

- **Requested** – When user submits request for correction.
- **Initiated** – Request is being processed by TDS CPC
- **Available** – Request for correction is accepted and statement is made available for correction. User can start correction on the statement. Clicking on the hyperlink will take user to validation screen. Once user clicks on request with 'Available' status, status of request / statement will change to 'In Progress'
- **Failed** – Request cannot be made available due to technical error. User can re-submit request for same details
- **In Progress** – User is working on a statement. Clicking on the hyperlink will take user to validation screen
- **Submitted to Admin User** – Sub-user / Admin User has submitted correction statement to Admin User

Correction of TDS payment Challan

☐ Status of Online Correction Requests:

- **Submitted to ITD** – Admin User has submitted correction statement to ITD for processing
- **Processed** – Statement has been processed by TDS CPC (either for Form 26AS or for defaults)
- **Rejected** – Statement has been rejected by TDS CPC after processing. Rejection reasons will be displayed in 'Remarks' column

☐ **3. Can I add a TDS challan?**

- ❖ Yes. You can add a challan.

☐ **4. How can I add a TDS challan?**

- ❖ This feature enables deductor to Add challan in the already filed statement , Add challan functionality is disabled through offline correction. In case statement is not processed by TRACES, please file C1 (Personal Information) through Conso file then you will be able to proceed with online correction on TRACES

Correction of TDS payment Challan

❑ Brief Steps for Add TDS Challan to Statement

- ❖ **Step 1** : Login to TRACES website
- ❖ **Step 2** : Go to “Request for correction” under “ Defaults“ by entering relevant Quarter,
 - Financial Year, Form Type , Latest Accepted Token number
 - Correction category should be “Online”
 - Request number will be generated
- ❖ **Step 3** : Request will be available under “ Track Correction Request”
 - When request status become “Available” click on Available / In progress status to proceed with the correction
 - Provide information of Valid KYC
- ❖ **Step 4** : Select the type of correction category from the drop down as “Add Challan”
- ❖ **Step 5** : Make the required corrections in the selected file
- ❖ **Step 6** :Click on “Submit for Processing” to submit your correction (Available to Admin Useronly)
- ❖ **Step 7** : 15 digits token number will be generated and mailed to Registered e-mail ID.

Correction of TDS payment Challan

☐ 5. Can I delete a TDS challan?

❖ No. You cannot delete a challan.

☐ 6. Can I rectify the details of a TDS challan if the status of the same on the NSDL website is displayed as 'Booked'?

❖ Once the challan is updated with status 'Booked' modifications or rectifications to the details of the said challan are not allowed. As a result any correction TDS/TCS statement with modifications/rectifications on a booked challan will get rejected at the TIN central system.

Not filed TDS Return-File NIL Declaration on Traces

❑ Ques: What is a NIL Declaration of TDS Statement?

- ❖ Ans: A NIL Declaration is basically a declaration for non-filing of TDS Statements for those deductors who were not liable to deduct any tax during the relevant quarter or have not deducted tax during any quarter and subsequently did not file a TDS Statement U/s 200(3) of the Income Tax Act'1961 for any quarter.

❑ Ques: Is it mandatory to file a NIL Declaration?

- ❖ Ans: As per IT Act'1961 and the IT Rules it is not mandatory file a NIL TDS Return.
- ❖ Since filing NIL TDS Return was neither mandatory nor possible. The CPC (TDS) was having a problem distinguishing between:
 - 1. Deductors required to file return but not filed the TDS Return.
 - 2. Deductors not required to file return.
- ❖ Therefore, In order to prove that the deductor was not required to file a TDS Return, it is advisable that the deductors should file A NIL Declaration of TDS Statement.

Not filed TDS Return-File NIL Declaration on Traces

- ❑ Ques: Where can I file a declaration for not filing a TDS Statement?
- ❖ Ans: A Declaration for not filing the TDS Statement can filed by logging into the CPC (TDS) Website: www.tdscpc.gov.in
- ❑ Ques: What is the procedure for a filing a Declaration for not filing TDS Statement/NIL Declaration?
- ❑ Ans: Procedure for filing of declaration for non-filing of TDS statement is given below:
 - ❖ 1. Login through your registered id at www.tdscpc.gov.in
 - ❖ 2. Go to “Statement/Payments TAB after login >then declaration for Non filing of TDS statement (as shown in the picture below).

Not filed TDS Return-File NIL Declaration on Traces

- ❑ **Ans: Procedure for filing of declaration for non-filing of TDS statement is given below:**
- ❖ 3. On clicking declaration for Non filing of TDS statement link you will get screen with options as shown below:
 - Select financial year.
 - Select Quarter.
 - Select Fom type- 24Q, 26Q, 27Q or 27EQ.
 - Select reason for non-filing of statement from drop down menu.
- ❑ All fields are mandatory to fill.
- ❑ • In the Financial year option, the system shows Year xxxxx & XXXX. It means that a Declaration for non-filing of TDS Statement can filed for these two years only.

Not filed TDS Return-File NIL Declaration on Traces

❑ **Ans: Procedure for filing of declaration for non-filing of TDS statement is given below:**

- ❖ In the Reasons column, the deductor can choose from the following options as shown below:
 - Not liable to deduct for the selected statement period.
 - No Payment made/ Credit to Deductee.
 - Temporarily Business Closed
 - Permanently business closed
 - Payment below threshold to deductee
 - Branch Shifted
 - Any other reason

Not filed TDS Return-File NIL Declaration on Traces

❑ **Ans: Procedure for filing of declaration for non-filing of TDS statement is given below:**

- ❖ Also note following points:
- ❖ 1. Fields marked by asterisk (*) are mandatory.
- ❖ 2. Specify the exact reason' field will be mandatory if user selects 'Any Other Reason' in 'Reason' drop down.
- ❖ 3. If deductor has permanently closed his business, the deductor should surrender his TAN to the jurisdictional A.O.
- ❖ 4. After giving the reason for non-filing, Click proceed button after selecting required data. In next screen, you have to give a declaration/certificate as shown in the picture given below.

Not filed TDS Return-File NIL Declaration on Traces

- ❑ **Ans: Procedure for filing of declaration for non-filing of TDS statement is given below:**
- ❖ 5. After certificate, following message will be shown.
- ❖ “Filing Status for the statements selected by you has successfully changed. You will receive the details of the statements for which filing status has changed on your email.”.
- ❖ After this the your statement status will change to NON-FILING.
- ❑ 1. The deductor can change back this status from non-filing and can file return, if required at later stage or you have wrongly updated status for incorrect period.

Not filed TDS Return-File NIL Declaration on Traces

- ❑ **Ans: Procedure for filing of declaration for non-filing of TDS statement is given below:**
- ❖ But change facility is available for only one time for a selected period. To change the status you have to go again through “Statement/Payments TAB after login > then declaration for non-filing of TDS statement.
- ❖ Statement selected earlier as “non-filing can be updated by selecting the statement for a given period and click change filing status, and in next screen, you have to reconfirm your request by clicking the proceed button.
- ❑ 1. After adding first statement to non-filing status, next time you will get screen as shown above and you can add other statement to non-filing status through add statement link.

Not filed TDS Return-File NIL Declaration on Traces

- ❑ Other Important points
- ❑ User will not be able to declare a statement for a Financial Year, Quarter and Form Type for Non-Filing for the following cases:
 - ❖ • If user has already declared that statement for Non-Filing.
 - ❖ • If user has changed the filing status of that statement from Non-Filing to Filing.
- ❑ Traces website has provided the pictorial E-tutorial for the same on their site for user's better understanding. The link for the same is as under:
<https://contents.tdscpc.gov.in/en/declaration-of-non-filing.html>

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- ☐ TDS Interest
 - ☐ Late fees for delay in filling of TDS return and how to calculate?
 - ☐ Penalty of Late filling of TDS return u/s 271 H and when it is not levied?
 - ☐ Penalty in case of delay in issuing of TDS certificates

Late filing fees under section 234E

- ❑ As per section 234E, where a person fails to file the TDS/TCS return on or before the due date prescribed in this regard, then he shall be liable to pay, by way of fee, a sum of Rs. 200 for every day during which the failure continues. The amount of late fees shall not exceed the amount of TDS.
- ❑ TDS/TCS return cannot be filed without payment of late filing fees as discussed above. In other words, the late filing fees shall be deposited before filing the TDS return. It should be noted that Rs. 200 per day is not penalty but it is a late filing fee.

Penalty under section 271H

- ❑ As per section 271H, where a person fails to file the statement of tax deducted/collect at source i.e. TDS/TCS return on or before the due dates prescribed in this regard, then assessing officer may direct such person to pay penalty under section 271H. Minimum penalty can be levied of Rs. 10,000 which can go upto Rs. 1,00,000. Penalty under section 271H will be in addition to late filing fees prescribed under section 234E.
- ❑ Apart from delay in filing of TDS/TCS return, section 271H also covers cases of filing incorrect TDS/TCS return. Penalty under section 271H can also be levied if the deductor/collector files an incorrect TDS/TCS return. In other words, minimum penalty of Rs. 10,000 and maximum penalty of upto Rs. 1,00,000 can be levied if the deductor/collector files an incorrect TDS/TCS return.

Penalty under section 271H

- ❑ No penalty will be levied under section 271H for the failure to file the TDS/TCS return, if the person proves that after paying tax deducted/collected by him, along with the late-filing fee and interest (if any), to the credit of the Central Government, he had filed the TDS/TCS return before the expiry of a period of one year from the due date of filing the TDS/TCS return. In other words, no penalty under section 271H will be levied in case of delay in filing the TDS/TCS return if following conditions are satisfied:
 - ❖ The tax deducted/collected at source is paid to the credit of the Government.
 - ❖ Late filing fees and interest (if any) is paid to the credit of the Government.
 - ❖ The TDS/TCD return is filed before the expiry of a period of one year from the due date specified in this behalf.
- ❑ It should be noted that the above relaxation is applicable only in case of penalty levied under section 271H for delay in filing the TDS/TCS return and not in case of filing incorrect TDS/TCS statement.

Penalty under section 271H

- ❑ Apart from above relaxation, in following two cases the taxpayer can get relief from penalty under section 271H:
- ❑ Under section 273A(4) the Principal Commissioner of Income-tax or Commissioner of Income-tax has power to waive or reduce the penalty levied under the Income-tax Act. Penalty can be waived or reduced by the Commissioner of Income-tax if the conditions specified in section 273A(4) in this regard are satisfied.
- ❑ Apart from shelter of section 273A(4), section 273B also provides immunity from penalty in genuine cases. As per section 273B, penalty under section 271H will not be levied if the taxpayer proves that there was a reasonable cause for failure.

Penalty for Delay in Issue Of TDS Certificate U/S 272A

- ❖ The Certificate u/s 203 shall be furnished within due dates as specified in Rule 31
- ❖ Any delay in furnishing the TDS certificate will result in a MANDATORY fee of 100 per day until the issue of TDS Certificate.

Form No.	Periodicity	Due Date
Form No.16 and Form No. 12BA	Annual	On or before May 31 of the financial year immediately following the financial year in which tax is deducted.
Form No.16A	Quarterly	Within 15 days from the due date of furnishing quarterly TDS returns.
Form No.16B Sale of Property	–	Within 15 days of furnishing challan in Form No.26QB

Q&A

