

## **Staying clear of defaults in filing TDS statements**

*Taxes are required to be deducted at source on credit/payment of certain amounts at specified rates.*

Taxes are required to be deducted at source on credit/payment of certain amounts at specified rates. The deductor is responsible to deduct TDS and deposit it into the government account, and also report the tax so deducted in the quarterly statement within the prescribed time. While filing these statements, errors might occur, the non-correction of which may result in a default. These can be avoided if timely tax payment is done and PANs correctly reported.

### Late payment

Taxes deducted must be deposited within the due date. The interest on late deposit of TDS is applicable @ 1.5 % per month. The period for delay is taken from date of deduction to the date of deposit. In specific cases, a delay of one day may lead to interest @ 3 %. For instance, the due date to deposit the tax deducted on April 25 is May 7. However, if tax is deposited after delay of one day on May 8, the period of interest in this case would be from April 25 to May 8, i.e., two months. Hence, interest at 3% would be levied.

### Short payment

All the taxes deducted must be deposited with Challan 281, quoting correct TAN, assessment year, minor head, etc. Challan details/BIN details quoted in the statement should be correct. Challan can be validated by using Challan Status Inquiry (CSI) file. Details can also be verified at TRACES in “Challan Status” menu under “Statement Status” after login. There should not be any difference in the amounts quoted in the “Deducted” and “Deposited” columns of the deductee rows. Challan quoted in the statement must have balance available for consumption against specified deductee rows. Available balance can be verified at TRACES in ‘View Consumption Details’ under “Statements/ Payments” menu after login.

### Short deduction

Taxes must be deducted at rates specified under the Act. The rate table can be accessed at TRACES for correct tax rates. Correct flags (A, B, C, S, T and Y) must be raised for no deduction/lower deduction/higher deduction, as applicable. The PAN for deductees must be valid. TAN-PAN Master can be downloaded from the TRACES website and be used to file statement to avoid quoting of incorrect and invalid PANs. Correct and valid certificates under Section 197 of the Act for deduction at lower rates must be specified.

For 24Q statements, correct flags should be raised for Woman/Man/Senior Citizen/Super Senior Citizen deductees, as appropriate. DTAA flag “B” must be raised under Section 195 of the Act, at the time of filing 27Q statements.

## Late deduction

Taxes must be deducted at the time of payment or credit, whichever is earlier. Simple interest at 1% for every month or part of the month is charged from the date on which tax ought to be deducted to the date of actual deduction. Hence, delay of even a single day would lead to interest payable at 1% on the tax amount. Quarterly TDS statements must be filed by the due date prescribed by Rule 31A.

## Preparing TDS statements

While filling the date of deduction of tax, no value needs to be specified if total TDS is zero. While filling the date of deposit, date of payment of tax to the government should be same as value in field 'Date' of 'Bank Challan No' / 'Transfer Voucher No' in Challan Detail Record. The value of the tax and the interest, wherever required to be filled, should be an integer. In case of any value with decimals, it should be rounded off to the nearest value.

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