



Report of the Comptroller and Auditor General of India



Implementation of TDS/TCS Schemes

Union Government
Department of Revenue – Direct Taxes
Report No. 4 of 2017

**Report of the
Comptroller and Auditor General of India
for the year ended March 2016**

**Performance Audit of
Implementation of TDS/TCS Schemes**

**Union Government
Department of Revenue - Direct Taxes
Report no. 4 of 2017**

Laid on the table of Lok Sabha/Rajya Sabha on _____

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Preface

This Report for the year ended March 2016 has been prepared for submission to the President under Article 151 of the Constitution of India.

The Report contains significant results of the performance audit of Implementation of TDS/TCS Schemes of the Department of Revenue – Direct Taxes of the Union Government in 2012-13 to 2014-15.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2012-13 to 2014-15 conducted during the period November 2015 to March 2016.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Audit wishes to acknowledge the cooperation received from the Department of Revenue - Central Board of Direct Taxes at each stage of the audit process.

Executive Summary

Tax deducted at source (TDS) and Tax collected at source (TCS) are tools in the hands of the Income Tax Department (ITD) designed for quick and smooth collection of tax due to the Government from the taxpayer. It helps the Government to ensure collection of revenue at the time of the transactions itself and prevent tax evasion.

Regular inflow of TDS/TCS collection ensures a good flow of revenue to government accounts and assists treasury management. TDS/TCS provisions also place a responsibility of deducting and depositing tax on the shoulders of persons other than the payees.

We conducted performance audit on 'Implementation of TDS/TCS schemes' with the objective to assess (a) efficacy of all stakeholders in complying to the provisions of the Act relating to TDS/TCS; (b) efforts made by the ITD for widening the TDS/TCS net; (c) implementation of e-TDS scheme; and (d) correctness of accounting procedure in TDS/TCS.

We covered the (i) verification orders processed by respective Assessing Officer (TDS) on TDS returns filed by the tax deductors and (ii) assessment orders completed by jurisdictional Assessing Officer (AO) on return of income filed by the assessee processed/completed during the financial years (FYs) 2012-13 to 2014-15 and a total number of 7,489 verification orders in 150 selected TDS circles/wards were selected for performance audit. We also verified 2,332 assessment orders completed by jurisdictional AO in the assessment charges with reference to TDS provisions for the same period. We held entry conference with Central Board of Direct Taxes (CBDT) in November 2015 wherein we explained audit objectives, scope of audit and the main areas of audit examination. We held exit conference with CBDT in December 2016 to discuss the audit findings and recommendations vis-à-vis the Ministry's Reply.

Summary of audit findings:

a. We found in 168 cases that, AO(TDS) failed to impose interest amounting to ₹ 902.16 crore under section 201(1A)/206C(7) on the defaulting tax deductors. We found 311 cases and 343 cases of non-initiation of penalty and prosecution under section 271C/271CA and 276B/276BB/278A respectively against the tax deductors. We noticed in 128 cases that AO failed to disallow expenditure though tax was not deducted at source or deducted but not deposited by the assessee, resulting in short levy of tax of ₹ 2026.42 crore. In 108 cases, we found that the deductors failed to deduct

tax at source on sale of immovable property resulting in non/short deduction of tax at source of ₹ 23.69 crore. We also noticed the lack of coordination between assessment units and TDS units in 369 cases where information was not being shared in order to ensure compliance to various TDS provisions of the Act. We found in 27 cases AO failed to utilize the information of income of assessee available during regular assessment. *(Paragraphs 2.2 to 2.8)*

b. We noticed that the criteria for selection of verification of TDS returns were not prescribed by the CBDT. We found that in more than 50 *per cent* of the Commissioner of Income Tax(TDS) charges, the annual target of number of surveys to be conducted was either not fixed/not available or was zero and the ITD's approach towards fixing of target for conducting of surveys was not scientific. We also noticed that the ITD was not doing sufficient 'Know Your Customer' (KYC) before allotting 'Tax Deduction/Collection Account Number' (TAN) to tax deductors and therefore was not able to track all TDS defaulters. *(Paragraphs 3.3 to 3.5)*

c. We noticed that the extent of unconsumed challans was significant in terms of number of challans as well as TDS amount involved and the facility of tagging of unconsumed challans was not being utilized by all AOs. We also noticed that non-utilization of facilities available for AO(TDS) on portal of Centralised Processing Cell (TDS) for realization of resolvable demand and resolving defaults from defaulters report of tax deductors was high. *(Paragraphs 4.2 to 4.4)*

d. We found that the amount reported by State Government Accounts Office Identification Numbers (AINs) in Form 24G were different from the amount reported by the State Accountant Generals (AGs) showing non reconciliation of Online Tax Accounting System for government deductors (G-OLTAS). We found that there were delays in furnishing Form 24G by the 18,703 AIN holders. We noticed that during the years 2012-13 to 2014-15, 19.3 *per cent* of total AINs allotted were inactive and default in case of Government deductors constituted 42.3 *per cent* of the total default by all categories of deductors during the same period. *(Paragraphs 5.2 to 5.5)*

Summary of Recommendations

- ❖ **Sharing of information between assessment and TDS units**
 - We recommend that the CBDT may ensure sharing of information among TDS units and respective Jurisdictional assessment units so that revenue collection efforts are synergized.
- ❖ **Criteria for verification of TDS returns**
 - We recommend that the CBDT may prescribe the procedure and criteria for selection of TDS returns for verification.
- ❖ **Survey conducted by TDS units**
 - We recommend that the CBDT may fix realistic targets of the surveys for its CIT(TDS) charges to be conducted in all TDS units and thereafter finalized in time for broadening the tax base by bringing hitherto uncovered tax deductors in the tax net.
- ❖ **Know Your Customer**
 - We recommend that the CBDT examines the inadequacies in the 'KYC' and without sufficient 'KYC' the ITD may not issue TAN so as to keep track of tax defaulters.
- ❖ **Unconsumed challans, resolvable demand and defaulters report of tax deductors**
 - We recommend that the CBDT may take steps to ensure that all AOs may utilize the facilities available in CPC(TDS) portal for addressing the issues of unconsumed challans, realization of resolvable demand and resolving defaults from defaulters report of tax deductors.
 - We recommend that the CBDT may take effective steps for quick recovery of the resolvable demand as it is free from any dispute.
- ❖ **Reconciliation of TDS reported by the State Government AINs and State Accountant Generals**
 - We recommend that the CBDT may ensure the reconciliation of tax payments reported by State Accountants General (AGs) and the TDS reported by the AIN holders through Form 24G.



Form 24G

- We recommend that the CBDT may take steps for better compliance in filing of Form 24G by the AIN holders so as to enable the DDOs to file the quarterly statements in time.



In-active AIN holders

- We recommend that the ITD may review the reasons for inactive AINs holders and remove those who are no longer performing the function of Accounts Officer for better monitoring of submission of Form 24G.

Chapter 1

Introduction

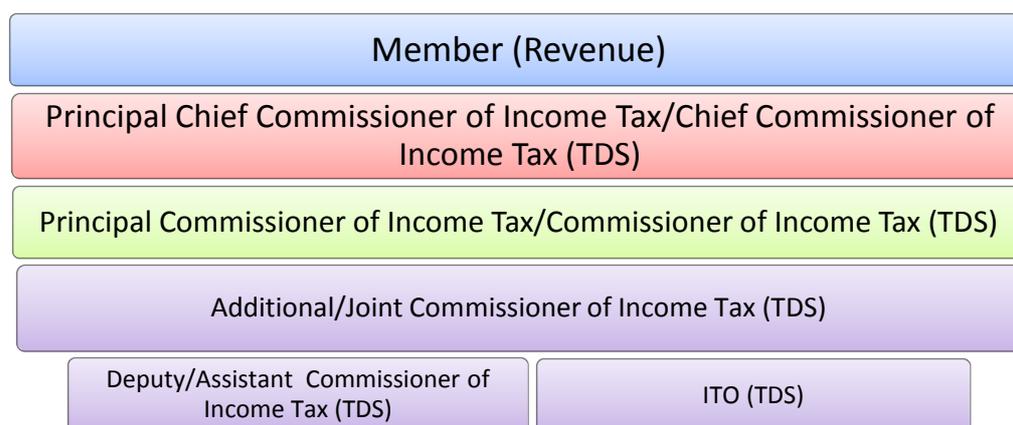
1.1 Tax revenue resources of the Union Government consist of revenue receipts from direct and indirect taxes. Direct Taxes levied by the Government comprises of Corporation Tax, Income Tax and other direct taxes. Direct taxes collected prior to assessment may be classified as follows:

- (i) Tax deducted at source (TDS),
- (ii) Tax collected at source (TCS),
- (iii) Advance tax and
- (iv) Self assessment tax

TDS and TCS are tools in the hands of the Income Tax Department (ITD) designed for quick and smooth collection of tax due to the Government from the taxpayer. TDS and TCS help the Government to ensure collection of revenue at the time of the transactions itself and prevent tax evasion. Regular inflow of TDS/TCS collection ensures a good flow of revenue to government accounts and assists treasury management. TDS/TCS provisions also place a responsibility of deducting and depositing tax on the shoulders of persons other than the payees.

1.2 Organizational Set-up and Functions

There is a dedicated set-up in the ITD for administering provisions relating to TDS/TCS of the Income Tax Act, 1961 (the Act) comprising of a Principal Chief Commissioner of Income Tax supported by Commissioners of Income Tax/Additional Commissioners of Income Tax/Joint Commissioners of Income Tax/Deputy Commissioners of Income Tax/Assistant Commissioners of Income Tax and Income Tax Officers. At Central Board of Direct Taxes (CBDT), the Member (Revenue) monitors and coordinates the administration and implementation of TDS provisions. The functions of TDS units, *inter alia*, include identification of new tax deductors through surveys and to detect stop filers/non-filers for strengthening the tax base. Chart 1.1 shows the organogram of ITD.

Chart 1.1: Organogram of Central Board of Direct Taxes (CBDT)**1.3 Why we chose the topic**

There has been a steady growth in TDS/TCS collection which contributes about 33 *per cent* to the total direct taxes collection. TDS/TCS collection has gone up to ₹ 2.59 lakh crore in Financial Year (FY) 2014-15 from ₹ 1.69 lakh crore in FY 2010-11, an increase of 53.6 *per cent* during the period. Details are shown in the table 1.1 below:

FY	Total Collection (Corporation tax and Income tax)	TDS/TCS	TDS/TCS as percentage of total collection
2010-11	5,13,898	1,68,669	32.82
2011-12	5,79,499	1,98,679	34.28
2012-13	6,36,932	2,10,654	33.07
2013-14	7,21,604	2,48,547	34.44
2014-15	7,99,459	2,59,106	32.41

Source- Pr. CCA, CBDT

We had conducted a performance audit on “Implementation of TDS/TCS Schemes” for the year ending March 2006. Our major audit finding highlighted inadequate surveys, issues related to e-TDS returns and several mistakes in implementing the provisions of TDS/TCS. The lapses continued as evidenced from the observations raised during the compliance audits.

Further, there have been changes/amendments in TDS/TCS provisions since the last performance audit undertaken in 2006 such as (i) any person responsible for making payment in respect of consideration for acquisition of any immovable property liable to deduct tax at source at the rate of one *per cent* with effect from 1 July 2013, (ii) it is now mandatory from 1 April 2010, for the tax payer/deductee to furnish his PAN to the deductor, failing which the deductor shall deduct tax at source at the rate of 20 *per cent* or the rate in force whichever is higher, (iii) Certificate under section 197 (for non-deduction/deduction at lower rate) will not be issued unless the application

contains the PAN of the applicant etc. It was considered necessary to assess the measures initiated by the ITD on the efficacy of the compliance of TDS/TCS provisions for strengthening the TDS administration.

1.4 Objectives of the performance audit

The objectives of the performance audit were to assess the:

- a. efficacy of all stakeholders in complying to the provisions of the Act relating to TDS/TCS;
- b. efforts made by the ITD for widening the TDS/TCS net;
- c. implementation of e-TDS scheme; and
- d. correctness of accounting procedure in TDS/TCS.

1.5 Legal framework

Chapter XVII-Collection and recovery of tax of the Act deals with the law and procedure with regard to TDS and TCS.

1.6 Audit scope and coverage

For this performance audit (i) verification orders processed by respective AO (TDS) on TDS returns filed by the tax deductors and (ii) assessment orders completed by jurisdictional Assessing Officer (AO) on return of income filed by the assessee processed/completed during financial years (FYs) 2012-13 to 2014-15 which were test checked during the period November 2015 to March 2016.

1.6.1 For selection of verification orders in TDS units:-

We divided states into two clusters Category 'A'¹ and Category 'B'² states based on the volume of direct taxes collection. Further, details of sample collection are given below:

- Two tier statistical sampling was employed while conducting the performance audit.

Level-1-Selection of TDS units; and

Level-2-Selection of verification orders in the selected TDS units.

1 States with direct taxes collection of ₹ 15,000 crore and more (Andhra Pradesh, Gujarat, Delhi, Karnataka, Maharashtra, Tamil Nadu, West Bengal and Uttar Pradesh)

2 States with direct taxes collection less than of ₹ 15,000 crore (Assam, Bihar, Chhattisgarh, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh, Odisha, Punjab, Rajasthan, Uttarakhand and UT Chandigarh)

- Selection of TDS units:- 100 *per cent* coverage for TDS circles in Category 'A' and Category 'B' states was done. For TDS wards, 25 *per cent* and 33.33 *per cent* coverage for Category 'A' and 'B' states respectively was done as indicated in *Appendix-I*.
- Selection of verification orders:- Within the selected TDS unit, 100 *per cent* records with respect to TDS circles and 50 *per cent* of orders of TDS wards were selected for conducting the audit

1.6.2 For selection of assessment orders in assessment units:-

- We selected 200/100 assessment cases with turnover exceeding ₹ 100 crore in case of the main/branch audit offices during regular audit in order to examine the efficacy of TDS provisions.

1.6.3 Based on the above, 7,489 verification orders in 150 selected TDS circles/wards were selected for this study. Of these, 6,699 verification orders representing nearly 90 *per cent* of the selection were provided to audit. The remaining verification orders of TDS circles/wards were not produced to audit. In addition, we could verify 2,332 assessment orders completed by jurisdictional AO in the assessment charges with reference to TDS provisions for the same period.

1.7 Audit Methodology

Audit examined the verification cases of TDS circles/wards and scrutiny assessments of assessment charges for efficacy in complying the TDS/TCS provisions. Audit also test-checked the property registration documents maintained at the office of the Registrar/Sub Registrar of the States to verify the tax deductible at source on sale/purchase of Immovable property (Chapter II).

Audit examined the efforts made by the ITD for widening the TDS/TCS base. The information with regard to number of tax deductors and number of e-TDS returns filed was collected from CPC (TDS). The information with respect to survey by TDS units was collected from selected units (Chapter III).

Audit examined the issues relating to implementation of e-TDS schemes. The information was called for from selected units and CPC (TDS) on the basis of Standard operating procedure (SOP) of CBDT for un-consumed challans, resolvable demand and tax defaulter report. The facilities available to AO(TDS) on AO portal of CPC(TDS) were examined from AO manual in order to ascertain the utilization of various facilities available for AO portal (Chapter IV).

Audit examined the issue of G-OLTAS reconciliation for which the information was called for from the selected TDS units and CPC (TDS) for adherence to SOP of CBDT. The information of TDS collection for the state was also obtained from AG office of the respective states (Chapter V).

An entry conference with the CBDT was held on 20 November 2015 wherein audit objectives, scope of audit and main areas of audit examination were explained. The draft report was communicated to the CBDT on 08 November 2016. The response of the CBDT to the recommendations made by audit were received on 13 December 2016. The exit conference was held on 15 December 2016 with the CBDT wherein the report was discussed. The views expressed by the Board in the exit conference have suitably been incorporated in this report.

1.8 Acknowledgement

We acknowledge the co-operation of ITD in facilitating the audit by providing necessary records and information/response to audit observations in connection with the conduct of this performance audit. We also acknowledge the co-operation of Pr. CCA, CBDT for providing information related to collection of taxes.

Chapter 2

Efficacy in implementation of TDS/TCS provisions

2.1 The present chapter deals with the issues relating to the TDS/TCS provisions of the Act and relevant rules. We examined the verification cases of TDS circles/wards and scrutiny assessments of assessment charges to see efficacy of all stakeholders in complying with the provisions of the Act relating to TDS/TCS. We found mistakes in 1,481 cases involving tax effect of ₹ 2,952.27 crore which have been discussed in this Chapter.

2.2 Failure to impose interest by the AO(TDS) on non/short deduction/collection of tax

Audit examination revealed that in respect of section 201(1A)/206C(7) of the Act, 168 cases were noticed where the tax deductors/collectors were in default for non/short deduction and collection of tax and therefore, liable to pay interest. This resulted in non/short depositing of tax including interest amounting to ₹ 902.16 crore. Four such illustrative cases are shown in Box 2.1.

Box 2.1: Illustrative cases relating to failure to impose interest by the AO(TDS) on non/short deduction/collection of tax

Section 201(1) of the Act provides that any person, who is required to deduct any sum in accordance with the provisions of the Act, does not deduct, or does not pay, or after so deducting fails to pay, the whole or any part of the tax, then, such person, shall be deemed to be an assessee in default in respect of such tax. Further, section 201(1A) provides that such person shall be liable to pay simple interest at one per cent for every month or part of the month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted and at one and one-half per cent for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid.

a. In Delhi, CIT(TDS)-I charge, the verification order of M/s KMP Expressways Limited for financial year 2011-12 was passed under section 201(1)/201(1A) in March 2014. Audit examination revealed that though the assessee company had not deposited tax deducted at source of ₹ 7.00 crore to Government Account, ITD did not levy interest under section 201(1A) on account of non-deposit of TDS. The omission resulted in non-depositing of tax of ₹ 12.04 crore including interest. The ITD replied (May 2016) that CIT (TDS) passed the order under section 263 setting aside the order passed under section 201(1).

b. In Karnataka, CIT(TDS) charge, the verification order of M/s Kingfisher Airlines Limited, for the financial year 2010-11 was passed under section 201(1)/201(1A) in July 2014. Audit noticed that ITD levied interest under section 201(1A) at ₹ 6.23 crore instead of ₹ 10.22 crore. The mistake resulted in short levy of interest of ₹ 3.99 crore.

Section 206C(1) provides that every person, being a seller shall, at the time of debiting the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in the Act, a sum equal to the specified percentage of such amount as income-tax. Further, section 206C(7) provides that if the person responsible for collecting tax does not collect the tax or after collecting the tax fails to pay it as required under this section, he shall be liable to pay simple interest at the rate of one per cent per month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which the tax is actually paid.

c. In Karnataka, CIT TDS charge, the Monitoring Committee (MC) constituted by the Hon'ble Supreme Court of India in its order dated 01 September 2011, directed to sell existing stock of Iron ore and Manganese ore in mining leases, stockyards in the districts of Bellary, Tumkur and Chitradurga of Karnataka through e-auction. The MC had made total sale of Iron ore of ₹ 17,310.00 crore during FYs 2012-13 to 2014-15. Audit scrutiny revealed that neither the MC collected tax at source nor did the CIT(TDS), Bangalore initiate necessary proceedings against the MC for failing to collect the tax at source. The omission resulted in non-collection of tax at source of ₹ 173.10 crore.

d. In Odisha, CIT(TDS) charge, the audit noticed from the records of Office of the Dy. Director of Mines, Jajpur Road (tax collector) that ₹ 718.56 crore was received as royalty from lessees of mines other than the public sector companies during FYs 2012-13 to 2014-15. It was found that tax collector did not file tax collection statement for all quarters except the first quarter of 2012-13. It was noticed that tax collector had not collected tax at source on ₹ 718.56 crore. The omission resulted in non-collection of tax of ₹ 14.37 crore.

The levy of interest under section 201(1A)/206C(7) by the ITD act as a deterrent against non-compliance with respect to timely deduction/collection of tax and depositing the same into Government account. Non/short levy of interest on the defaulting tax deductors by the AO(TDS) makes the implementation of the provisions weak.

2.3 Failure to initiate penalty proceedings

Audit examination revealed that in respect of section 271C/271CA of the Act 311 cases were noticed where penalty proceedings were not initiated by the ITD against the tax deductors on account of non-deduction/collection of tax at source. Two such illustrative cases are shown in Box 2.2.

Box 2.2: Illustrative cases relating to failure to initiate penalty proceedings

Section 271C of the Act provides that if any person fails to deduct the whole or any part of the tax as required under the provisions of chapter XVII-B or pay the whole or any part of the tax as required by or under the second proviso to section 194B or sub-section (2) of section 115-O, then such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay. Further, as per section 271CA, if any person fails to collect the whole or any part of the tax as required under Chapter XVII-BB, then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to collect.

a. In Maharashtra, CIT (TDS) Thane charge, in the case of M/s Blue Star Realtors (P) Limited, an order was passed for the AY 2014-15 under section 201(1)/201(1A) determining demand of ₹ 3.22 crore in February 2015 for non-deduction of tax under section 194A at the rate of 10 per cent on interest payment of ₹ 32.19 crore. However, it was noticed that no action was initiated by the AO to impose penalty.

The DCIT (TDS) Circle, Thane replied (February 2016) that a proposal had been sent to the competent authority for initiation of penalty proceedings.

b. In Delhi, CIT-VI charge, scrutiny assessment of M/s Turner General Entertainment Network India Limited for the AY 2011-12 was completed in March 2014. The assessee had added ₹ 54.49 crore under section 40(a)(ia) in returned income due to non-deduction of tax. Audit noticed that no action was initiated to impose penalty. The ITD accepted the observation and initiated penalty proceedings by issuing notice to assessee.

The intention of penal provisions in the Act is to enforce compliance of law and also work as deterrence against tax defaulters. Such instances of non-compliance weaken the deterrent effect of the provisions.

2.4 Failure to initiate prosecution proceedings

Audit noticed that AO(TDS) did not invoke provisions of section 276B/276BB/278A against 343 deductors where tax was deducted/collected at source but not deposited within due date attracting prosecution proceedings under the Act. Two such illustrative cases are shown in Box 2.3.

Box 2.3: Illustrative cases relating to failure to initiate prosecution proceedings

Section 276B/276BB or 278A provides that all cases where TDS/TCS is deducted/collected but not deposited within due date, as prescribed, are punishable under the law. As per CBDT's Standard Operating Procedure (SOP) for prosecution, cases of TDS/TCS defaults, where amount of tax deducted/collected is ₹ one lakh and more and same is not deposited by the due date prescribed under the Act shall mandatorily be processed for prosecution in addition to the recovery. Further, cases where the tax deducted/collected is between ₹ 25,000 and ₹ one lakh and the same is not deposited by the due date may be processed for prosecution depending upon the facts and circumstances of the case. The CIT(TDS) is the competent authority to accord sanction under section 279(1) for prosecution referred by AO(TDS).

a. In Andhra Pradesh, CIT(TDS) charge, a survey in the case of M/s IVRCL Limited was conducted for FY 2012-13 in January 2013. Further, the verification orders were passed under section 201(1)/201(1A) in February 2013 and in January 2014. The AO in his order of February 2013 raised the demand of ₹ 18.20 crore on account of non-deposit of tax deducted at source into the Government Account within the prescribed time. Audit noticed that ITD had not initiated prosecution proceeding under section 276B. The ITD replied (December 2015) that reference for initiation of proceedings would be made to CIT(TDS).

b. In Karnataka, CIT(TDS) charge, a survey in the case of M/s Bruhat Bangalore Mahanagara Palike was conducted in November 2014 for FY 2014-15. Further, the verification order was passed under section 201(1) and 201(1A) in February 2015. Audit noticed that though the deductor was in default of non-remittance of the tax deducted at source of ₹ 2.36 crore, the AO sent a proposal for initiation of penalty under section 271C/271H but failed to initiate prosecution proceedings under section 276B. The ITD replied (February 2016) that appropriate remedial action would be taken.

The intention of provisions of prosecution is to punish the tax defaulter found guilty of non-depositing of tax within due date and to instill fear of law in minds of those who may contemplate evading depositing of legitimate taxes. Such instances of non-compliance indicate the weakness in the implementation of these provisions thus weakening its deterrent effect.

During exit conference, the CBDT stated that prosecution proceedings are initiated generally against top defaulters only so that they can be followed up effectively taking into account constraint of manpower in ITD. However, measures are being taken for issuing notices against all the tax defaulters.

2.5 Failure to disallow the expenditure by the AO affects the quality of assessments

Audit examination revealed that in respect of section 40(a)(ia) of the Act, 128 cases were noticed where the Assessing Officer (AO) allowed the expenditure in contravention of the provisions there under even though tax deducted at source was not deducted or deducted but not deposited before the due date of filing of return on such payments. Further, in respect of section 195 of the Act, 27 cases were noticed where the AOs allowed the expenditure in contravention of the provisions there under on which tax was not deducted at source. The mistakes in 155 cases resulted in short levy of tax of ₹ 2026.42 crore. Five such illustrative cases are shown in Box 2.4.

Box 2.4: Illustrative cases relating to failure to disallow the expenditure by the AO

Section 40(a)(ia) of the Act provides that no deduction of expenditures is allowed in computing the income chargeable under the head "Profits and gains of business or profession", on which tax is deductible at source under chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in section 139(1).

a. In Karnataka, CIT Range-1 charge, scrutiny assessment of M/s Bangalore Electricity Supply Company Limited for assessment year (AY) 2010-11 was completed in March 2013. Since assessee company had not deducted TDS on 'interest paid to consumers', AO disallowed expenses of ₹ 10.54 crore. Audit noticed that AO adopted the figure of ₹ 10.54 crore as against actual expenditure of ₹ 101.54 crore debited in the profit and loss account towards 'interest paid to consumers'. The mistake resulted in short disallowance of expenditure of ₹ 91.00 crore involving short levy of tax of ₹ 30.93 crore.

b. In Delhi, CIT-V charge, scrutiny assessment of M/s Primus Buildwell Private Limited, for the AY 2010-11 was completed in March 2013. Audit noticed that the assessee company had deducted TDS of ₹ 1.01 crore under section 194C in March 2010 but the same was deposited to Government account in January 2012 i.e., after the due date of filing of return. However, AO failed to disallow the amount involved of ₹ 50.52 crore which led to short levy of tax of ₹ 23.35 crore including interest.

c. In Maharashtra, CIT-I Charge, the scrutiny assessment of assessee company M/s Housing Development Finance Corporation Limited, for AY 2010-11 was completed in February 2013. Audit noticed from the records (Form 26AS) of M/s Nuclear Power Corporation of India Limited (NPCL) that though the assessee company had paid interest of ₹ 28.68 crore to NPCL, Tax at source was not deducted under section 194A for the same payment. However, no addition was made by AO under section 40(a)(ia). The mistake resulted in under assessment of income to that extent involving short levy of tax of ₹ 9.75 crore.

Section 195(1) of the Act provides that any person responsible for paying to a non-resident, not being a company, or to a foreign company, any interest or any other sum chargeable under the provisions of this Act (not being income chargeable under the head salaries) shall, at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier, deduct income-tax thereon at the rates in force. Further, as per explanation-2 inserted by the Finance Act, 2012 with retrospective effect from 01.04.1962, it has been clarified that the obligation to comply with sub-section (1) and to make deduction there under applies and shall be deemed to have always applied and extends and shall be deemed to have always extended to all persons, resident or non-resident, whether or not the non-resident person has (i) A residence or place of business or business connection in India; or (ii) Any other presence in any manner whatsoever in India.

d. In Karnataka, CIT Range-1, the scrutiny assessment of M/s Ansys Software Private Limited for AY 2011-12 was completed under section 143(3) read with section 92CA in February 2015. Audit noticed that AO allowed the business expenditure incurred towards purchase of “software licenses and technical enhancements including technical support fees” from Ansys Inc., USA and Ansys UK Limited, amounting to ₹ 21.89 crore even though the tax at source had not been deducted under section 195. Omission to disallow this expenditure had resulted in short levy of tax of ₹ 10.69 crore including interest.

e. In Haryana, Principal CIT(TDS)-2, scrutiny assessment of a firm, M/s Sat International was completed in December 2014. Audit noticed that the firm had paid ₹ 82.07 lakh and ₹ 10.26 lakh towards telecommunication services and consultancy charges respectively to foreign company without deducting TDS under section 195. The omission resulted in under assessment of income of ₹ 92.33 lakh involving tax effect of ₹ 28.53 lakh.

Failure by the AO to disallow expenditure due to non deduction of tax or tax deducted but not deposited by the assessee, affects the quality of assessments.

During exit conference, the CBDT stated that matter would be examined and the above cases would be taken up on the priority basis.

2.6 Failure to deduct tax at source on sale of immovable property

Audit identified, in respect of section 194-IA of the Act 108 cases, where the ITD failed to notice the default of tax deductors who were liable to deduct tax at source on sale of immovable property. This is despite the fact that the information on the transactions of sale/purchase of immovable property exceeding ₹ 50 lakh were reported to the ITD through Annual Information Return (AIR). This resulted in non/short deduction of tax at source of ₹ 23.69 crore including interest. Two such illustrative cases are shown in Box 2.5.

Box 2.5: Illustrative cases on failure to deduct tax at source sale of immovable property

Section 194-IA of the Act provides that any person being a transferee, responsible for paying to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or demand draft or by any mode, whichever is earlier, deduct an amount equal to one per cent of such sum as income tax thereon, provided the consideration for transfer is not less than ₹ 50 lakh.

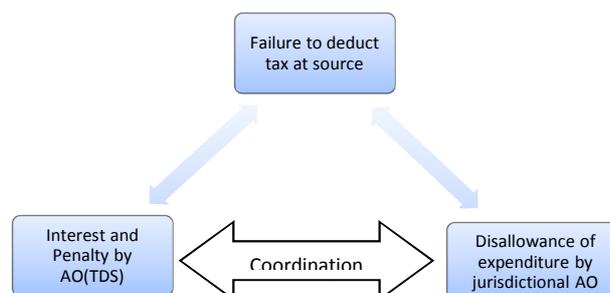
a. In Tamil Nadu, a test-check of property registration documents maintained at the offices of the District Registrar for Registration, Saidapet and Royapettah, Chennai revealed that in 63 cases during the period 01 June 2013 to 31 March 2015, the purchasers had not deducted tax at source from payments made to the sellers even though the consideration for transfer of property exceeded ₹ 50 lakhs. The ITD also failed to initiate action against the tax defaulters. The omission resulted in non-deduction of tax at source of ₹ 2.76 crore including interest. The ITD replied (February 2016) that CPC (TDS) Vaishali had sent CCA wise list of buyers of immovable property (reported through AIR) who have not filed 26QB for the FY 2013-14 and FY 2014-15 and the action would be taken.

b. In Kerala, CIT(TDS) Kochi charge, Audit noticed that a property was sold by M/s Common Wealth Trust Limited to M/s Pumic Projects and Properties at a cost of ₹ 7.65 crore in September 2013 and the SRO Chalappuram, Calicut shared this high value transaction through Annual Information Return (AIR) with the ITD. Audit further noticed that the tax at source had not been deducted on such transaction and the ITD failed to initiate action against tax defaulter despite the fact that the transaction was already in the notice of the ITD. The omission resulted in non-deduction of tax at source of ₹ 7.65 lakh.

Such instances indicate weakness in implementation of the provisions relating to levy of tax deducted at source relating to sale/purchase of immovable property.

2.7 Lack of Co-ordination between assessment and TDS units

The AO(TDS) may pass the information relating to the cases where he notices non-compliance of TDS provisions to the concerned assessment units for disallowance of expenditure under the provisions of the Act. Similarly, where jurisdictional AO notices the non-compliance of TDS provisions, he may pass such information to the concerned TDS units for necessary action related to collection of taxes.



Audit noticed in 369 cases that there was lack of coordination between assessment units and TDS units as information with regard to TDS provisions was not being shared for compliance. One such illustrative case is shown in Box 2.6.

Box 2.6: Illustrative case relating to lack of Co-ordination between assessment and TDS units

a. In Bihar, CIT(TDS) Patna charge, AO completed the assessment of a Co-operative society, Tirhut Dugdh Utpadak Sahkari Sangh Limited for AYs 2012-13, 2013-14 and 2014-15 in December 2014, wherein transport expenditure of ₹ 10.65 crore (₹ 2.72 crore + ₹ 3.26 crore + ₹ 4.67 crore) was incurred without deducting tax at source under section 194C. As the tax at source had not been deducted, the matter should have been referred to the concerned assessment unit for disallowance of expenditure under section 40(a)(ia) of the Act, which was not done.

Thus, there was lack of coordination between assessment units and TDS units as information is not being shared in order to ensure compliance to various TDS provisions of the Act.

During exit conference, the CBDT stated that the process of such information sharing between TDS Unit and Jurisdictional Unit has been initiated through CPC (TDS) & Income Tax Business Application (ITBA) linkage. The process is in initial stages and will gradually be scaled up to give greater information flow.

2.8 Failure to take into account income by the AOs against the tax deducted at source

Audit examination revealed that in 27 cases the assessee had not shown related receipt from which the tax was deducted into account in computing the total income for their income tax returns. The AOs also did not take into account the same while computing the taxable income of the assessee leading to less credit of taxable income thus affecting the quality of assessments. One such illustrative case is shown in Box 2.7.

Box 2.7: Illustrative case relating to non-compliance of provision of section 198

Section 198 of the Act provides that all sums deducted in accordance with the Chapter XVII shall, for the purpose of computing the income of an assessee, be deemed to be income received: Provided that sum being the tax paid, under sub-section (1A) of section 192 for the purpose of computing the income of an assessee, shall not be deemed to be income received.

In Assam, Pr. CIT-II Guwahati charge, the assessment of the assessee, Rishi Kumar Gupta for the AY 2011-12 was completed under section 143(3)/153A in March 2015. Audit scrutiny of Form 26AS³ revealed that the assessee had gross receipts of ₹ 8.87 crore and the total tax was deducted at source of ₹ 0.19 crore. However, the assessee had shown total gross receipt of ₹ 4.12 crore only and TDS of ₹ 0.19 crore was claimed by the assessee. Thus, there was an understatement of gross receipts of ₹ 4.75 crore leading to less credit of taxable income.

Thus, AO failed to utilize the information of income of assessee available during regular assessment affecting the quality of assessments.

2.9 Conclusion

The non/short levy of interest under section 201(1A)/206C(7) on the defaulting tax deductors by the AO(TDS) makes the implementation of the provisions weak. Non-initiation of penalty and prosecution under section 271C/271CA and 276B/276BB/278A respectively weaken the deterrent effect of the provisions. The failure by the AO to disallow expenditure though tax was not deducted at source or deducted but not deposited by the assessee, affects the quality of assessments. The deductors failed to deduct tax at source on sale of immovable property in 108 cases. Such instances indicate weakness in implementation of the provisions relating to levy of tax deducted at source relating to sale/purchase of immovable property. There was lack of coordination between assessment units and TDS units as information is not being shared in order to ensure compliance to various TDS provisions of the Act. The AO failed to utilize the information of income of assessee available during regular assessment affecting the quality of assessments.

2.10 Recommendation

Audit recommends that

- a. The CBDT may ensure sharing of information among TDS units and respective Jurisdictional assessment units so that revenue collection efforts are synergized.

The CBDT stated (December 2016) that the process of such information sharing between TDS Unit and Jurisdictional Unit has been initiated through CPC (TDS) and ITBA linkage. The process is in initial stages and will gradually be scaled up to give greater information flow.

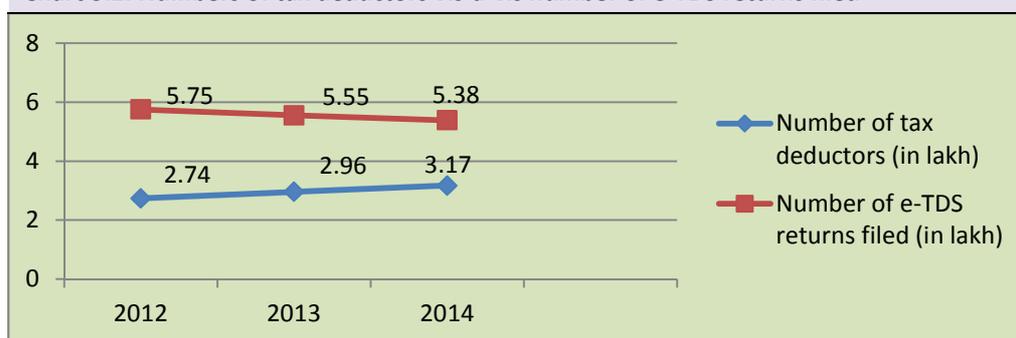
³ Form 26AS is a consolidated annual tax statement which has all tax related information (TDS, TCS, Refund etc.) and their corresponding income associated with a PAN.

Chapter 3

Widening of TDS/TCS base

3.1 The strategy to augment revenue through tax deduction at source as outlined in the Central Action Plan (CAP) 2014-15 of CBDT emphasised on surveys and identifying areas of no/low deduction of tax at source for widening of TDS/TCS base. The number of tax deductors available with the ITD as on 31 March 2012, 2013 and 2014 and number of e-TDS returns filed during the same period are shown in Chart 3.1.

Chart 3.1: Numbers of tax deductors vis-à-vis number of e-TDS returns filed



Source: CPC(TDS)

This chapter highlights the issues related to efforts made by the ITD for widening the TDS/TCS base.

3.2 TDS collection under different sub-heads

3.2.1 Tax collection⁴ increased from ₹ 6.37 lakh crore in FY 2012-13 to ₹ 7.99 lakh crore in FY 2014-15 with a growth of 25.5 *per cent* whereas TDS collections from taxpayers under different sub-heads increased from ₹ 2.11 lakh crore in FY 2012-13 to ₹ 2.59 lakh crore in FY 2014-15 with an increase of 22.75 *per cent*. Table 3.1 shows the details of Tax collection vis-à-vis TDS collection under different sub-heads during FYs 2012-13 to 2014-15.

⁴ Including corporation and income tax

Table 3.1: Tax collection vis-à-vis TDS collections under sub-heads				₹ in crore
Particulars/FY	2012-13	2013-14	2014-15	
Tax collection	6,36,932	7,21,604	7,99,459	
Details of TDS under different sub-heads				
Salaries	84,293	98,346	1,08,215	
Interest on securities	1,307	736	952	
Dividends	243	162	112	
Interest	25,836	33,353	34,915	
Winning from lottery or crossword puzzles	204	265	226	
Winning from horse races	19	20	21	
Payments to contractors & sub-contractors	26,826	27,757	29,863	
Insurance Commission	2,194	2,436	2,428	
Payment to non-residents	51	71	77	
Others	69,681	85,399	82,298	
Total TDS	2,10,654	2,48,547	2,59,106	

There has been steady growth in the tax collection and the TDS collection during the period 2012-13 to 2014-15.

3.3 Selection criteria for verification of TDS returns

The CBDT prescribes criteria for selection of returns/cases for regular assessments to ensure that the assessee has not understated the income or has not computed excessive loss or has not under-paid the tax in any manner. Similar criteria are required for selection of verification of TDS/TCS returns to detect the default of tax deductor on account of non deduction/short deduction of tax or tax deducted but not deposited in the Government account.

Audit noticed that no selection criteria have been prescribed by the CBDT for selection of TDS returns for scrutiny by the AO of TDS units. AO(TDS) picks up the TDS returns for verification in a subjective manner. Similar issue had also been raised in the Performance Audit Report no. 8 of 2007 wherein Ministry had replied that suitable procedure was under consideration, which would specify time limit as well as procedure of verification of TDS returns.

During exit conference, the CBDT stated that some standardized approach would be adopted for selection of verification of TDS cases on the lines of methodology of selection criteria of regular assessment cases.

3.4 Survey conducted by TDS units

In order to ensure that all entities liable to deduct or collect tax at source are brought on the records of the ITD, TDS units are required to examine the income tax assessments, connected records and conduct surveys under section 133A. As per Central Action Plan 2013-14, survey is one of the easy and handy tools for verification of TDS compliance. The data available in the ITD system regarding current trends of business, useful information gathered from newspapers/magazines and also during enquiry/examination of other cases can provide valuable inputs for proper selection of cases to conduct surveys. Prompt action to pass necessary orders under section 201 for defaults, charging of interest, levying penalties in respect of defaults detected during survey etc. will result in timely collection of TDS. Survey reports prepared thereafter by the TDS units need to be followed up for compliance from the defaulters.

Audit examination of survey targeted, conducted, finalised and pending during the period revealed the following:

In 24 CIT(TDS) charges in 15 states⁵, ITD finalized 3,026 surveys out of 3,401 surveys carried out during FYs 2012-13 to 2014-15 raising demand of ₹ 2,387.83 crore and realized ₹ 718.35 crore. The details are shown in Appendix 2.

- (i) In more than 50 *per cent* of the CIT(TDS) charges the annual target of number of surveys to be conducted was either not fixed/not available or was zero during the above period.
- (ii) In nine CIT (TDS) charges⁶ in each of the above years, the number of surveys conducted either far exceeded the target (more than 100 *per cent*) or was less than 50 *per cent* of the target. Thus the target fixing was not done realistically.
- (iii) Information of target was not available with CIT(TDS) charges in Delhi, Chattisgarh, Gujarat, Rajasthan, Chandigarh UT, Tamil Nadu, Vijayawada and Odisha; the information with regard to survey targeted, conducted, finalised and pending was not available in Goa, Tamil Nadu and Jharkhand;

5 Assam, Andhra Pradesh, Bihar, Chandigarh UT, Chhattisgarh, Delhi, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh, Uttarakhand and West Bengal.

6 Bangalore, Bhopal, Hyderabad, Kanpur, Lucknow, CIT-I, Mumbai, Nagpur, Patna & Pune

- (iv) In FY 2012-13, there were four CIT (TDS) charges⁷ and in FY 2013-14 and FY 2014-15, there were two CIT (TDS) charges⁸ where no survey had been conducted.
- (v) 89 *per cent* of the surveys conducted during the period were completed by AOs(TDS),
- (vi) 221 out of 375 surveys remaining pending for finalization pertained to four states which accounted for 59 *per cent* of total pending survey cases. Table 3.2 shows the details of surveys conducted and finalized in these four states.

FY	2012-13		2013-14		2014-15	
	Total surveys conducted	Surveys pending	Total surveys conducted	Surveys pending	Total surveys conducted	Surveys pending
Madhya Pradesh	85	11	123	81	55	24
Karnataka	92	10	211	12	238	52
Andhra Pradesh ⁹	18	6	16	4	26	4
West Bengal	16	0	30	12	12	5
Total	211	27	380	109	331	85

The above indicates that the ITD's approach towards fixing of target for conducting of surveys was not scientific and follow-up and monitoring was also non-existent.

The issue had also been raised in the Performance Audit Report no. 8 of 2007 wherein it was stated that surveys were either not being conducted or the reports of surveys not finalized in a number of cases. It is recommended that ITD may fix realistic targets for its CIT (TDS) charges of the surveys to be conducted and surveys may be conducted in all TDS units and thereafter finalized in time for broadening the tax base by bringing hitherto uncovered tax deductors in the tax net.

During exit conference, the CBDT agreed on taking a decision on fixing of realistic targets for conducting of surveys.

7 CIT-1&2 (TDS)-Delhi, CIT-2 (TDS)-Mumbai & CIT (Patna) for Jharkhand region;

8 for FY 2013-14- CIT-1 (TDS)-Mumbai & CIT (Patna) for Jharkhand region; for FY 2014-15- CIT-1 (TDS)-Chandigarh & CIT (Patna) for Jharkhand region;

9 In CIT(TDS) Vijaywada charge

3.5 Inadequacies in Know Your Customer (KYC) for allotment of TAN

Tax Deduction Account Number or Tax Collection Account Number (TAN) is a 10-digit alpha-numeric number issued by the ITD. It is to be obtained by all persons who are responsible for deducting tax at source or who are required to collect tax at source. For issue of TAN, an application is made in Form 49B and submitted to TIN-FC. However, no documents as the proof of identity and address are required to be attached while submitting the Form 49B. Even PAN field prescribed in the Form 49B is not required to be filled in mandatorily.

Audit noticed that, during FYs 2012-13 to 2014-15, 1.08 lakh notices were issued by AO (TDS) under different CIT charges¹⁰ to non-filers/stop filers out of which 5,068 notices were received back as 'un-served' on account of inadequacies in 'KYC' details given in Appendix 3.

Audit observed that due to inadequate 'KYC' the ITD was unable to address the issue of the demand of ₹ 4,180 crore¹¹ raised under section 201(1)/201(1A) during the period 2007-08 to 2011-12 that has not been attended to by the tax deductors.

For tracking of tax defaulters, it is necessary to have adequate 'KYC' norms at the time of allotment of TAN. However, the ITD was not doing sufficient 'KYC' before allotting TAN to the tax deductors. Validation of identities, addresses with telephone numbers and e-mail of the tax deductors may be the prerequisite for allotment of TAN so as to keep track of all the tax deductors.

During exit conference, the CBDT agreed on this issue and stated that they are considering making PAN mandatory in TAN allotment.

3.6 Conclusion

The criteria for selection of verification of TDS returns are not prescribed by the CBDT. In more than 50 *per cent* of the CIT(TDS) charges the annual target of number of surveys to be conducted was either not fixed/not available or was zero during the period. Except for three CIT (TDS) charges in each of the years, the number of surveys conducted either far exceeded the target or was less than its 50 *per cent* indicating no relationship between the target and the achievement. The ITD's approach towards fixing of target for conducting of surveys was not scientific. The ITD was not doing sufficient 'KYC' before allotting TAN to tax deductors and therefore was not able to track all TDS defaulters.

10 CIT (TDS)-Baroda, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi 1 & 2, Guwahati, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai 1 & 2, Pune, Siliguri and Vijayawada

11 The report of Annual Conference (2015-16) of Pr. CCIT/CIT

3.7 Recommendations

Audit recommends that

- ❖ The CBDT may prescribe the procedure and criteria for selection of TDS returns for verification.

The CBDT agreed (December 2016) with the recommendation and stated that action would be taken on the lines of methodology of selection criteria of regular assessment cases.

- ❖ The CBDT may fix realistic targets for its CIT(TDS) charges of the surveys to be conducted and surveys may be conducted in all TDS units and thereafter finalized in time for broadening the tax base by bringing hitherto uncovered tax deductors in the tax net.

The CBDT agreed (December 2016) on taking a decision on fixing of realistic targets for conducting of surveys.

- ❖ The CBDT may examine the inadequacies in the 'KYC' and without sufficient 'KYC' the ITD may not issue TAN so as to keep track of tax defaulters.

The CBDT stated (December 2016) that CBDT is considering for making PAN mandatory in TAN allotment.

Chapter 4

Implementation of e-TDS Scheme

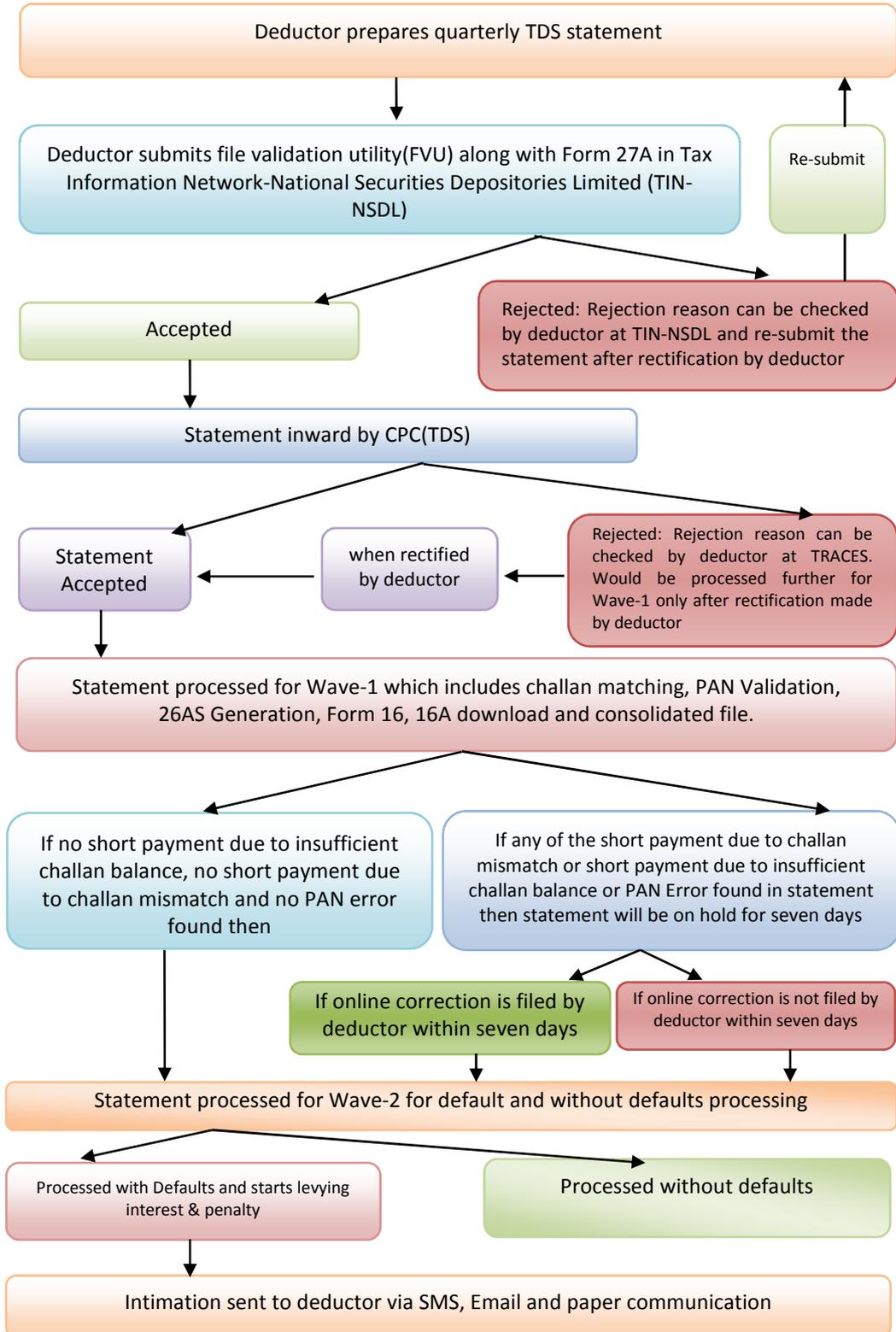
4.1 The ITD had notified an ‘Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003’ as a part of automation of collection, compilation and processing of TDS returns. As per the scheme, corporate and government deductors have to compulsorily furnish TDS returns in electronic form (e-TDS return) from FY 2004-05 onwards. The National Securities Depository Limited (NSDL), on behalf of ITD, receives the e-TDS returns from the deductors and OLTAS receives information of payment of taxes through banks. The taxpayers can enquire about the status of their challans through Tax Information Network (TIN), established by NSDL.

With the objective of automation of TDS processing and to provide a comprehensive technology platform to the tax deductors, taxpayers and the Assessing Officers (AOs), the ITD, in November 2012, launched a Centralised Processing Cell for TDS viz. CPC(TDS). The CPC(TDS) provides a wide range of online services related to TDS through a facility called ‘TRACES’ (TDS Reconciliation, Analysis and Correction Enabling System) to the tax deductors, taxpayers and the Assessing Officers (AOs). TRACES, through its portal provides services like viewing and downloading of Form 26AS by taxpayers. The deductors download TDS certificates (Form 16 and 16A) which facilitate proper reconciliation between credits of taxes deposited by deductors and claimed by deductees. Chart 4.1 shows the work flow process of CPC(TDS).

The processing of the quarterly returns filed by tax deductors/collectors are carried out through the TRACES and demand notices for discrepancies are also generated through system and served to the tax deductors/collectors directly. TDS units have the responsibility to facilitate and ensure compliance of their notices by the tax deductors/collectors. Various functionalities on the portal of CPC (TDS) for the use of AOs to monitor the functioning of TDS/ TCS systems and progress in revenue collection are available.

This chapter highlights the issues of utilization of functionalities available to the AO(TDS) through AO Portal.

Chart 4.1: Work flow process of CPC(TDS)



Source: CPC(TDS)

4.2 Unconsumed challans

The information on TDS received through branches of authorised banks and e-payment are uploaded to OLTAS by NSDL. There is a challan corresponding to each payment in the OLTAS and each payment is assigned a unique challan identification number called CIN. The quarterly TDS statements or e-TDS returns filed by the deductors are processed for challan matching, PAN validation, 26AS generation etc. If there is no PAN error and no short payment due to challan mismatch and no short payment due to insufficient challan balance, the statement is considered to be processed without default and challan is considered to be consumed. A challan may remain unconsumed in the system under the following circumstances:-

- i) In case of a deductor where demand has been raised due to short payment of tax or due to quoting of wrong challan particulars in TDS statement (e-TDS return); there might be a challan available in the account of such a deductor in the Online Tax Accounting System (OLTAS) module of ITD, which has not been utilized/claimed.
- ii) Where the deductor has paid the taxes deducted at source but has either not reported TDS transactions through TDS statement at all or; reported incomplete transactions in TDS statement. Challan against such transactions also remain unconsumed on the computer system.
- iii) There may be a case where the deductor has paid the demand on account of late filing fee or; interest including late payment interest or; late deduction interest, the same challan has not been reported through TDS statement for claim against such outstanding demand.

Unconsumed challans cannot be matched internally in the CPC(TDS) as only deductor can confirm the mapping of a particular challan to a particular demand; unconsumed challan may be lying in the tax deductor account due to wrong reporting by banks or otherwise.

Audit noticed in 19 CsIT(TDS) charges that number of unconsumed challans for the period FYs 2012-13 to 2014-15 disseminated at AO(TDS) portal was 7.90 lakh pertaining to ₹ 18500.06 crore. The details of unconsumed challans were communicated to 0.91 lakh deductors. Of the above, 0.09 lakh unconsumed challans were tagged by the field formations and outstanding demand of ₹ 280.07 crore was resolved. The details are shown in *Appendix 4*.

However, the data at All India level communicated by CPC (TDS) that 988 challans¹² out of 84.91 lakh unconsumed challans involving ₹ 752.47 crore were tagged and only 6.28 *per cent* of outstanding TDS amount pertaining to FYs 2012-13 to 2014-15 was resolved is not matching with the data collected by audit.

FY	No. of Unconsumed challans	Amount involved ₹ in crore	No. of Unconsumed challans tagged by AOs(TDS)	Amount involved ₹ in crore
2012-13	29,89,613	4,716.52	462	509.28
2013-14	27,48,291	3,585.70	285	197.62
2014-15	27,53,556	3,689.16	241	45.57
Total	84,91,460	11,991.38	988	752.47

Source: CPC(TDS)

Audit noticed from the data of CPC (TDS) that the facility of tagging of unconsumed challans was utilized by only 94 AOs out of a total of 474 AOs and the remaining 380 AOs were not using the system.

Failure of tagging of unconsumed challans by AOs lead to non mapping of more than 99 *per cent* of their respective demand, as a result of which tax payers were not able to verify their TDS credits causing them undue hardship.

4.3 Resolvable TDS demand

The outstanding TDS demand which are recoverable immediately and free from any dispute or litigation or corrections can be clubbed in the category “resolvable TDS demand”. The outstanding resolvable TDS demand consist of short payment of TDS and interest thereon, interest on late payment of TDS and late filing fees due to late filing of TDS returns.

The TDS authorities¹³ are required to identify resolvable demand to be recovered immediately by taking total demand informed by CPC(TDS) at AO-portal. The AO(TDS) after identifying the resolvable demand is required to issue letters to the assesseees for filing correction/revised statement, if demand is due to mismatch of challans, wrong PAN or any other reasons. If no action is taken by the assessee in respect of resolvable demand, AO may take recovery measures so that the demand is reduced to ‘Nil’.

12 As on 31 March 2016

13 Pr. CCIT/CCIT (TDS), CIT (TDS), Addl. CIT (TDS), AO (TDS)

The CPC(TDS) informed (September 2016) that there was resolvable demand of ₹ 17,798.12 crore¹⁴ for FYs 2012-13 to 2014-15 which includes demands on account of short payment, interest on short payment, interest on late payment and late payment filing fees. Audit noticed that only 219 AOs out of a total of 474 AOs have been using the facilities available in the CPC (TDS) portal. The facility of outstanding resolvable tax demand at AO portal needs to be utilized by all AO(TDS) to monitor the status of outstanding resolvable tax demand and issue letters to the assesseees for filing correction/revised statement accordingly. Further, if no action is taken by the assessee in respect of resolvable demand, AO may take recovery measures so that the demand is reduced to 'Nil'.

4.4 Non utilization of Defaulters report by AO (TDS)

The CPC(TDS) modules have facility to generate report giving demand details of all the defaulter TANs for a selected year as well as across all the years under various categories of defaults viz. short payment, short deduction, late payment, late deduction, late filing, interest on short payment/late payment/short deduction, additional interest against processing of latest correction and interest under section 220(2). The defaults are identified during the processing stage and made available at AOs level. The AOs are required to take follow up action in this regard.

CPC (TDS) provided the data with regard to default of tax demand which shows that ₹ 20,381.14 crore was pending against various deductors for the FYs 2012-13 to 2014-15.

Audit noticed that out of 474 AOs, only 219 AOs had utilized the facility available for AO at CPC(TDS) portal for liquidation of tax default. Given the fact that there was huge demand pending against various tax deductors, non utilization of tax defaulters reports by AO (TDS) only aggravate the issue of non liquidation of tax demand for want of proper follow-up.

During exit conference, the CBDT with reference to para 4.2 to 4.4 stated that for better utilization of the CPC(TDS) portal by AOs, they have imparted training programs and also conducted capacity building exercise for their field formation.

¹⁴ As on 31 March 2016

Audit is of the view that in addition to imparting training to its cadres, CBDT may like to put in place a system consisting of certain actionable and verifiable steps in order to ensure use of the facilities available in the CPC(TDS) portal by all stakeholders including the AOs. Further, a system may be evolved where the trail of login/use of portal by the concerned AOs may be verifiable.

The CBDT agreed on the suggestions and stated that proper action would be taken on the lines suggested by Audit.

4.5 Conclusion

The extent of unconsumed challans is significant in terms of number of challans as well as TDS amount involved and the facility of tagging of unconsumed challans is not being utilized by all AOs. Non-utilization of facilities available for AO(TDS) at CPC(TDS) portal for realization of resolvable demand and resolving defaults from defaulters report of tax deductors is high.

4.6 Recommendations

Audit recommends that

- a. The CBDT may take steps to ensure that all AOs may utilize the facilities available in CPC(TDS) portal for addressing the issues of unconsumed challans, realization of resolvable demand and resolving defaults from defaulters report of tax deductors.

The CBDT agreed (December 2016) with the suggestion and stated that proper action would be taken in this regard.

- b. The CBDT may take effective steps for quick recovery of the resolvable demand as it is free from any dispute.

The CBDT stated (December 2016) that CPC(TDS) has in its training programs for field formation imparted knowledge for quick recovery of demands by Assessing Officers. It has also imparted knowledge to deductors to resolve their demands.

Chapter 5

Issues in Accounting

5.1 G-OLTAS Reconciliation

The ITD's initiative to receive information and maintain records of tax paid through banks through online upload of challans is named as Online Tax Accounting System (OLTAS). Reporting of remittances and maintenance of records of TDS in case of government deductors is known as G-OLTAS. In the Government Accounting System each deductor is associated with a specific Accounts Officer who processes the bills prepared by the deductor. The Pay and Accounts Office (PAO)/District Treasury Office (DTO)/ Cheque Drawing and Disbursing Office (CDDO) are required to file Form 24G¹⁵ as per ITD notification no. 41/2010 dated 31 May 2010. In case of an office of the Government, where tax has been paid to the credit of Central Government without the production of a challan associated with deposit of the tax in a bank, the PAO/CDDO/DTO or an equivalent office is required to file Form 24G. A unique seven digit Accounts Office Identification Number (AIN) shall be allotted to every Accounts Officer. Every Accounts Officer shall furnish one complete, correct and consolidated Form 24G every month having details of all type of deduction/collection. Filing of form 24G is associated with generation of a Book Adjustment Identification Number (BIN) against each DDO who file the quarterly TDS statements quoting the same. For statutory obligation, a book transfer entry is prepared and sent to the AG Office. The AG accumulates the book transfer entries from all PAOs and draws a consolidated draft in favour of the ITD.

Reconciliation is an essential part of the TDS units so as to verify the number of active AIN holders as compared to the total number of AIN holders and also any difference in amount reported by State Government AINs in Form 24G with the amount reported by State AG.

An AO-TDS is required to monitor the compliance of filing of form 24G by the AIN holders and dissemination of BIN to the Government deductors. Form 24G filed by the AIN holders could be utilised to issue notices by AO (TDS) to the Government deductors to file their TDS returns. In this chapter, issues relating to reconciliation of G-OLTAS have been discussed.

¹⁵ Statement of TDS/TCS book adjustment

5.2 Non-reconciliation of TDS as reported by State Government AINs and State AGs

5.2.1 The all India information provided by CPC(TDS) revealed that the amount in Form 24G reported by State Government AINs were different from the amount reported by the State AGs as shown in the table 5.1.

Table 5.1 : Difference in Amount reported in Form 24G by State Government AINs vis-à-vis the State AGs (₹ in crore)

FY	Amount reported by State Government AINs in Form 24G	Amount reported by the State AGs as consolidated deduction during the year	Difference
2012-13	71,633	8,880	62,753
2013-14	12,419	9,566	2,853
2014-15	11,865	11,938	(73)

Source: DIT(CPC-TDS)

5.2.2 At the state level, Audit verified the TDS collection amounts as reported by state AIN holders in Form 24G and TDS collections as reported by state AG in the states of Tamil Nadu, Maharashtra, Rajasthan and Gujarat. In case of Rajasthan, there was no discrepancy in the figure of state AIN holders and the state AGs. However, there was difference between the TDS collection reported by state AIN holders and those by state AGs, thus affecting the accuracy of the collection figures in the accounts. The details are shown in table 5.2.

Table 5.2: Difference in Amount reported by State Government AINs and by the respective State AGs (₹ in crore)

State	FY	TDS collections reported by state AIN holders in Form 24G	TDS collections for the state as reported by state AG	Difference
Tamil Nadu	2013-14	1071.57	1,045.52	26.05
	2014-15	1040.73	1,053.83	(13.10)
Maharashtra	2013-14	861.86	880.97	(19.11)
	2014-15	765.49	772.75	(7.26)
Rajasthan	2012-13	857.32	857.32	0
	2013-14	194.25	194.25	0
	2014-15	946.02	946.02	0
Gujarat	2014-15	432.81	414.21	18.60

CIT(TDS) Chennai replied (March 2016) that G-OLTAS reconciliation was being done and had not reached finality.

During exit conference, the CBDT stated that non-reconciliation of TDS figures between State Government AINs and State AGs is an accounting issue emanating from wrong reporting by the State Government AINs. The matter would be taken care of by enhancing capacity building of Government deductors.

5.3 Delay in furnishing of Form 24G

Every Accounts Officer shall furnish one complete, correct and consolidated Form 24G every month having details of all type of deduction/collection. Filing of form 24G is associated with generation of a Book Adjustment Identification Number (BIN) against each DDO who file the quarterly TDS statements quoting the same.

Audit noticed that for the period 2012-13 to 2014-15 there were delays in furnishing Form 24G by the 18,703 AIN holders. The delays were more than 90 days in 9,194 cases. The details are shown in the table 5.3.

FY	Number of AIN holders	Period of delay(in days)					Amount involved ₹ in crore
		1-14	15-30	31-60	61-90	>90	
2012-13	6,196	3,287	3,284	4,768	4,045	4,429	13,799
2013-14	6,411	4,597	4,224	4,569	3,780	3,071	14,674
2014-15	6,096	4,953	3,886	3,953	3,081	1,694	12,459
Total	18,703						40,932

Source: CPC(TDS)

The DDOs are required to file the quarterly TDS statement using the Book Adjustment Identification Number (BIN) which is generated after filing of Form 24G by Accounts Officer.

Failure to furnish the Form 24G by Accounts Officer in time led to delay in filing of quarterly TDS statements within due date¹⁶ by respective DDOs thereby causing inconvenience to tax payers for claiming of their tax credits.

5.4 In-active AIN holder

Audit noticed that 3,792 AINs were allotted during the period from FY 2012-13 to FY 2014-15. The total cumulative AINs were 8,791 out of which only 6,861 AINs were active during FY 2014-15. Remaining 1,930 AINs remained inactive during 2014-15. Details of active AIN holders are shown in the table 5.4.

FY	AINs allotted	Cumulative AINs	Active AINs	Cumulative active AINs
2012-13	2,331	7,330	1,918	5,842
2013-14	696	8,026	577	6,742
2014-15	765	8,791	624	6,861
Total	3,792		3,119	

Source: CPC(TDS)

¹⁶ For Quarter ending 30 June, 30 September, 31 December and 31 March, due date is 31 July, 31 October, 31 January and 15 May respectively

Failure of the ITD to remove those officials from the listing of AIN holders who no longer performed functioning of AIN holders resulted in persons no longer functioning as Accounts Officers still having possession of AINs.

During exit conference, the CBDT stated that observation has been taken note of and all possible steps will be taken in this regard.

5.5 Default of TDS by Government deductors

Audit noticed that there were defaults¹⁷ of TDS by Government deductors, details shown in the table 5.5.

Table 5.5: Default of TDS by Government deductors			
FY	Total amount of defaults of all Government deductors (₹ in crore)	Number of defaulters with more than ₹ one crore default	Amount of default in respect of more than ₹ one crore default
2012-13	2,867.40	306	1,153.93
2013-14	3,726.15	385	1,189.94
2014-15	2,022.46	235	631.02
Total	8,616.01	926	2,974.89

Source: CPC(TDS)

As per the information provided by CPC(TDS), default of all tax deductors was for ₹ 20,381.14 crore during the financial year 2012-13 to 2014-15 whereas default in case of Government deductor was ₹ 8,616.01 crore which constituted 42.3 *per cent* of total default of all tax deductors.

5.6 Conclusion

The amount reported by State Government AINs in Form 24G were different from the amount reported by the State AGs for the period 2012-13 to 2014-15 showing non reconciliation of G-OLTAS. There were delays in furnishing 24G by the 18,703 AIN holders. During the years 2012-13 to 2014-15, 19.3 *per cent* of total AINs allotted were inactive. Default in case of Government deductors constituted 42.3 *per cent* of the total default by all categories of deductors during the same period.

5.7 Recommendations

Audit recommends that

- a. The CBDT may ensure the reconciliation of tax payments reported by State Accountants General (AGs) and the TDS reported by the AIN holders through Form 24G.

¹⁷ On account of short payment, short deduction, interest on payment default, interest on deduction default, late filing fee and interest under section 220(2)

The CBDT stated (December 2016) that the observations have been taken note of and appropriate analyses of this area will be carried out at CPC level to generate actionable information for field formations.

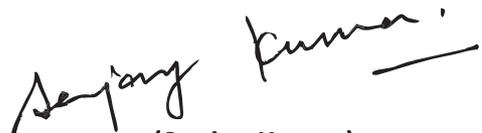
- b. The CBDT may take steps for better compliance in filing of Form 24G by the AIN holders so as to enable the DDOs to file the quarterly statements in time.

The CBDT stated (December 2016) that delays in filing form 24G have to be pursued by respective TDS unit. However, CPC will provide necessary data or such other support as may be required by AOs to carry out this task.

- c. The ITD may review the reasons for inactive AINs holders and remove those who are no longer performing the function of Accounts Officer for better monitoring of submission of Form 24G.

The CBDT stated (December 2016) that the observations have been taken note of and all possible steps will be taken in this regard.

New Delhi
Dated 25 January 2017


(Sanjay Kumar)
Principal Director (Direct Taxes)

Countersigned

New Delhi
Dated 25 January 2017


(Shashi Kant Sharma)
Comptroller and Auditor General of India

Appendices

Appendix-I

(Reference: Paragraph 1.6)

Criteria for selection of units and of cases

Selection of units

States	No. of Pr. CIT/CIT(TDS) charges selected (in per cent)	TDS Units	Coverage (in per cent)
Category 'A' states Andhra Pradesh, Gujarat, Delhi, Karnataka, Maharashtra, Tamil Nadu, West Bengal and Uttar Pradesh	100	Circles	100
		Wards	25
Category 'B' states Assam, Bihar, Chhattisgarh, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh, Odisha, Punjab, Rajasthan, Uttarakhand and UT Chandigarh	100	Circles	100
		Wards	33.33

Sample size in the selected unit

Jurisdiction	Verification/survey cases (in per cent)
Circle	100
Ward	50

Assessment cases

Field Audit Offices	Cases having turnover of more than ₹ 100 crore ¹⁸
Ahemadabad, Bengaluru, Chandigarh, Chennai, Delhi, Hyderabad, Kolkata, Lucknow and Mumbai.	200
Bhubaneswar, Gwalior, Guwahati, Jaipur Kochi, Patna and Ranchi	100

¹⁸ Where turnover of more than ₹ 100 crore was not available, cases with lesser amount has been taken

Appendix-2

(Reference: Paragraph 3.4)

Details of targets of surveys, surveys conducted, demand raised and recovered

₹ in lakh

State	CIT(TDS)	FY 2012-13					FY 2013-14					FY 2014-15				
		Survey		Demand		Survey pending	Survey		Demand		Survey pending	Survey		Demand		Survey pending
		Targeted	Conducted	Raised	Recovered		Targeted	conducted	Raised	Recovered		Targeted	conducted	Raised	Recovered	
Delhi	CIT-1 & 2	NA	0	0	0	0	NA	20	655	655	0	NA	91	3414.55	3414.55	33
Madhya Pradesh	Bhopal	40	85	0	0	11	74	123	0	0	81	21	55	25	25	24
Chhattisgarh		NA	167	5719.69	5586.25	0	NA	87	114.21	49.9	0	NA	40	59.13	49.03	40
Gujarat	Ahmedabad	NA	47	558.33	417.13	NA	NA	184	845.26	835.81	NA	NA	266	2182.63	1707.68	NA
	Baroda	NA	21	1514.55	281.01	0	NA	109	1181.4	1122.6	0	32	85	2700.22	1845.69	3
Rajasthan	Jaipur	NA	7	6.4	2.29	2	NA	4	876.5	413	1	NA	7	302.59	40.15	2
Karnataka	Bangalore	56	92	3949.68	3190.82	10	211	211	27187.8	6796.37	12	235	238	14002.6	7052.55	52
Goa	Panaji	@														
Chandigarh	CIT-1	\$	10	310.97	30.47	0	\$	3	2364	259.18	0	\$	0	0	0	0
UT	Chandigarh	\$	17	14696	6.5	0	\$	27	872.79	129	3	\$	40	224.52	0	39
	Chandigarh															
Tamil Nadu	Chennai	-	-	-	-	-	-	-	-	-	-	NIL	NIL	NIL	NIL	NIL
Andhra Pradesh	Hyderabad	36	64	12734.4	12308.1	0	25	62	7263.85	7260.47	0	25	42	6117.48	4886.09	3
	Vijayawada	NA	18	2255.45	436.14	6	0	16	408.24	282.58	4	NA	26	1696.12	1120.03	4
Odisha	Bhubaneswar	@	09	25.11	5.53	Nil	@	14	257.10	76.53	Nil	@	15	41.37	Nil	Nil
Uttar Pradesh	Kanpur	24	23	437.54	112	Nil	24	31	1005.4	242	Nil	24	30	27355.4	686	Nil
	Lucknow	NA	21	569.03	23.88	0	4	12	588.45	24.53	3	17	33	14542.8	26.23	14
Uttrakhand	JCIT, Dehradun	48	8	614.56	#	0	48	9	0.45	0.34	0	48	37	2144.53	412.87	0
Bihar	Patna	5	5	13979.5	5.53	0	0	4	13.74	0	0	0	1	13.5	0	0
Jharkhand		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

State	CIT(TDS)	FY 2012-13					FY 2013-14					FY 2014-15				
		Survey		Demand		Survey pending	Survey		Demand		Survey pending	Survey		Demand		Survey pending
		Targeted	Conducted	Raised	Recovered		Targeted	conducted	Raised	Recovered		Targeted	conducted	Raised	Recovered	
Maharashtra	CIT-1, Mumbai	1	2	175	162	0	0	0	0	0	0	2	4	664	664	2
	CIT-2, Mumbai	0	0	0	0	0	3	3	0	0	0	4	4	1194	0	1
	Pune	7	41	43	39	0	141	332	316	316	0	167	269	1438	1814	0
	Nagpur	0	35	1665.1	1665.1	0	2	65	1346.01	717.28	0	0	68	14183.1	516.9	8
West Bengal	Kolkata & Siliguri	NA	16	40704.9	4080.58	0	NA	30	1174.99	7.8	12	3	12	51	33	5
Assam	NER	NA	2	NA	NA	NA	NA	1	NA	NA	NA	NA	1	Nil	Nil	Nil
Total		217	690	99959.41	28352.33	29	532	1347	46471.21	19188.39	116		1364	92352.67	24293.8	230
		A1	B1	C1	D1		A2	B2	C2	D2		A3	B3	C3	D3	
FY		Survey conducted (A1+A2+A3)			Demand raised (B1+B2+B3)			Demand realized (C1+C2+C3)			Survey pending (D1+D2+D3)					
2012-13 to 2014-15		3401			238783.29			71834.52			375					

@ Not furnished ; \$ not fixed; # Set-aside by ITAT, New Delhi

Appendix-3

(Reference: Paragraph 3.5)

Details of notices received back as 'Un-served'

CIT (TDS) Charges	FY	Number of cases where notices issued to the non-filers/stop filers	Number of cases where notices received back as 'Un-served' due to inadequacies in "KYC"
CIT(TDS)-1, Delhi	2012-13 to	1,237	86
CIT(TDS)-2, Delhi	2014-15	2,472	295
CIT(TDS), Baroda	2012-13	85	18
	2013-14	65	8
	2014-15	1,505	385
CIT(TDS), Bhopal	2012-13	2,112	185
	2013-14	1,949	107
	2014-15	3,494	195
CIT(TDS), Bhubaneswar	2014-15	1,765	49
CIT(TDS), Chandigarh	2012-13	3,281	158
	2013-14	3,234	232
	2014-15	6,337	876
CIT(TDS), Chennai	2014-15	743	50
CIT(TDS), Jaipur	2012-13	4,177	116
	2013-14	4,624	99
	2014-15	6,310	113
CIT(TDS), Vijayawada	2012-13	2,135	36
	2013-14	1,546	25
	2014-15	1,522	65
CIT(TDS), Kolkata	2014-15	1,422	116
CIT(TDS), Siliguri	2014-15	106	8
CIT(TDS), Kanpur	2012-13	376	53
	2013-14	401	56
	2014-15	569	152
CIT(TDS), Lucknow	2013-14	40	6
	2014-15	80	12
JCIT(TDS), Dehradun	2012-13	969	123
	2013-14	1,512	187
	2014-15	1,091	162
CIT(TDS)-1, Mumbai	2012-13	537	86
	2013-14	653	72
	2014-15	1,517	234
CIT(TDS)-2, Mumbai	2014-15	1,209	135
	2012-13	13,669	136
CIT(TDS), Pune	2013-14	19,538	202
	2014-15	15,856	230
Total		1,08,138	5,068

Note: (i) Information in respect of CIT(TDS), Chandigarh charges pertaining to selected charges of Haryana, Himachal Pradesh and Jammu & Kashmir jurisdiction.

Appendix-4

(Reference: Paragraph 4.2)

Unconsumed challans

States	CIT(TDS) charge	FY	Number of un-consumed challans disseminated at the AO-TDS portal	Amount involved (₹ in crores)	Number of deductors to whom details of unconsumed challans and outstanding demand was communicated	Number of un-consumed challans tagged by field formation	Amount involved (₹ in crores)	
Maharashtra	CIT-1, Mumbai	2012-13	40,449	163.93	948	0	82.4	
		2013-14	38,868	98.44	775	0	36.9	
		2014-15	43,563	118.37	5,439	0	63.76	
	CIT-2, Mumbai	2014-15	32,816	15173	573	0	NA	
		Pune	2012-13	86,944	NA	8,640	282	NA
			2013-14	88,098	NA	92	1,270	NA
	2014-15		99,065	NA	10,505	6718	NA	
	Nagpur	2012-13	17,837	20.15	2,487	NA	NA	
		2013-14	15,340	17.47	2,342	NA	NA	
2014-15		14,828	17.84	2,293	NA	NA		
West Bengal	Kolkata	2012-13	1,020	9.05	0	0	0	
		2013-14	1,919	20.21	0	0	0	
		2014-15	1,581	20.11	263	0	0	
	Siliguri	2012-13	766	0.39	766	0	0	
		2013-14	720	0.55	720	0	0	
Assam	Guwahati	2014-15	761	3.48	761	0	0	
		2012-13	7,584	11.16	NA	NA	NA	
		2013-14	6,846	13.74	NA	NA	NA	
Tamil Nadu	Chennai	2014-15	6,938	12.64	NA	NA	NA	
		2012-13	4,180	20.60	540	0	0	
		2013-14	5,792	24.40	721			
	Coimbatore	2014-15	7,176	46.74	834			
		2012-13	184	1.54	-	-	-	
		2013-14	190	3.84	-	-	-	
2014-15	18,592	16.03	500	115	1.5			
Madhya Pradesh and Chattisgarh	Bhopal	2012-13	14,230	30.54	710	NA	NA	
		2013-14	12,493	16.61	804	NA	NA	
		2014-15	11,323	49.62	677	NA	NA	
Gujarat	Ahmedabad	2012-13	35	24	35	0	0	
		2013-14	28	16	28			
		2014-15	29	26	29			
	Baroda	2012-13	2,832	13	792	72	0.57	
		2013-14	2,648	12	793	82	1.49	
		2014-15	2031	7	936	49	0.23	
Rajasthan	Jaipur	2012-13	25,329	18	7,738	0	0	
		2013-14	20,106	12	7,835			

States	CIT(TDS) charge	FY	Number of un-consumed challans disseminated at the AO-TDS portal	Amount involved (₹ in crores)	Number of deductors to whom details of unconsumed challans and outstanding demand was communicated	Number of un-consumed challans tagged by field formation	Amount involved (₹ in crores)
		2014-15	22,233	30	8,336		
Andhra Pradesh	Hyderabad	2012-13	1,148	35.11	1,148	0	29.16
		2013-14	1,337	45.6	1,337	0	37.4
		2014-15	887	31.46	887	0	26.6
	Vijayawada	2012-13	18,087	15.38	3,653	0	0
		2013-14	17,441	18.78	3,652	0	0
		2014-15	16,932	17.69	3,597	0	0
Karnataka	Bangalore	2014-15	100	1,374.92	100	3	0.06
Utter Pradesh & Uttrakhand	Kanpur	2012-13	12,313	9	743	0	0
		2013-14	12,366	9.13	1,416	0	0
		2014-15	12,536	299.1	928	0	0
	Lucknow	2012-13	7,263	7.13	1,794	0	0
		2013-14	7,097	7.54	1,880	0	0
		2014-15	7,603	11.48	1,729	0	0
Bihar & Jharkhand	Patna	2012-13	6,684	96.14	0	0	0
		2013-14	7,062	365.26	0	0	0
		2014-15	6,185	87.89	0	0	0
Total			7,90,415	18,500.06	90,776	8,591	280.07

Note -1 : Under CIT (TDS), Kanpur charge, no data/information was provided by DCIT (TDS), NOIDA and ITO (TDS), Kanpur and incomplete data/information was provided by ITO (TDS), Agra and Ghaziabad;

Note -2 : Under CIT (TDS), Lucknow charge, no data/information was provided by DCIT (TDS), Allahabad and ITO (TDS), Allahabad and incomplete data/information was provided by DCIT (TDS) and ITO (TDS), Bareilly;

Note-3 : Under CIT (TDS), Patna charge, no data/information was provided by TDS circle, Patna, ITO (TDS) wards-Patna, Muzaffarpur, Ranchi and Dhanbad

Note-4: Under CIT(TDS)-1, Mumbai Charge, information was pertaining to selected charges only.

Glossary of terms

- “Annual Information Return” (AIR):** As per section 285BA of the Income Tax Act, 1961, specified entities are required to furnish AIR in respect of specified financial transactions registered by them during the FY to the Income Tax Authority.
- “Online Tax Accounting System” (OLTAS):** OLTAS is ITD’s initiative to receive information and maintain records of payment of taxes through banks via online uploading of challan details. With the help of CIN (Challan Identification Number), every payment will be uniquely identified enabling online transmission of details of tax payments by banks to the ITD. The taxpayers can enquire about the status of their challans through TIN (Tax Information Network), established by NSDL (National Securities Depository Limited).
- “Permanent Account Number” (PAN):** PAN is a ten-digit alphanumeric number issued in form of laminated card, by the ITD. It is also a national identification number of the taxpayer which has to be mandatorily quoted on the return of income and in all the correspondence with the ITD.
- “Tax Information Network” (TIN):** TIN, a repository of nationwide Tax related information, has been established by National Securities Depository Limited (NSDL)
- “TIN-FC”:** TIN-Facilitation Centre receives applications for allotment of new TAN in Form 49B from TAN applicant and also e-TDS/TCS returns and TDS/TCS returns (in paper format) from deductors/collectors and upload them to the TIN central system.
- “Tax Deduction/Collection Account Number” (TAN):** TAN is a 10-digit alpha-numeric number issued by the ITD. It is to be obtained by all persons who are responsible for deducting TDS or who are required to collect TCS.
- “Zonal Accounts Officer” (ZAO):** The 52 ZAOs, under the jurisdiction of Principal Chief Controller of Accounts (Pr.CCA) are responsible for accounting of the Expenditure and Revenue (Direct Taxes) on monthly basis at the field level. In the Post OLTAS scenario the ZAOs have become sole repository of Single Copy Challan received in their office from Nodal Branches of authorized Banks.
- “File Validation Utility” (FVU):** The e-TDS/TCS FVU is a Java based utility where e-TDS/TCS returns prepared for FY 2007-08 and onwards (i.e. Forms 24Q, 26Q, 27Q and 27EQ) can be validated.
- “Form 27A”:** The Form 27A is submitted along with Quarterly TDS Returns in Form 24Q, Form 26Q or Form 27Q. Form 27A is a simple form with particulars of deductor/collector and aggregate amounts of Total Tax Deducted/Collected and total tax deposited (or total challan amount) against the total number of deductees or party records.
- “Form 26AS”:** Form 26AS is the annual statement in which the details of tax credit are maintained for each taxpayer as per the database of the ITD. Form 26AS will reflect the tax credit against the PAN of the tax payer.
- “Wave-1”:** Wave-1 is the process in which statements are processed for challan matching, PAN validation, generation of Form 26AS, Form 16, 16A download and consolidated file.
- “Wave-2”:** Wave-2 is the process in which statements are processed finally.
- “TRACES”:** TRACES is TDS reconciliation, analysis and correction enabling system. It is a web based application of the ITD that provides an interface to all stakeholders associated with TDS administration. It enables viewing of challan status, downloading of NSDL conso file, justification report and Form 16/16A as well as viewing of annual tax credit statement.

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