



Finance (BPE) Department
Secretariat,
Chennai – 600 009

Govt. Lr.No.28079/Fin(BPE)/2013 – 1 dt.14.6.2013

From
Thiru.S.Krishnan, I.A.S.,
Principal Secretary to Government (Expenditure)

To
The Chief Executive Officers of all
Public Sector Undertakings / Statutory Boards

Sir/ Madam,

Sub: Issuance of certificate for tax deducted at source in Form 16/ 16 A with the provisions of section 203 of the Income-tax Act, 1961 – Regarding.

It has come to the notice of Government that some of the PSUs are (a) not filing TDS returns within the stipulated time leading to delay in remittance of tax on the due dates warranting levying of interest (b) not having a proper system of monitoring the timely collection of TDS certificates (c) in need of strengthening the system to centralize filing of TDS returns for the entire organization to avoid default in filing TDS returns.

2) In this connection, I am directed to enclose copies of the Circular No.3/2011 dated 13.5.2011, circular No.1 /2012 dated 9.4.2012 and circular No.04/2013 dated 17.4.2013 issued by the Central Board of Direct Taxes for information. The highlights of the above mentioned circulars are as follows:

- (i) It is mandatory for all deductors to issue TDS certificate in Form No.16 A on quarterly basis after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System" or (<https://www.tdscpc.gov.in>) hereafter called TRACES Portal.
- (ii) TDS Certificate in Form 16 is to be issued annually and has two part viz., Part A and Part B (Annexure). Part A contains details of tax deduction and deposit and Part B (Annexure) contains details of income. All deductors shall issue Part A of Form No.16 by generating and subsequently downloading through TRACES Portal, in respect of all sums deducted on or after 1.4.2012. Part A of Form No.16 shall have a unique certificate number.
Part B (annexure) of Form No.16 shall be prepared by the deductor manually and issued to the deductee after due authentication and verification along with the Part A of the Form No.16 stated above;

- (iii) The time limit for issuance of Form 16 by the deductor to the employee is 31st May of the financial year immediately following the financial year in which income was paid and tax deducted;

3) I therefore request you to ensure that (a) the above circular issued by the Central Board of Direct Taxes is mandatorily followed for the financial year 2012-13 to enable the deductees to take credit of tax deducted and deposited by the deductor (b) the provisions contained in section 194 C and section 203 of the Income-tax Act, 1961 and the periodical instructions issued by the Central Board of Direct Taxes in respect of TDS are scrupulously followed (c) centralization of filing TDS returns for the entire organization is explored to the extent possible to avoid default in filing TDS returns (d) TDS is not deducted in respect of certain Organizations like TEXCO which have obtained exemption from deduction of tax at source exclusively from Central Board of Direct Taxes after verifying as to whether such exemption is valid for the assessment year concerned (e) this letter is placed before the Board of Directors for adoption.

Yours faithfully,

C. N. Balaji
for Principal Secretary to Government,
(Expenditure) 18.6.2013

lg
18.6.2013

CIRCULAR NO. 03 /2011
F. No 275/34/2011-(IT-B)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, dated the 13th May, 2011

Subject: Issuance of TDS Certificates in Form No. 16A downloaded from TIN Website and option to authenticate the same by way of digital signature – Circular under section 119 of the Income-tax Act 1961.

Section 203 of the Income-tax Act 1961 ('the Act') read with the Rule 31 of the Income-tax Rules 1962 ('the IT Rules') provides for furnishing of certificate of tax deduction at source (TDS) by the deductor to the deductee specifying therein the prescribed particulars like amount of TDS, permanent account number (PAN), tax deduction and collection account number (TAN), etc. The relevant form for such TDS certificate is Form No.16 in case of deduction under section 192 and Form No.16A for deduction under any other provisions of Chapter XVII-B of the Act. TDS certificate in Form No.16 is to be issued annually whereas TDS certificate in Form No.16A is to be issued quarterly.

2. Currently, a deductor has an option to authenticate TDS certificate in Form No.16 by using a digital signature. However, no such option of using a digital signature is available to a deductor for issuing TDS certificate in Form No.16A and it, therefore, needs to be authenticated by a manual signature. The Central Board of Direct Taxes (the Board) has received representations to allow the option of using digital signature for authentication of TDS certificate in Form No.16A as issuance of TDS certificate in Form No.16A by manual signature is very time consuming, specially for deductors who are required to issue a large number of TDS certificates.

3. The Department has already enabled the online viewing of Form No.26AS by deductees which contains TDS details of the deductee based on the TDS statement (e-TDS statement) filed electronically by the deductor. Ideally, there should not be any mismatch between the figures reported in TDS certificate in Form No. 16A issued by the deductor and figures contained in Form No.26AS which has been generated on the basis of e-TDS statement filed by the deductor. However, it has been found that in some cases the figures contained in Form No.26AS are different from the figures reported in Form No.16A. The gaps in Form No.26AS and TDS certificate in Form No. 16A arise mainly on account of wrong data entry by the deductor or non-filing of e-TDS statement by the deductor. As at present, the activity of issuance of Form No.16A is distinct and independent of

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filing of e-TDS statement, the chances of mismatch between TDS certificate in Form No.16A and Form No.26AS cannot be completely ruled out. To overcome the challenge of mismatch a common link has now been created between the TDS certificate in Form No.16A and Form No.26AS through a facility in the Tax Information Network website (TIN Website) which will enable a deductor to download TDS certificate in Form No.16A from the TIN Website based on the figures reported in e-TDS statement filed by him. As both Form No.16A and Form No.26AS will be generated on the basis of figures reported by the deductor in the e-TDS statement filed, the likelihood of mismatch between Form No.16A and Form No.26AS will be completely eliminated.

4. In view of the above, for proper administration of the Act, the Board have, in exercise of powers under section 119 of the Act, decided the following :-

4.1 ISSUE OF TDS CERTIFICATE IN FORM NO. 16A

(i) For deduction of tax at source made on or after 01/04/2011:

(a) The deductor, being a company including a banking company to which the Banking Regulation Act, 1949 applies and any bank or banking institution, referred to in section 51 of that Act or a co-operative society engaged in carrying the the business of banking, shall issue TDS certificate in Form No.16A generated through TIN central system and which is downloaded from the TIN Website with a unique TDS certificate number in respect of all sums deducted on or after the 1st day of April, 2011 under any of the provisions of Chapter-XVII-B other than section 192.

(b) The deductor, being a person other than the person referred to in item (a) above, may, at his option, issue TDS Certificate in Form No.16A generated through TIN central system and which is downloaded from the TIN Website with a unique TDS certificate number in respect of all sums deducted on or after the 1st day of April, 2011 under any provisions of Chapter-XVII-B other than section 192.

(ii) For deduction of tax at source made during financial year 2010-11:

The deductor, may, at his option, issue the TDS certificate in Form No.16A generated through TIN central system which is downloaded from the TIN Website with a unique TDS certificate number in respect of all sums deducted during the financial year 2010-11 under any of the provisions of Chapter- XVII-B other than section 192.

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4.2 AUTHENTICATION OF TDS CERTIFICATE IN FORM NO.16A

(i) The deductor, issuing the TDS certificate in Form No.16A by downloading from the TIN Website shall authenticate such TDS certificate by either using digital signature or manual signature

(ii) The deductor being a person other than a person referred to in item 4.1(i)(a) above and who do not issue the TDS Certificate in Form No.16A by downloading from the TIN Website shall continue to authenticate TDS certificate in Form No.16A by manual signature only.

5. The Director General of Income-tax (Systems) shall specify the procedure, formats and standards for the purpose of issuance of TDS certificate in Form No.16A which is downloaded from the TIN Website and shall be responsible for the day-to-day administration in relation to the procedure, formats and standards for issuance of TDS certificate in Form No.16A in electronic form.

6. It is further clarified that TDS certificate issued in Form No. 16A by the deductors covered by para 4.1(1)(a) in accordance with this circular and procedure, format and standards specified by the Director General of Income-tax (Systems) shall only be treated as a valid TDS certificate in Form No. 16A for the purpose of section 203 of the Act read with Rule 31 of the IT Rules,1962.

7. Hindi version shall follow.

(AJAY KUMAR)
Director (Budget)
Tel.No.2309-2641

Copy to all CCsIT/ DsGIT for circulation

CBDT CIRCULAR NO- 01/2012

F.No. 276/34/2011-JT(B)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes.

New Delhi, the 9th April, 2012.

Issuance of TDS Certificates in Form No. 16A downloaded from TIN website - Circular under section 119 of the Income-tax Act 1961.

1. Section 203 of the Income-tax Act 1961 ("the Act") read with the Rule 31 of the Income-tax Rules 1962 ("the Rules") provides for furnishing of certificate of tax deduction at source (TDS) by the deductor to the deductee specifying therein the prescribed particulars like amount of TDS, permanent account number (PAN), tax deduction and collection account number (TAN), etc. The relevant form for such TDS certificate is Form No. 16 in case of deduction under section 192 and Form No. 16A for deduction under any other provisions of Chapter XVII-B of the Act. TDS certificate in Form No. 16 is to be issued annually whereas TDS certificate in Form No. 16A is to be issued quarterly.

2. For deduction of tax at source made on or after 01.04.2011, Circular No. 03/2011 dated 13.05.2011 stipulated mandatory issue of TDS certificate in Form No. 16A generated through TIN Central System and which is downloaded from the TIN website (www.tin-nsdl.com) with the unique TDS certificate number in cases of company including a banking company to which the Banking Regulation Act, 1949 applies and any bank or banking institution, referred to in section 51 of that Act or a cooperative society engaged in carrying the business of banking. For other deductors, such stipulation was optional. Moreover, pursuant to the issue of the said circular, a deductor issuing Form No. 16A generated through TIN Central System and which is downloaded from the TIN website had an option to authenticate such TDS certificate by using digital signature.

3. With a view to further strengthen the administration of the issue of TDS and for proper administration of the Act the Board have, in exercise of powers under section 119 of the Act, decided the following:-

4.1 ISSUE OF TDS CERTIFICATE IN FORM NO. 16A

(I) For deduction of tax at source made on or after 01.04.2012: All deductors (including government deductors who deposit TDS in the Central Government Account through book entry) shall issue TDS certificate in Form No. 16A generated through TIN central system and which is downloaded from the TIN website with a unique TDS certificate number in respect of all sums deducted on or after the 1st day of April, 2012 under any of the provisions of Chapter-XVII-B other than section 192.

In other words, the issuance of duly verified TDS certificate in Form No. 16A, by the deductor of any category shall henceforth be only through TIN Central System. The deductor shall therefore, download such certificate from the TIN Central System, verify the correctness of the contents mentioned therein and authenticate the correctness of the contents before issue of the said certificate.

(II) For deduction of tax at source made between 01.04.2011 to 31.03.2012: The stipulation prescribed in para 4.1 of the Circular No. 3/2011 dated 13.05.2011 shall continue to apply.

4.2 AUTHENTICATION OF TDS CERTIFICATE IN FORM NO. 16A

(i) The deductor, issuing the TDS certificate in Form No.16A by downloading from the TIN website shall authenticate such TDS certificate by either using digital signature or manual signature.

(ii) Where the deduction has been done between 1st April, 2011 and 31st March, 2012 and the deductor being other than a company/ bank or banking institution/ a cooperative society engaged in carrying the business of banking and who do not issue the TDS Certificate in Form No.16A by downloading from the TIN website shall authenticate such TDS certificate in Form No.16A by manual signature only.

5 The Director General of Income-tax (Systems) shall specify the procedure, formats and standards for the purpose of issuance of TDS certificate in Form No.16A which is downloaded from the TIN website and shall be responsible for the day-to-day administration in relation to the procedure, formats and standards for issuance of TDS certificate in Form No.16A in electronic form.

6. It is further clarified that TDS certificate issued in Form No. 16A by the deductors in terms of para 4.1 read with para 4.2 above and in accordance with this circular alongwith procedure, format and standards specified by the Director General of Income-tax (Systems) shall only be treated as a valid TDS certificate in Form No. 16A for the purpose of section 203 of the Act read with Rule 31 of the Rules.

7. Hindi version shall follow.

Singh
9/4/12
(Tajbir Singh)
Under Secretary (Budget)

To

All Chief Commissioner of Income-Tax (CCA)
All CIT (TDS)
All DGIT's
All Divisions of CBDT up to Under Secretary.

F.No 275/34/2011-IT(B)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, the 17th April, 2013

Sub: Issuance of certificate for tax deducted at source in Form No. 16 in accordance with the provisions of section 203 of the Income-tax Act, 1961 read with the Rule 31 of the Income-tax Rules 1962 -- regarding

1. Section 203 of the Income-tax Act 1961 ("the Act") read with the Rule 31 of the Income-tax Rules 1962 ("the Rules") stipulates furnishing of certificate of tax deduction at source (TDS) by the deductor to the deductee specifying therein the prescribed particulars such as amount of TDS, valid permanent account number (PAN) of the deductee, tax deduction and collection account number (TAN) of the deductor, etc. The relevant form for such TDS certificate is *Form No. 16 in case of deduction under section 192* and *Form No. 16A for deduction under any other provision of Chapter XVII-B* of the Act. **TDS certificate in Form No. 16 is to be issued annually whereas TDS certificate in Form No. 16A is to be issued quarterly. TDS Certificate in Form No 16 as notified vide Notification No. 11/2013 dated 19.02.2013 has two parts viz Part A and Part B (Annexure). Part A contains details of tax deduction and deposit and Part B (Annexure) contains details of income.**

2. With a view to streamline the TDS procedures, including proper administration of the Act, the Board had issued Circular No. 03/2011 dated 13.05.2011 and Circular No. 01/2012 dated 09.04.2012 making it mandatory for all deductors to issue TDS certificate in Form No. 16A after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System" or (<https://www.tdscpc.gov.in>) (hereinafter called TRACES Portal) previously called TIN website. In exercise of powers under section 119 of the Act, the Board has now decided as following:-

2.1 ISSUE OF PART A OF FORM NO. 16 FOR DEDUCTION OF TAX AT SOURCE MADE ON OR AFTER 01.04.2012:

All deductors (including Government deductors who deposit TDS in the Central Government Account through book entry) shall issue the Part A of Form No. 16, by generating and subsequently downloading through TRACES Portal, in respect of all sums deducted on or after the 1st day of April, 2012 under the provisions of section 192 of Chapter XVII-B. Part A of Form No 16 shall have a unique TDS certificate number.

2.2 AUTHENTICATION OF TDS CERTIFICATE IN FORM NO. 16:

The deductor, issuing the Part A of Form No. 16 by downloading it from the TRACES Portal, shall, before issuing to the deductee authenticate the correctness of contents mentioned therein and verify the same either by using manual signature or by using digital signature in accordance with sub-rule (6) of Rule 31.

2.3 In other words, Part A of Form No. 16 shall be issued by all the deductors, only by generating it through TRACES Portal and after duly authenticating and verifying it.

2.4 'Part B (Annexure)' of Form No. 16 shall be prepared by the deductor manually and issued to the deductee after due authentication and verification alongwith the Part A of the Form No. 16 stated above.

2.5 Sub rule (3) of rule 31 of the Rules sets the time limit for issuance of Form 16 by the deductor to the employee. Currently, Form 16 should be issued by 31st May of the financial Year immediately following the financial year in which income was paid and tax deducted.

3.1 The Director General of Income-tax (Systems) shall specify the procedure, formats and standards for the purpose of download of Part A of Form No. 16 from the TRACES Portal and shall be responsible for the day-to-day administration in relation to the procedure, formats and standards for download of Part A of Form No. 16 in electronic form.

3.2 It is further clarified that Part A of Form No. 16 issued by the deductors in accordance with this circular and as per the procedure, formats and standards specified by the Director General of Income-tax (Systems) and containing Unique Identification Number shall only be treated as a valid compliance to the issue of Part A of Form No. 16 for the purpose of section 203 of the Act read with rule 31 of the Rules.

4. Hindi version shall follow.

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(Anshu Prakash)

Director (Budget)

Central Board of Direct Taxes

Copy to:

1. The Chairperson, Members and all other officers of the CBDT of the rank of Under Secretary and above
2. All Chief Commissioners of Income-tax (CCA) & All Directors General of Income-tax
3. The Director (PR, PP & OL), Mayur Bhawan, New Delhi for printing in the quarterly tax bulletin and for circulation as per usual mailing list (100 copies)
4. The Comptroller and Auditor General of India (40 copies)
5. All Directors of Income Tax, New Delhi;
6. All CsIT (TDS)
7. The Director General of Income-tax, NADT, Nagpur
8. Guard file

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(Anshu Prakash)

Director (Budget)

Central Board of Direct Taxes