



### **Circular clarifying the amendments in Income-tax Rules in respect of TDS/ TCS provisions.**

The Central Board of Direct Taxes ('CBDT') had made certain amendments<sup>1</sup> in the Income-tax Rules governing the compliance requirements in respect of the Tax deducted at Source (TDS) and Tax collected at Source (TCS) provisions. *For details, please refer our **Flash News** dated 04 April 2009 and 12 May 2009.*

In respect of the above, CBDT has issued a Circular<sup>2</sup>, clarifying the said amendments.

The key clarifications are as below:

#### **Credit for TDS/ TCS**

- The claim for TDS/TCS shall be allowed only if:
  - amount has been deposited by the deductor/ collector;
  - the information relating to the deductee/ collectee has been furnished by the deductor/ collector; and
  - the claim matches with the information furnished by deductor/ collector.

#### **Electronic Payment of TDS/ TCS and Unique Transaction Number (UTN)**

- It is mandatory for all deductors (including Central Government and State Government) to make TDS payments electronically by furnishing an Income-tax challan in Form 17.
- While furnishing the Form 17 electronically, the deductor is required to furnish the following information in respect of the deductee:

---

<sup>1</sup> Notification No. 31/2009 dated 25 March, 2009.

<sup>2</sup> Circular No. 02/2009 dated 21 May, 2009.

- Permanent Account Number (PAN)
  - Name of the deductee
  - Amount of TDS/ TCS
- Upon remittance of the TDS/ TCS payments, a UTN will be generated for every TDS/ TCS transaction by National Securities Depository Limited (NSDL).
  - The UTN file will be e-mailed to the deductor by NSDL. Additionally, the deductor can also download the UTN file from the NSDL database.
  - The deductee can also obtain the UTN from the NSDL database.
  - The UTN is required to be quoted by the deductor on the TDS/ TCS certificate to be issued to the deductee.

#### **Quarterly statement in Form 24C**

- Every deductor/ collector shall furnish electronically a quarterly statement in respect of TDS/ TCS provisions in Form 24C.
- The Form 24C shall be furnished on or before 15 July, 15 October and 15 January in respect of first three quarters and on or before the 15 June following the last quarter of Financial Year.

#### **Annual return**

- Besides the above quarterly statement (Form 24C), an annual return in Form 24Q, 26Q, 27Q & 27EQ is also required to be filed.

#### **Effective date**

- The above system of TDS/ TCS returns is effective from 1 April, 2009.
- TDS/ TCS between 1 April 2009 to 31 May 2009 shall continue to be deposited using the old challan form. In such cases, the deductor/ collector shall be required to fill up Form 17 in respect of such payments any time between 1 July, 2009 to 15 July, 2009.
- TDS/ TCS on or after 1 June, 2009 shall be required to be paid electronically by furnishing Form 17.

#### **Annual TDS/ TCS certificates**

- The new Forms 16, 16A & 27D have been notified w.e.f. 1 April, 2009 which include UTN. In respect of TDS/ TCS before 1 April, 2009, the deductor/ collector may adopt either of the following options:

- Issue TDS/ TCS certificate in the old Forms 16, 16A & 27D and subsequently, send a consolidated statement of UTNs to the deductee/ the buyer/ the lessee etc., once the same is received.
- Issue the TDS/ TCS certificate in the new Form 16, 16A & 27D. In this case, the TDS/ TCS certificates may be issued until 30 June, 2009 (for FY 2008-09).
- In respect of TDS/ TCS on or after 1 April, 2009, it is mandatory to issue the certificates in the new Forms and quote the UTN relating to the TDS/ TCS transactions.

### **Our Comments**

The Circular clarifies the amendments made in the Income-tax Rules in greater detail. It also puts to rest certain issues in respect of issuance of TDS/ TCS certificates for Financial Year 2008-09 (Assessment Year 2009-10).

### **Disclaimer**

*The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.*

**For further information about KPMG in India and our services, please contact:**

#### **Bangalore**

Maruthi Infotech Centre, 11-12/1  
Inner Ring Road  
Koramangala, Bangalore 560071  
Phone: + 91 80 3980 6000  
Fax: +91 80 3980 6999

#### **Chennai**

KPMG House  
No.10, Mahatma Gandhi Road,  
Nungambakkam High Road,  
Chennai 600034  
Phone: +91 44 39145000  
Fax: +91 44 39145999

#### **Delhi**

DLF Cyber City, Building no. 10,  
Block B, Phase II  
Gurgaon, Haryana 122 002  
Phone: +91 124 307 4000

Fax: +91 124 254 9195

**Hyderabad**

KPMG, 8-2-618/2  
Reliance Humsafar, 4th Floor  
Road No.11, Banjara Hills  
Hyderabad - 500 034  
Phone: +91 40 66305000/23350060  
Fax: + 91 40 6630 5299

**Kolkata**

Park Plaza, Block F, Floor VI  
71 Park Street, Kolkata 700 016  
Phone: +91 33 2217 2858 / 64/62  
Fax: +91 33 2217 2868

**Mumbai**

KPMG House, Kamala Mills Compound, 448  
Senapati Bapat Marg  
Lower Parel, Mumbai 400 013  
Phone: +91 22 39896000  
Fax: + 91 22 39836000

**Pune**

703, 7th Floor Godrej Castlemaine, Next to Ruby Hall Clinic,  
Bund Garden Road, Pune 411001  
Phone: +91 20 30585764/65  
Fax: +91 20 3058 5775