

Portal based validation under Section 206AB and 206CCA (where TDS to be deducted at a higher rate)

We have circulated a note with regard to changes in TDS law now requiring higher rate of TDS where Income Tax Returns for immediately two preceding years which are due are not filed or PAN No. duly linked to Aadhar is not available. CBDT has now vide Circular No.11 of 2021 dated 21st June 2021 stated that it has now provided a new functionality by way of 'Compliance Checks for Sections 206AB and 206CCA'. This will be made available through the portal of the Income Tax Department. By clicking on this function and by providing PAN (which can also be in bulk) the deductor will get a response on whether a PAN No. belongs to a specified person on which higher deduction is required to be made. The other features of the scheme are also specified, which are highlighted as under:

1. The list is prepared of specified persons for Assessment Year 2019-20 and 2020-21 and which have aggregate of TDS and TCS of Rs.50,000/- or more in each of these two previous years. This list is part of the above functionality.
2. This list is prepared at the beginning of the financial year 2021-22. No new names will be added and as such there is no obligation to review the list every time the deduction is made for the entire financial year. It is further clarified that the list of specified persons would get reduced on compliance by such specified persons, e.g., Return for Assessment Year 2021-22 may be filed which would result in deletion of the name of the specified person as and when the return is filed. The list of specified persons may therefore require review generally, when requested by the deductee.
3. The list would be drawn afresh at the start of each financial year
4. It is also stated that the specified persons shall not include who does not have a permanent establishment in India. Companies and other entities are expected to carry out necessary due diligence in respect of a specified person determining by the above referred functionality as non- specified if the deductee falls under these provisions.

We have checked the portal and the above functionality seems to be under construction.

This note is being issued to clarify the Circular issued by CBDT in the background of provisions of Section 206AB and 206CCA and you are requested to contact us or any specific clarification in this regard.