


Issues in Filing of E-TDS Returns

CA PANKAJ KUMAR TRIVEDI,
Trivedi & Bang, Chartered Accountants,
Hyderabad.



Agenda

- Overview of TDS Provisions
- Overview of ETDS Returns
- Common Requirements
- Tags in Returns
- Lower Deduction Certificates
- Issues in Form No 24Q
- Issues in Form No 26Q, 27Q
- Birds Eyeview of ETDS Data



Overview of TDS Returns

- Deduct : As per Provisions of Chapter XVII B
- Deposit : With in the Due dates
- Declare : By filing TDS Statement

Issue Certificate of tax deduction in Form 16, 16A

Overview of ETDS Returns

Every Person (With minor Exceptions) need to file Quarterly Electronic TDS returns as under:

- 24Q for TDS from salaries
- 26Q for Payments to Residents, other than Salaries
- 27Q for Payments to Non-Residents
- Annexure II for 24Q required only for Q4.

Due Dates For Filing Of Returns

Quarter	Period	Last Date of Filing
1st Quarter	1st April to 30th June	31st July
2nd Quarter	1st July to 30th September	31st October
3rd Quarter	1st October to 31st December	31st January
4th Quarter	1st January to 31st March	31st May

ETDS Returns - Important points to be known

Form 16, (both Part A & Part B) and Form 16A is being generated from Traces website.

Data from ETDS returns gets into Form No 26AS & AIS/TIS of the deductee.

Process for Payment of challan changed.

The system is so robust that within days, mistakes are being caught and notices are sent.

Mandatory penalty and Interest where applicable

Incorrect PAN number will add complication to an unknown innocent assessee

Common requirements & Issues

1. PAN card copy of the vendor
2. Acknowledgement of Previous Return filed
3. Date column formatting in Excel to be similar as dd/mm/yyyy.
4. Ensure Number in box beside Wrap Text.
5. Working to be done at time of payment of Challan.
6. Challan entry in Returns-Full amount
7. Difference between date of Payment & date of deduction
9. Amounts adjusted will be slightly higher (in Paise)

Various Tags In Annexure of 26Q

TAG	Reasons for Lower Deductions
A	“lower deduction” or “no deduction” is on account of a certificate u/s 197
B	If no deduction is on account of declaration u/s197A other than the cases mentioned u/s 197A(1F)
C	If deduction is on higher rate under section 206AA on account of non-furnishing of PAN
D	If no deduction or lower deduction is on account of payment made to a person u/s 194A(5)
E	If no deduction is on account of payment being made to a person referred to in Board Circular No. 3 of 2002 dated 28th June 20002 or Board Circular No. 11 of 2002 dated 22nd November 2002 or Board Circular No. 18/2017 dated 29th May 2017
Y	If no deduction is on account of payment below threshold limit specified in the Income-tax Act,1961
T	If no deduction is on account of deductee/payee being transporter
Z	If no deduction or lower deduction is on account of payment being notified u/s 197A(1F)
M	If no deduction or lower deduction is on account of notification issued under second proviso to section 194N (Applicable to Banks)
N	If no deduction or lower deduction is on account of payment made to a person referred to in the third proviso to section194N or on account of notification issued under fourth proviso to section194N
O	If no deduction is as per the provisions of sub-section (2A) of section 194LBA.
P	If no deduction is on account of payment of dividend made to a business trust referred to in clause (d) of second proviso to section 194 or in view of any notification issued under clause (e) of the second proviso to section 194.
Q	If no deduction in view of payment made to an entity referred u/s 194A(3)(x).
S	If no deduction is in view of the provisions u/s 194Q(5). (IF TCS IS DONE OR TDS IS UNDER 194O)
U	If the deduction is on higher rate in view of section 206AB for non-filing of return of income

Various Tags In Annexure of 27Q

TAG	Reasons for Lower Deductions
A	If “lower deduction” or “no deduction” is on account of a certificate under section 197
C	If grossing up has been done
D	If deduction is on higher rate u/s 206AA on account of non-furnishing of Permanent Account Number or Aadhaar Number or non-linking of PAN with Aadhar.
E	If no deduction is in view of sub-section (2A) of section 194LBA.
M	if no deduction or lower deduction is on account of notification issued under second proviso to section 194N.
N	If no deduction or lower deduction is on account of payment made to a person referred to in the third proviso to section 194N or on account of notification issued under the fourth proviso to section 194N
O	If no deduction is in view of clause (a) or (b) of sub-section (1D) of section 197A
H	If no deduction is in view of proviso to sub-section (1A) of section 196D in respect of an income paid to a specified fund which is exempt under clause (4D) of section 10.
I	If no deduction is in view of sub-section (2) of section 196D in respect of income of the nature of capital gains on transfer of securities referred to in section 115AD paid or payable to a Foreign Institutional Investor.
J	If deduction is at higher rate in view of section 206AB for non-filing of return of income by the non-resident having a permanent establishment in India

Issues in Form No 24Q

1. Gross Salary to be mentioned in Amount Paid column in Annexure I
2. Details of employees where TDS is not there
3. NPS –Employer contribution
4. Tax paid on Perquisites
5. Regime chosen is to be given only in q4

Issues in Form No 24Q

1. Rounding off Taxable Income and Tax
2. Profits in Lieu of salaries
3. Loss from House Property to be mentioned in –ve
4. 80C, 80D, 80E asks for Gross amount and Deduction
5. 80D –Combined figure involving self & parents
6. Tax, Rebate, Surcharge, Cess to be provided separately
7. Landlord PAN card –To be given for all Landlords

Critical Issues in Form No 24Q

1. Softwares generally do round up of Taxable income and Tax.
2. Name, Designations, Date of Joining & Date of leaving if any –Equally important
3. Cross tallying of figures to appear in 17(1), 17(2) and 17(3)
4. Previous employment income
5. No PAN Cases

Issues in Form No 26Q

- Amount inclusive or Exclusive of GST
- Extra deduction claimed against Lower deduction certificates
- 194Ia is for Appliances and 194Ib is for Buildings
- 194Ja is for Technical Services and Jb is for Professional Services
- 194C –Code to be mentioned correctly it is 1% only for Individuals.
- Small amount short Deduction in 194Q
- Transport Contractors
- Amount below threshold limit

Issues in Form No 27Q

- Preferable to Keep 15 CB & CA Handy.
- Keep email id, mobile Number, address with pin code and Unique Identification Number of the deductee handy in case of PAN not available .
- Need to carefully choose if DTAA or IT Act.-As Per 15CB
- Grossing up –Yes or no to be mentioned.
- TDS on Property purchased from Non-Residents.

Lower Deduction Certificates

- Applicable only from the date of issue and until the date mentioned in certificate
- Applicable only for a particular amount mentioned in Certificate
- Multiple TAN numbers of Deductee-applicable only against the TAN number issued
- Applicable only for the payments made against relevant section
- Applicable to the deductor with TAN number mentioned and will not be applicable for other TAN numbers of deductor

Birds Eyeview of Returns

- Use of filter to check dates of Payment and deduction of tax
- Cross check of date of deposit of tax based on month of deduction
- Cross check of rate of TDS as per relevant section and further verification on any variations
- Ensure Lower Deduction tag and details provided wherever required
- Lower deduction certificate numbers to be cross checked
- Length of PAN & 4th Alphabet depending upon Status

Ensure filter is removed before you validate

Nil TDS Returns

- Though not Mandatory feature added in Traces for returns after 01-04-2013
- Quarter-wise and Form Wise declaration to be done
- Reason to be selected from Dropdown
- Can change the status from Non Filing to Filing. But once done you cannot change to Non Filing Again.
- Cannot be a weapon against Late Filing Fee
- Can reduce unnecessary trouble of replying to Notice of Non Filing



Questions can be emailed to

pankaj.trivedi@trivbang.com

9246509697