



SBS *Interns'* Digest

An attempt to share knowledge

By

**Interns of
SBS and Company LLP**

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AUDIT

PROCEDURE FOR EMPLOYEE REGISTRATION IN EPFO

Contributed by Samatha & Vetted by CA Sandeep Das

Employee's Provident Fund and Misc. Provisions Act, 1952 regulates the procedure for employee registration along with other functions.

If the employee is registered under Employees' Provident Fund, he will be allotted with UAN (Universal Account Number) and One Employee need to have only one UAN. Like One Person one PAN (Permanent Account Number).

For New Employee Registrations, Aadhaar details are mandatory. If Employee's UAN is linked with his/her Aadhaar number then he can use many online services for withdrawal of PF and others, instead of going to Employees' Provident Fund Offices.

Learning Objectives:

1. Applicability of Employees' Provident Fund and Misc. Provisions Act, 1952
2. Benefits of Registration
3. Employee Registration
 - a. New Registration (Do not contain "Universal Account Number - UAN");
 - b. Transfer Requests (Contain "Universal Account Number- UAN").
- 3(a). New Registration
 - a. Individual Registration;
 - b. Bulk Registration.
- 3(b). Transfer Requests
 - a. Made by the Employee and approved by the Present Employer;
 - b. Made by the previous Employer and approved by the present Employer.

Applicability:

Every establishment which a factory is engaged in any industry specified in Schedule 1 and in which 20 or more persons are employed.

Any other establishment employing 20 or more persons which Central Government may, by notification, specify in this behalf.

Any establishment employing even less than 20 persons can be covered voluntarily u/s 1(4) of the Act.

Benefits:

Employees covered enjoy a benefit of Social Security in the form of an unattachable and un withdrawable (except in severely restricted circumstances like buying house, marriage/education, etc.) financial nest egg to which employees and employers contribute equally throughout the covered persons' employment.

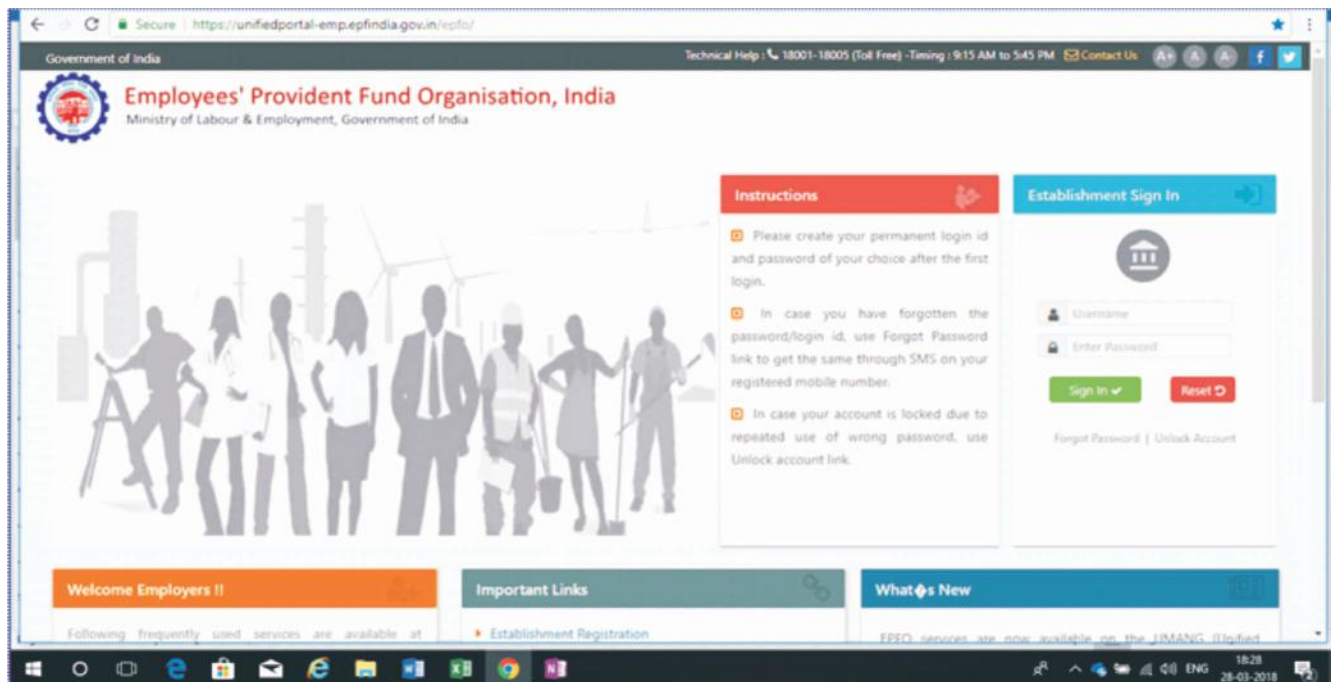
This sum is payable normally on retirement or death. Other Benefits include Employees' Pension Scheme and Employees' Deposit Linked Insurance Scheme.

Procedure for Employee Registration is as follows:

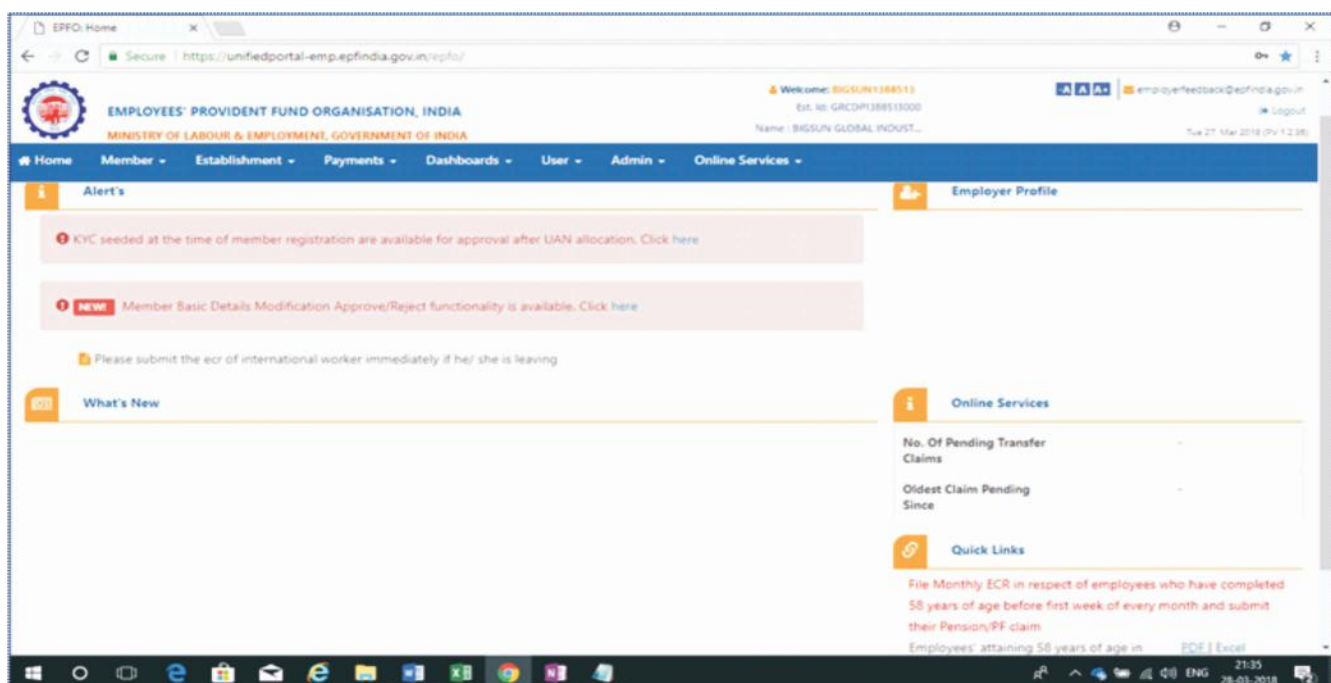
In case of New Registration:

Step 1: Goto the Home page of Unified Portal.

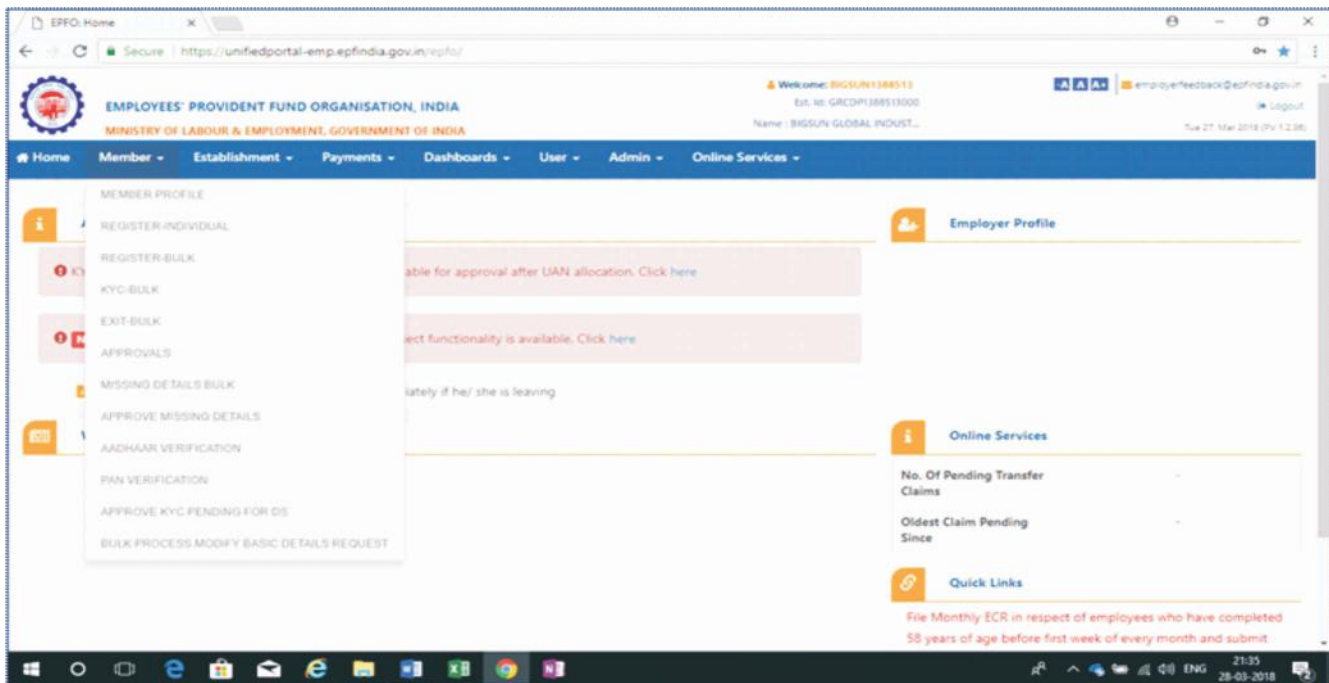
Step 2: Enter the Login Credentials of Employer and sign in.



The below page will open after sign in.



Step 3: Go to Member Tab and select the Either Individual Registration or Bulk Registration.



Step 3(A): In case of Individual Registration, the below page will open.

- ❖ Click No – If employee does not possess Universal Account Number(UAN) or
- ❖ Click Yes – If employee possess Universal Account Number(UAN)

Step 3(A)(i): In case of “NO”- Enter all the required details in the member registration field. Ensure that the Name as per Aadhaar matches with the Registration Name.

- ❖ After entering the member registration details, update the KYC documents as stated.

EPFO: Home

Secure: https://unifiedportal-emp.epfindia.gov.in/epfo/uanmember/viewRegistration?_HDIV_STATE_=16-6-131A0342DE256C8D402FA01EC941275F

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Home Member Establishment Payments Dashboards User Admin Online Services

KYC Details

Select	Document Type	Document Number	Name as per Document	Other
<input type="checkbox"/>	Bank	DOCUMENT NUMBER	NAME AS PER DOCUMENT	IFSC
<input type="checkbox"/>	PAN	DOCUMENT NUMBER	NAME AS PER DOCUMENT	
<input type="checkbox"/>	* AADHAAR	DOCUMENT NUMBER	NAME AS PER DOCUMENT	
<input type="checkbox"/>	Passport	DOCUMENT NUMBER	NAME AS PER DOCUMENT	EXPIRY DT
<input type="checkbox"/>	Driving License	DOCUMENT NUMBER	NAME AS PER DOCUMENT	EXPIRY DT
<input type="checkbox"/>	Election Card	DOCUMENT NUMBER	NAME AS PER DOCUMENT	
<input type="checkbox"/>	Ration Card	DOCUMENT NUMBER	NAME AS PER DOCUMENT	
<input type="checkbox"/>	National Population Register	DOCUMENT NUMBER	NAME AS PER DOCUMENT	

Aadhaar number and Aadhaar information provided here will be used for doing authentication of the member using the tools provided by the UIDAI.
Please correct your details against Aadhaar or against UAN wherever it is incorrect.
Aadhaar number or Aadhaar Enrollment Number is mandatory

- ❖ After updating both member registration details and KYC details, Click on Save.

EPFO: Home

Secure: https://unifiedportal-emp.epfindia.gov.in/epfo/uanmember/viewRegistration?_HDIV_STATE_=16-6-131A0342DE256C8D402FA01EC941275F

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Ration Card DOCUMENT NUMBER NAME AS PER DOCUMENT

National Population Register DOCUMENT NUMBER NAME AS PER DOCUMENT

Aadhaar number and Aadhaar information provided here will be used for doing authentication of the member using the tools provided by the UIDAI.
Please correct your details against Aadhaar or against UAN wherever it is incorrect.
Aadhaar number or Aadhaar Enrollment Number is mandatory

Save Cancel

Member details pending for approval View All

Name	Father/Husband Name	Relation	Gender	Date Of Birth	Date of Joining	Mobile	E-mail ID	View	Edit	Delete
No records to view										

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Step 3(A)(ii): In case of "YES"- Enter all the required details in the member registration field and click on verify.

EPFO: Home

Secure https://unifiedportal-emp.epfindia.gov.in/epfo/uanmember/viewRegistration?_HDIV_STATE_=16-6-131A0342D6256CB0402FA01EC941275F

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Member Registration Approve Member

Member Registration

Previous Employment/UAN ☐ No ☒ Yes

UAN * UAN

AADHAAR * AADHAAR

☐ Member is from North-East/Nepal/Bhutan and not having an AADHAAR

Name * NAME

Date of Birth * DD/MM/YYYY

Verify Cancel

Member details pending for approval View All

Name	Father/Husband Name	Relation	Gender	Date Of Birth	Date of Joining	Mobile	E-mail Id	View	Edit	Delete
No records to view										

Page 1 of 0

Step 3(B): In case of Bulk Registration, the below page will open. Choose file from computer and Click on submit.

Ensure the uploaded file is in line with the Note mentioned below. Click on help file to get the format in which the data need to be entered before uploading the document.

EPFO: Home

Secure https://unifiedportal-emp.epfindia.gov.in/epfo/uanmember/bulkMemberRegistration?_HDIV_STATE_=17-7-51F4F2CD05CD41DCAF02607966618098

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Member Registration Approve Member

Bulk Member Registration Details

Upload File * : Choose File No file chosen Help File

Note:

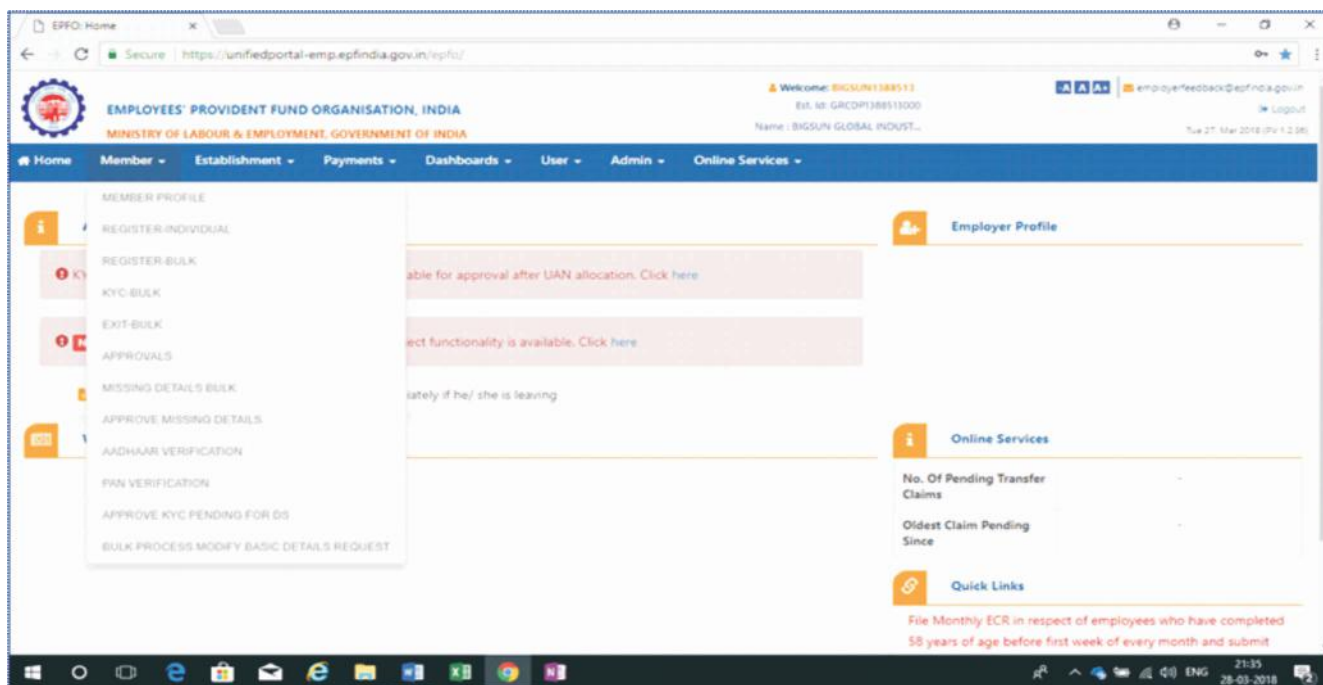
1. Click here to download sample Member Registration Bulk upload file.
2. Only Text File or ZIP file(Containing Only One Text File) can be uploaded.
3. File size should not be greater than 2 MB. Maximum no. of records allowed in a file is 25,000.
4. Aadhaar number and Aadhaar information provided here will be used for doing authentication of the member using the tools provided by the UIDAI. Please correct your details against Aadhaar or against UAN wherever it is incorrect.
5. Uploaded file can be processed partially. Erroneous records will be shown in error file while successfully processed records can be approved from Member -> APPROVALS

Submit Cancel

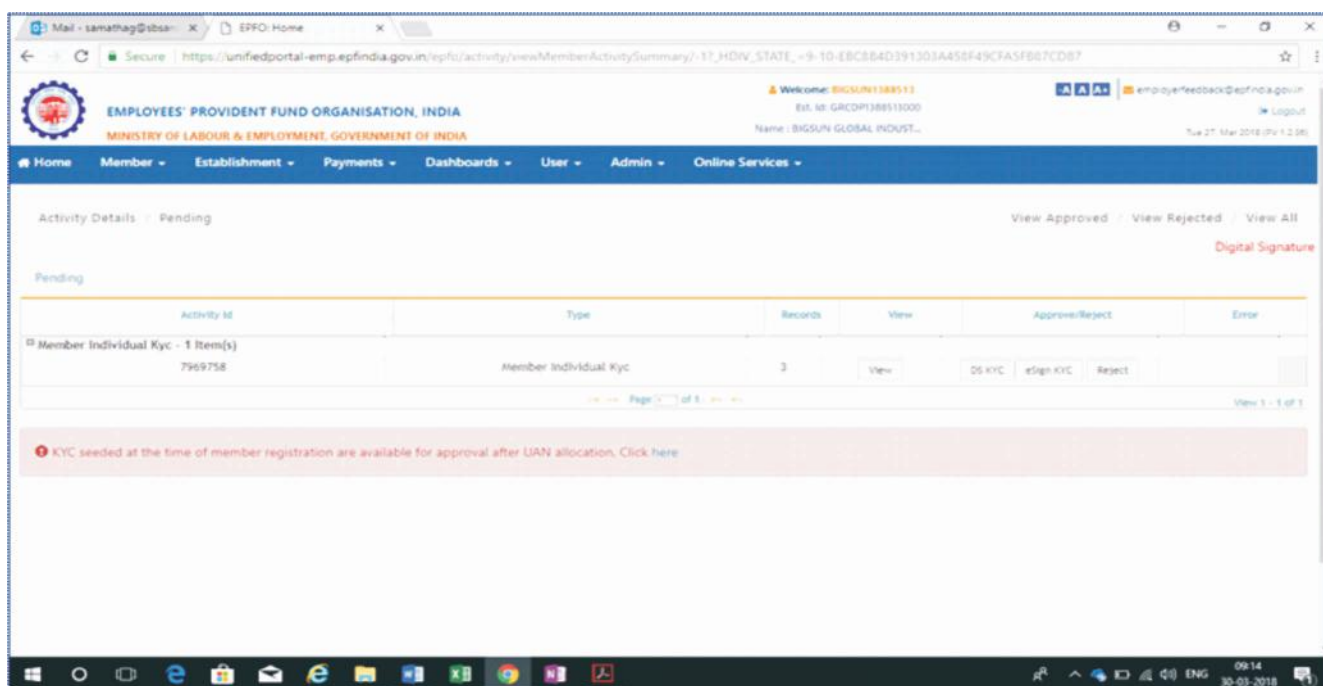
Member Details

Step 4: Employer need approve the above registrations with the Digital Signature or E-sign.

- ❖ Go to member tab and select approvals.



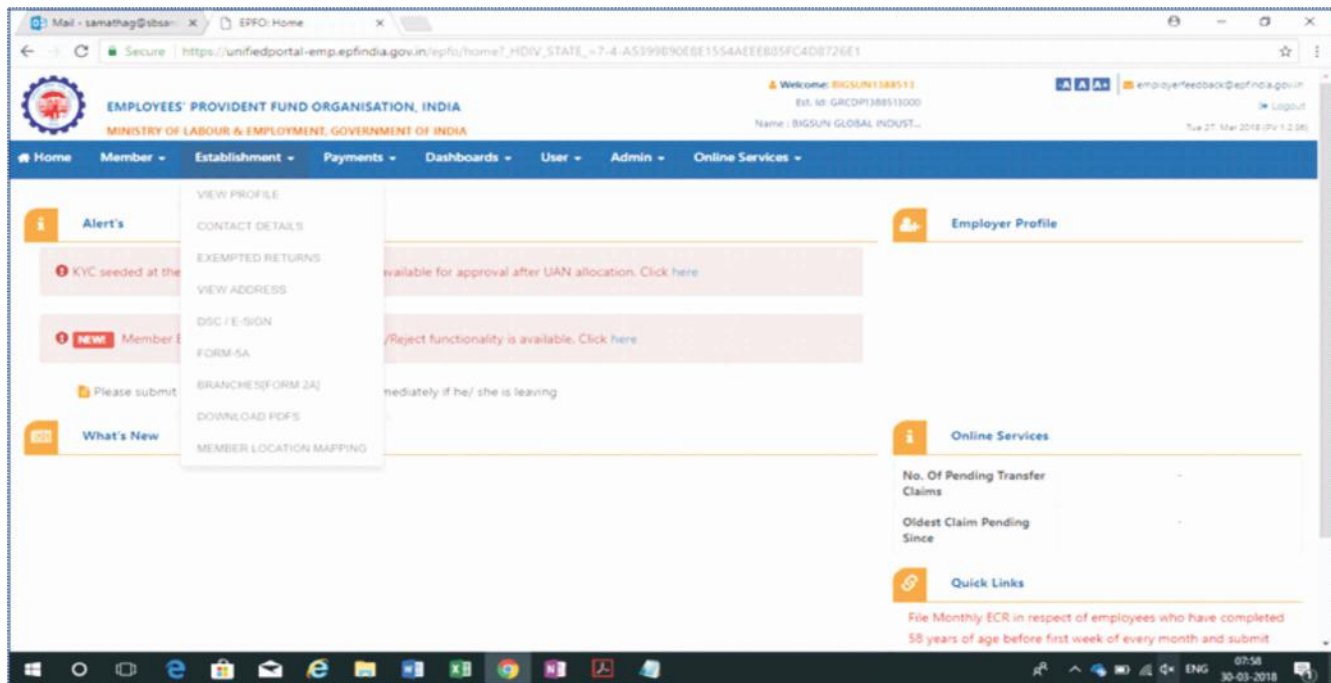
- ❖ After clicking approvals as said above, the below page will open. Now the approve the same with either DSC or E-sign.



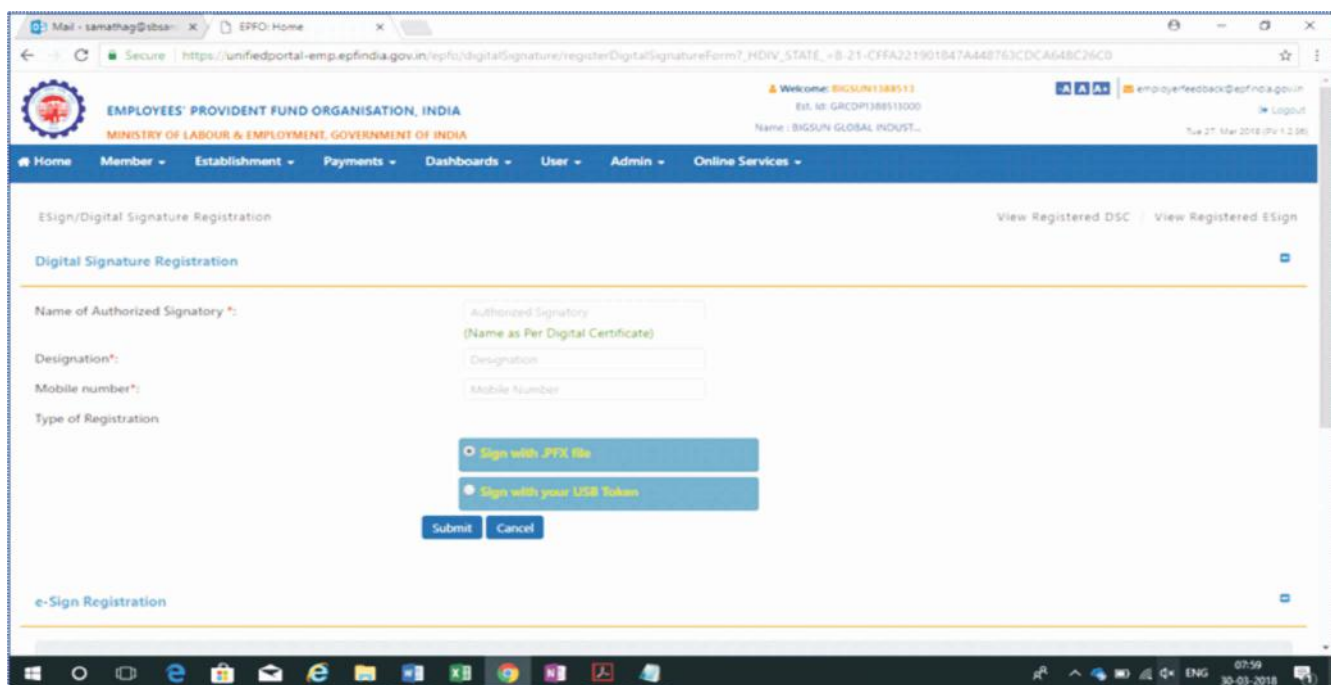
- Employer need approve the above registrations with the Digital Signature or E-sign.

Step 4(A): The Digital Signature Certificate(DSC) of the Authorized person need to be registered in the portal. The procedure for DSC registration is as follows:

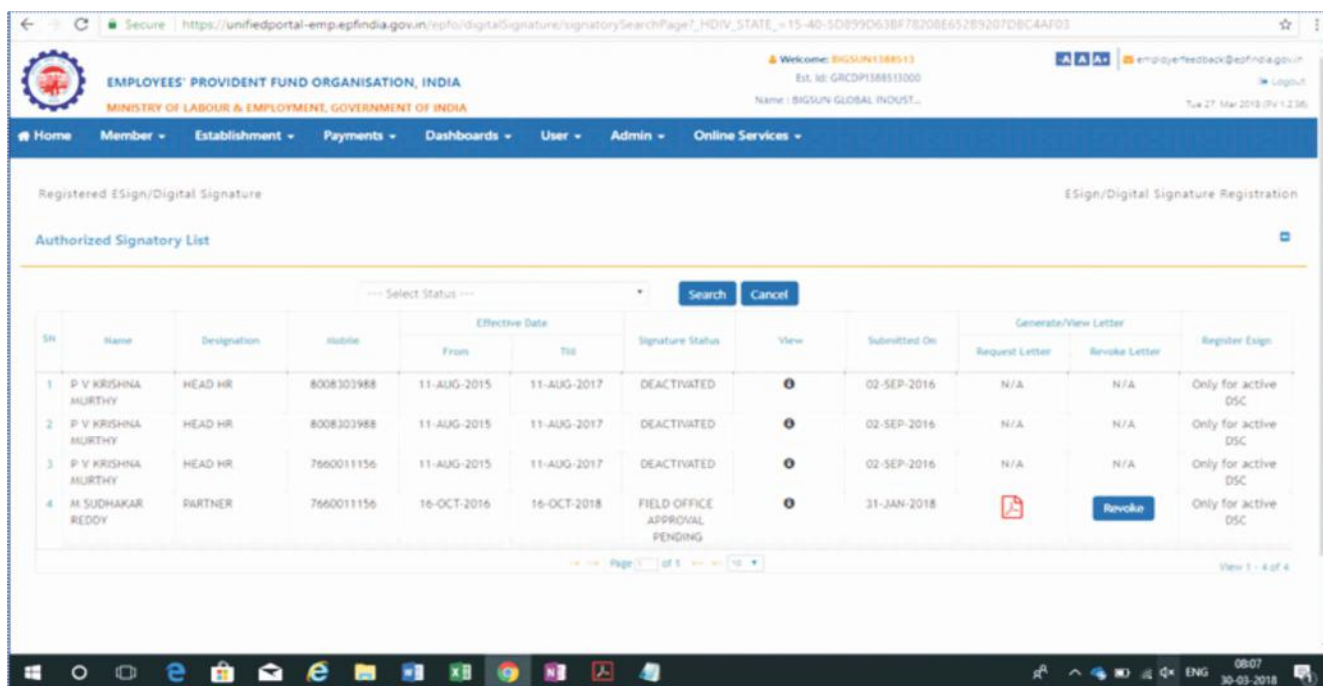
- ❖ Go to Establishment tab and select DSC/E sign as shown below.



- ❖ After clicking DSC/E Sign, the below page will open with two options i) DSC ii) E-sign.
 - 1) Digital Signature Certificate (DSC) is discussed below:
 - o If already registered, click on view registered DSC
 - o If not registered, register the DSC as per below image.

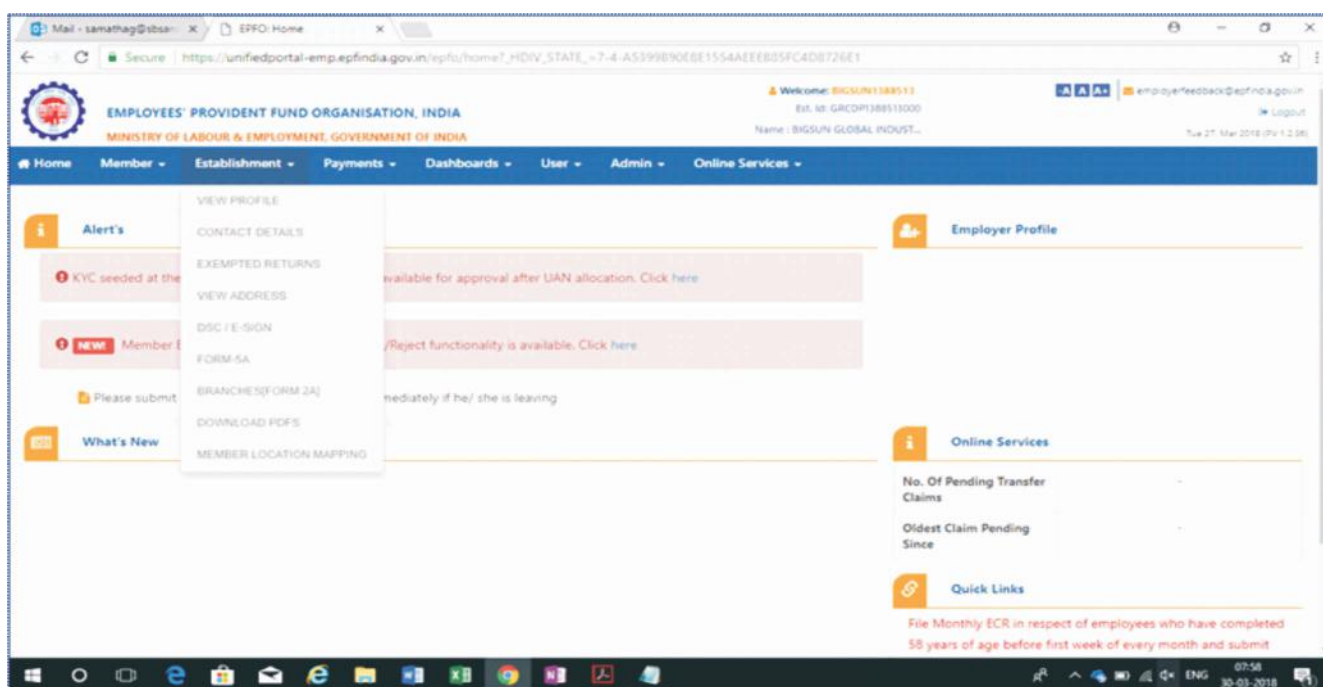


- o After successfully registering the DSC, it will update in the view registered DSC bar. Then go to view registered DSC – then the options Request and Revoke will appear. Click on any one option, it will convert into a PDF letter. It will provide the status of signature in the Signature status field. Refer below image



Step 4(B): E-Signature of the Authorized person need to be registered in the portal. The procedure for E-Sign registration is as follows:

- ❖ Go to Establishment tab and select DSC/E sign as shown below.



- ❖ After clicking DSC/E Sign, the page as shown in Step 4(A) will be displayed with two Options i) DSC ii) E-sign

2) E – Sign is discussed below:

- o If already registered, click on view registered E-sign.
- o If not registered, register the E-sign as per below image.

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e-Sign Registration

Click here to register eSign, of a person whose DSC is already registered
All below details should be as per Aadhaar
To Generate OTP, mobile should be linked with Aadhaar

Aadhaar*:
Name As Per Aadhaar*:
Designation*:
Gender*:
DOB As Per Aadhaar*:

Generate OTP Cancel

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- o After successfully registering the E-sign, it will update in the view registered E-sign bar. Then go to view registered E-sign – then the options Request and Revoke will appear. Click on any one option, it will convert into a PDF letter. It will provide the status of signature in the Signature status field. Refer below image

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MINISTRY OF LABOUR & EMPLOYMENT, GOVERNMENT OF INDIA

Welcome: BIGSUN1388513
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Name: BIGSUN GLOBAL INDUST...

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Registered ESign/Digital Signature

Authorized eSign List

--- Select Status --- Search Cancel

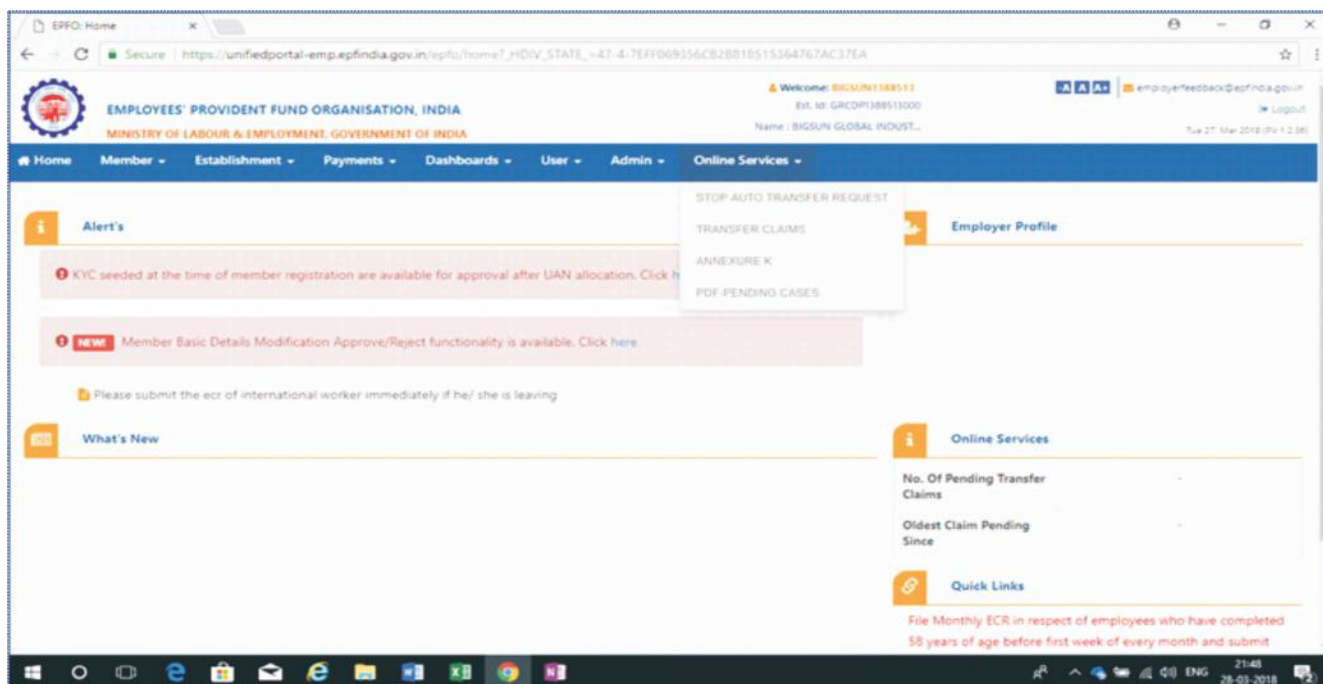
Sl	Aadhaar	Name As Per Aadhaar	Designation	Gender	Dob	Status	Submitted On	Generate/View Letter
1	947200064209	RAMAKRISHNA KOTURU	ACCOUNTS MANAGER	Male	10-JUL-1983	REQUEST LETTER GENERATION PENDING	17-JAN-2018	Request Revoke

Page 1 of 1

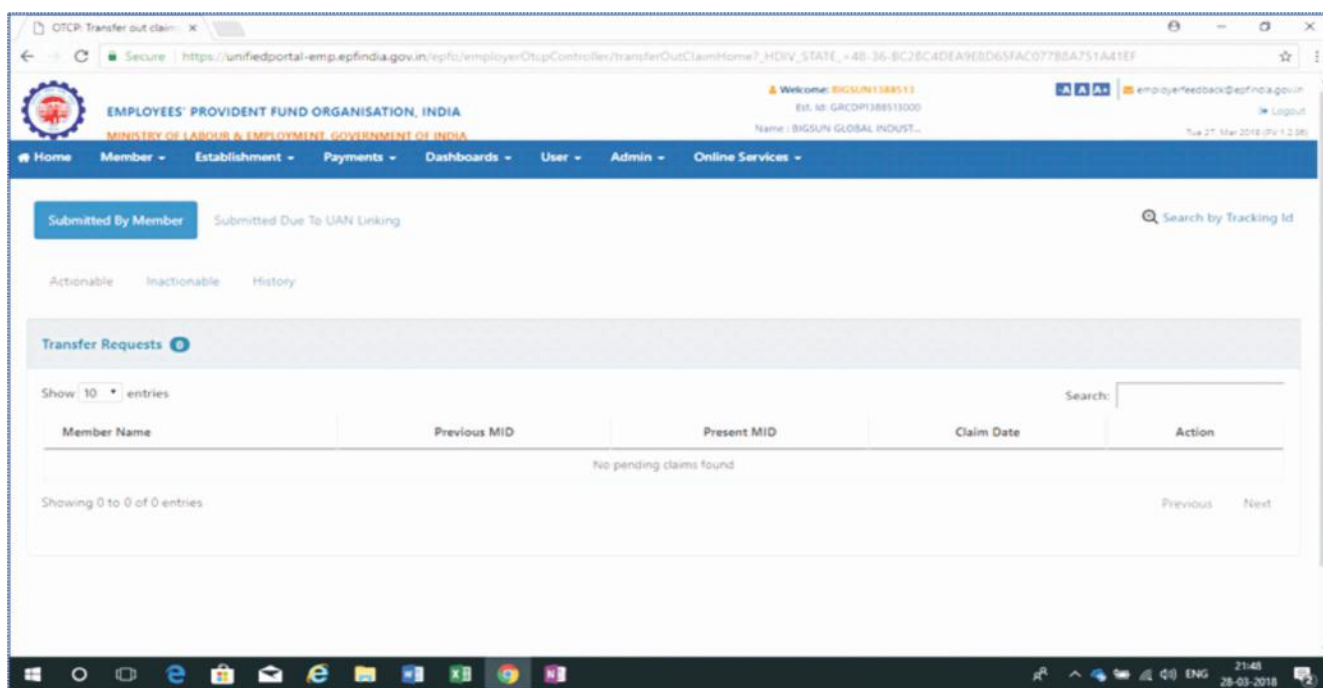
In case of Transfer Requests:

Step 1: Employee registration by present employer, in case of transfer request either made by the a) Employee or b) The previous employer.

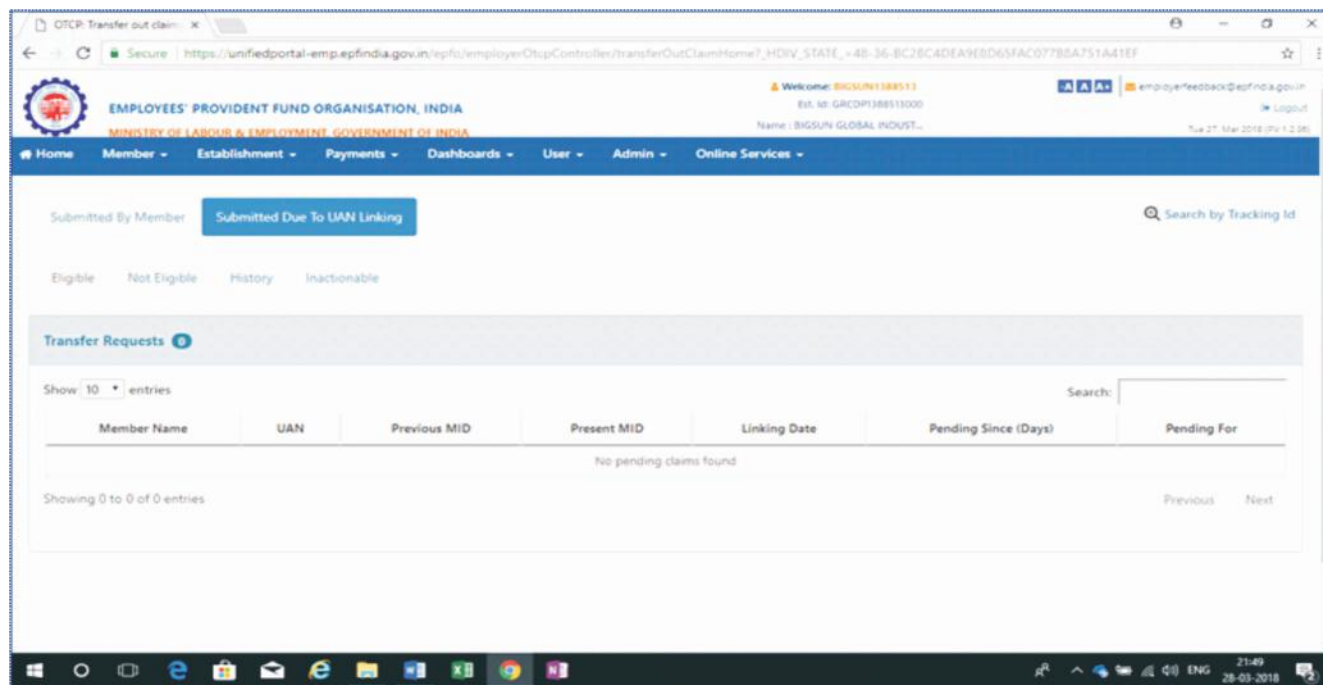
- ❖ Go to online services tab and select Stop Auto Transfer Request.



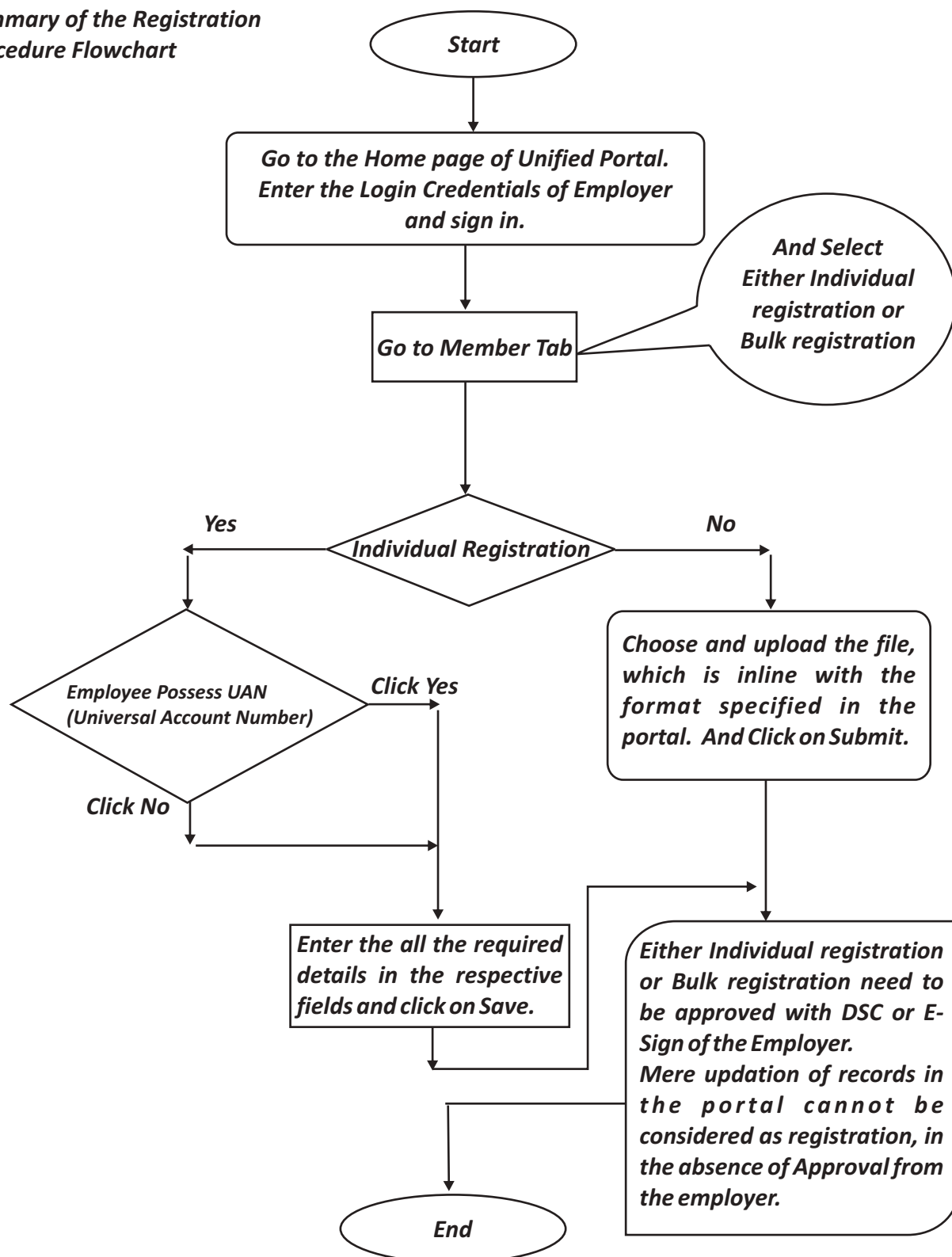
- ❖ After clicking the stop auto transfer request, the below page will open. This displays the transfer requests made by the employee i.e. "submitted by Member" field. The required columns need to be filed as shown below and approve with DSC/E-Sign.



- ❖ After clicking the stop auto transfer request, the below page will open only after clicking the tab next to submitted by Member field. i.e. "Submitted due to UAN linking". The required columns need to be filled as shown below and approve with DSC/E-Sign.



Summary of the Registration Procedure Flowchart



This article is contributed by Samatha, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

IDT

BLOCKED CREDITS

Contributed by Sukanya & Vetted by CA Manindar K |

Introduction:

In general, Supplier is liable for payment of Goods and Services Tax on the outward Supplies he made during a period of time by filing the required returns as per Sec 39 of the Central Goods and Services Tax Act, 2017 (herein after referred to as CGST Act, 2017). At the time of payment, he is provided an option for utilization of taxes paid on purchase of inputs or input services or both which are used against the output tax liability and balance to be paid in cash.

Section 16(1) of the CGST Act, 2017 provides for various conditions to be satisfied in order to claim input tax credit. However, Section 17(5) states that "notwithstanding anything contained in Section 16(1) of the CGST Act, 2017 input tax credit (here in after referred to as ITC) shall not be availed in respect of following transactions". So, the main objective of this article is to understand the list of transactions specified under Section 17(5) on which credit is not allowed to be adjusted against outward supplies. These are also called blocked credits which include the following;

- 1) Motor vehicles and other conveyances **except** when they are used for making –
 - i) Further supply of such vehicles or conveyances; or
 - ii) Transportation of passengers; or
 - iii) Imparting training on driving, flying, navigating such vehicles or conveyances;
 - iv) Transportation of goods.

The above clause makes it clear that when the motor vehicles or other conveyances are used for business, credit is ineligible. However, when we are in the business relating to dealing in/with Motor vehicles or other conveyances credit is eligible. The above clause makes it clear about the credit eligibility regarding purchase of motor vehicles.

However, section 17(5) uses the language 'ITC shall not be availed in respect of' which means that ITC is denied if it is in respect of motor vehicles. Does this mean that ITC availed on purchase or lease motor vehicles alone is denied or the ITC in respect of transactions related to motor vehicles like vehicle insurance, repairs etc are also restricted? The phrase "**in respect of**" is open to multiple interpretations. Hence ITC eligibility in respect of these transactions is ambiguous.

Examples:

- | | |
|--|------------------------|
| i) A Businessman purchases car for the purpose of his business | - Credit is Ineligible |
| ii) A dealer of cars purchases a car in the course of his business | - Credit is Eligible |
| iii) A company dealing in manufacture of goods purchases a lorry for transportation of goods | - Credit is Eligible |

- 2) Credit on supply of the following is blocked:
- Food and beverages, outdoor catering and
 - beauty treatment, health services, cosmetic and Plastic surgery **except** where they are used for making the same category of outward supply.

Examples:

- | | |
|--|-----------------------|
| i) Provision of food to employees by a corporate entity | -Credit is Ineligible |
| ii) A Hotel purchasing provisions for making an outward supply of food | - Credit is Eligible |

- 3) Membership to any club, health and fitness centre is specifically blocked.

Example:

- | | |
|--|-----------------------|
| i) Partner of a firm took membership in Lions club | -Credit is ineligible |
| *Further, no exceptions are provided for it. | |

- 4) ITC on the following services is not eligible

- Rent-a-cab-** For the Services procured from a rent a cab operator credit is not eligible. However, as the term **cab** is not defined in the GST law, we can adopt the definition from Motor Vehicles Act 1988, the term motor cab is defined "as any motor vehicle construed or adopted to carry not more than 6 passengers excluding driver, for hire or reward". From the above definition, it is clear that ITC on hiring of a bus is eligible as the term bus doesn't fall under the definition of Cab.
- Life insurance-** Any life insurance services procured by any entity for any person in the entity, ITC is not eligible.
- Health insurance-** Any health insurance services procured by any entity for any person in the entity, ITC is not eligible.

Exceptions:

- Where the government notifies the services, which are obligatory for an employer to provide to his employees under any law in force.
- The above supplies are used for making the same category of outward supplies.

Examples:

- Director of a company book a cab(Uber) from office to airport for his business trip- ITC on Uber services is not eligible whereas the ITC on flight tickets is eligible
- An employer providing life insurance services to his employees- ITC is not eligible, if the government notifies that the life insurance is must for the Key person in the business then ITC can be availed.

- 5) Employer providing travel benefits to employees on vacation such as leave or home travel concession, then inputs used for such employee benefits is not allowed to be claimed as Credit.

Example:

The business trip of an employee is later extended as a vacation for few more days, credit on expenses incurred for business trip is allowed and the credit on expenses incurred for vacation is not allowed but proper records are to maintained showing the distinction of expenses. Otherwise, the entire credit is blocked.

- 6) Credit on works contract services for construction of an immovable property is not allowed **except** when the said input service is used for
- For further supply of works contract service,
 - For construction of a plant and machinery

The term works contract means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property which involves both supply of goods and services and the title in the goods shall pass to the owner.

Example:

XYZ Manufacturers are constructing their office building. For this purpose, they have given works contract to PQR Constructions. To execute the construction, PQR constructions has sub-contracted a portion of the work to ABC Works. In this example, XYZ Manufacturers cannot claim ITC of works contracts services whereas PQR can claim ITC of the said services.

In the above example, let us assume that the construction undertaken is of plant and machinery, then ITC can be claimed even by the XYZ Manufacturers.

- 7) ITC is restricted when goods or Services or both received by a taxable person for construction of an immovable property (other than plant and machinery) on his **own account** even in the course or furtherance of business.

The term own account here refers to construction of an immovable property or plant and machinery by an entity for its own business.

Examples:

- ABC Ltd. constructs on their own an office building for its headquarters-ITC not allowed.
- ABC Ltd also constructs a machinery for manufacturing of steel- ITC is allowed

For the purpose of the above clause (6) and (7) the term Plant and machinery means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes—

- Land, building or any other civil structures;
- Telecommunication towers; and
- Pipelines laid outside the factory premises.

- 8) No ITC would be available to the person who has made the payment of tax under composition scheme in GST law.

Composition Taxable person is a person who pays the tax on a concessional rate at a very low rate compared to the general slab rates. ITC to such person is not allowed as he is already enjoying the privilege of paying taxes at a lower rate.

- 9) ITC cannot be availed on goods/services received by a non-resident taxable person. ITC is only available on any goods imported by him.

Example:

Mr. A, Jewellery businessman who is a Non-resident came to India to sell jewellery in an exhibition held in India. In the course of his business he purchased certain jewellery in India and also imported from his country. ITC is not allowed for the goods he purchased in India. With respect to imports, ITC is allowed.

- 10) No ITC will be available for the goods/ services used for personal purpose and not for business purposes.
- 11) No ITC is available for goods lost, stolen, destroyed, written off or given off as gift or free samples.
- 12) No ITC in fraud cases where
Any taxes paid in accordance with the provisions of sections 74, 129 and 130
- Sec 74- Determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilized by reason of fraud or any willful misstatement or suppression of facts.
 - Sec 129- Detention, seizure and release of goods and conveyances in Transit.
 - Sec 130- Confiscation of goods and/or conveyances and levy of penalty.

Conclusion:

From an entity point of view, apart from the above list of transactions on which credit is not eligible, there are another set of hidden ineligible credits in the form of taxes paid for purchase of petrol or diesel and electricity on which we have been paid VAT (as petrol, diesel and electricity are yet to be fall under GST upon recommendations of the GST council) and the same cannot be taken as credit as VAT cannot be adjusted against GST. In view of this reason, for a heavy manufacturing entity which involves heavy consumption of electricity to run machines and bulk consumption of fuel for transportation of goods, the ineligible credits is a burden and accordingly added to the cost.

This article is contributed by Sukanya, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

DT&MSME

ISSUANCE OF TDS CERTIFICATE

Contributed by Harini & Vetted by CA Madhu Sudhan J |

INTRODUCTION:

- ◆ Chapter XVII of Income Tax Act, 1961 (section 190 to section 234F) deals with TDS provisions, i.e. applicability, compliance process, penalty clauses etc. Section 190 mandates deduction of Tax at source (TDS) in certain cases.
- ◆ Section 203 of Income Tax Act mandates the Deductor of such tax to issue **TDS Certificate** to the Deductee as the proof of remittance to the Government, within the certain time limit, which is explained in the later part of this article.
- ◆ The certificate contains amount of Tax deducted, Remittance details, respective Assessment Year, PAN and TAN details etc, which acts as proof for remittance of tax and helps in further verification process.

What is TDS Certificate?

- ❖ Every person responsible for Tax deduction at source is required to furnish a certificate to the payee to the effect that tax has been deducted along with certain other particulars. This certificate is usually called the TDS certificate. (Section 203).

Types of TDS certificates:

There are 4 types of TDS Certificates: -

- ❖ Form 16 - Annual TDS Certificate *issued to employees (salary)*.
- ❖ Form 16A - Quarterly TDS Certificate *issued to Deductee (i.e., other than salary, 194IA&IB cases)*
- ❖ Form 16B - TDS Certificate *issued to the seller u/s 194IA*
- ❖ Form 16C - TDS Certificate *issued to the landlord u/s 194IB*

Let us now understand each Form in Detail

Form 16

- ◆ Form 16 is the salary TDS certificate. It is an important document for Salaried Individuals. If the Net of Income from Salary and other income mentioned by employee to employer after deducting eligible deductions and allowances for the Financial Year, is more than the basic exemption limit (*i.e. Rs 2,50,000 / Rs.3,00,000 / Rs.5,00,000 as the case may be*), then employer is required to deduct and deposit tax with the Government.
- ◆ Further more, it is responsibility of the employer to furnish Form 16 to the employee within the due date.
- ◆ Form 16, thus is a certificate, where the employer certifies the details regarding the salary earned and Tax deducted etc.
- ◆ It has two parts, Part A & Part B.
- ◆ **Part A** has Information of the Employer & Employee, like
 - o Name & Address of the Employer & Employee
 - o PAN of the employer and employee and TAN of the employer
 - o Details of Tax deducted & deposited with the government etc.
- ◆ Part B includes details of Salary paid, Other Incomes declared by the employee to the employer, Deductions Allowed, Tax deducted etc.
- ◆ If an employee has worked with more than one employer during the Financial year, then he may have more than one Form 16 during the year.
- ◆ Time Limit for issuance of Form 16 – Form 16 is to be issued by 15th June of the financial year immediately following the financial year in which the income was paid and tax deducted.
 - o Example: For FY 2017-2018, Form 16 is to be issued by 15th June 2018.

It is thus mandatory for the employer to issue Form 16 within the due date without any delays which helps employees in Further Process.

Form 16A

- ◆ Form 16A is another type of TDS Certificate. While Form 16 is issued for the tax deducted in respect of Salary income, Form 16A is to be issued for Tax deducted on any income other than
 - o Salary income (U/s 192);
 - o Income from Sale of immovable property (U/s 194IA); and
 - o Rental Income (for which TDS is to be deducted u/s 194IB)

i.e. Form 16A shall be issued by the Deductor when the TDS is deducted from Contract Income or Interest earned from Fixed Deposit or when TDS is deducted from Rent receipts, and on all other Income, other than those mentioned above.

For Example:

- o Banks shall deduct TDS on interest income u/s 194A. In this case Form 16A shall be issued by Banker (the deductor) to the Customer (the deductee).
- o Mr.A renders Professional Service to M/s.XYZ &Co for Rs.1,00,000 excluding tax. Here Ms.XYZ &Co deducts TDS of Rs.10,000 ($\text{Rs.1,00,000} \times 10\% = 10,000$). In this case M/s.XYZ &Co (the deductor) shall issue Form 16A to Mr.A.

- ◆ Form 16A is a Quarterly TDS Certificate to be issued within 15 days from the due date of furnishing the statement of tax deducted at source, i.e.

For Quarter Period	Due Dates for furnishing the statement of TDS	Due date for issuance of Form - 16A
1 st April – 30 th June	31 st July	15 th August
1 st July – 30 th September	31 st October	15 th November
1 st October – 31 st December	31 st January	15 th February
1 st January – 31 st March	31 st May	15 th June

- ◆ Form 16A shall contain details such as Name & Address of Deductor/Deductee, PAN&TAN of Deductor, PAN of the Deductee, Challan details, Details of Amount paid/credited, Tax deducted & deposited on such income etc.

Form 16B (introduced w.e.f 31st May 2013):

- ◆ **Applicability** – It is applicable for all the transactions for which Tax is deducted u/s 194IA (i.e. on Sale of Immovable Property).
- ◆ This Form of TDS Certificate is to be issued by the Deductor (i.e. Buyer of the Property).
- ◆ Tax deducted shall be deposited electronically by a challan cum statement in Form 26QB within 30 days from the end of the month in which deduction is made
- ◆ *For Form 26QB go to <https://www.tin-nsdl.com/>>>> pay taxes online >>> Form 26QB.*
- ◆ It is mandatory for both buyer and seller to quote their PAN in the tax challan(26QB). However, exemption has been provided for both the buyer and seller to obtain the TAN for deducting tax on sale of the property.

- ◆ Moreover, it is the responsibility of Deductor (Buyer) to furnish the TDS Certificate in Form No.16B to the Payee(Seller) within 15 days from the due date for furnishing the challan-cum-statement in Form No. 26QB.

Let us understand the sequence with the help of an example:

Mr. A purchased a property worth Rs.75 lakhs from Mr. B on 15th April 2018. Mr. A, being the buyer of the property has the following responsibility:

- Mr. A is responsible for deduction of tax @1%. (In this case Tax deducted shall be Rs.75,000). Let us assume Mr. A paid total amount of Rs.75,00,000/- net of tax to Mr. B on 15th April 2018 and tax is deducted on the same day i.e, on 15th April 2018, so Form 26QB is to be furnished within 30 days from the end of the month in which the deduction is made.
- Therefore Mr.A is obliged to furnish Form 26QB by 30th May 2018. (i.e, 30 days from the 30th April, 2018)
Assuming Form 26QB is furnished on 30th May 2018,
- He is obliged to Issue Form 16B by 14th June 2018. (15 days from furnishing of 26QB i.e, form 30th May 2018)

How to deduct tax in case of more than one seller or buyer?

- In case there are more than one seller, the TDS will be deducted in a proportion in which the property is held, and consideration paid.
- For Example: If the sale consideration is Rs. 75 lakhs and the payment is made to two sellers equally, the TDS needs to be deducted @1% that is Rs.75, 000/- equally from both sellers and two Form 16B need to be issued.
- Similarly, if there are more than one buyer, then each buyer needs to deduct TDS and pay the same using Form 26QB.

Form 16C (notification 48/2017 dated 08th June 2017)

- ◆ **Applicability** - Individuals and HUF who pay rent of Rs 50,000 or above per month or part thereof will have to deduct TDS at the rate of 5% (u/s 194IB)

The main objective of government in introducing this section primarily is to ensure both tenant and landlord file their Return of Income to reflect true disclosures. With the quoting of the PAN of both landlord and tenant, the Income Tax Department can easily track the disclosures of rent in Income Tax Returns. Also, such taxes are likely to get reflected in the form 26AS of the landlord for claiming credit of the TDS.

- ◆ Tax shall be deducted at the time of credit of rent, for the last month of the previous year or the last month of tenancy (if the property is vacated during the year) OR at the time of payment thereof whichever is earlier.

- ◆ **Time Limit for Depositing of Tax:** Tax should be deposited within 30 days from the end of the month in which the tax is deducted. It shall be accompanied by a challan cum statement in Form 26QC. It is mandatory for both buyer and seller to quote their PAN in the tax challan(26QC). However, exemption has been provided for both the buyer and seller to obtain the TAN for deducting tax on sale of the property.
- ◆ **Time Limit for issuance of Form 16C:** The person deducting the tax (i.e Tenant) is required to furnish Form 16C to the Landlord within 15 days from the due date of furnishing challan cum statement in Form 26QC.
- ◆ Form 16C is thus a new TDS certificate introduced by the government of India. It reflects the amount of TDS deducted on rent @ 5 % by the individual/HUF (u/s 194IB). It is just like Form 16 or Form 16A issued in the case of salary and other payments respectively.
- ◆ Online challan-cum-statement in Form 26QC is to be filed by each tenant for unique tenant-landlord combination for respective share. E.g. in case of one tenant and two landlords, two forms have to be filed in and for two tenants and two landlords, four forms have to be filed for respective rent shares.

PROCEDURE FOR ISSUANCE OF TDS CERTIFICATES

- ◆ How to Download Form 16/Form 16A?

Step 1: - For Form 16/ Form 16A login to TRACES (www.tdscpc.gov.in) using User id, password and PAN of the Deductor. *In case of first time login, register in TRACES as a Deductor with the TAN Number and Challan number registered during the payment.*

Step 2: - Go to Downloads >> Form 16 or Form 16A

Step 3: - Enter the details such as Financial Year, Quarter, Form Type etc and then click "Go".

For a single certificate fill the details in "Search PAN" column and in case of more than one certificate fill the details in "Bulk PAN Download".

Step 4: -Enter details like Provisional Receipt Number, Challan Details, PAN numbers of the deductee whose tax has been deposited with the above challan and Click on "Proceed"for **Request for Downloading Form 16/Form 16-A**. On submission, a Request Number is generated. Preserve the request number for further references.

Step 5: - To view the status of downloaded request go to **Downloads >> Requested Downloads >> View All**. Alternatively, you can also view the status of the request by quoting the request number.

Step 6: - On status being displayed as "Available", the Forms get download in HTTP Form. User must convert this text file to PDF using 'TRACES PDF Generation Utility'. This utility will convert the text file into individual PDFs for each PAN. Deductor can opt to digital signing of PDFs while converting them.

Step 7: - To convert text file to PDF, Download 'TRACES PDF Generation Utility'

- Browse the Zip file (text file) downloaded from TRACES.
- Enter the password. The password for opening Form 16 / 16A will be TAN of the deductor in capital letters.
- Browse the location where the converted PDF file needs to be saved
- In case the user opts for Digital Signing of Certificate, browse the Digital Signature details.
- Then click on "Proceed" to get the files converted in PDF Format.

(Refer the below screenshot)

Issuance of TDS Certificate

- It is 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" i.e. TRACES.
- The deductor shall, before issuance of certificate authenticate the correctness of contents mentioned therein and verify the same either by using manual signature or by using digital signature(circular 4/2013).
- Where a certificate is to be furnished in Form No. 16, the deductor may, at his option, use digital signatures to authenticate such certificates. (Rule 31(6)(I)).

◆ How to Download Form 16B?

It is the responsibility of Buyer to furnish the TDS Certificate in Form No.16B to the Seller.

Step 1: -For Form 16B login to TRACES (www.tdscpc.gov.in) using User id, password and PAN of the Tax Payer.

In case of first time login, register in TRACES as a Tax Payer with the PAN Number and Challan number registered during the payment.

Step 2: - Go to Downloads >> Form 16B (for the buyer)

Step 3: - Enter the details pertaining to property transaction like Assessment Year, PAN of the seller, Acknowledgment Number etc and then click "Proceed".

Step 4: - On verification of Details click on "Submit" button to submit the **Request for Downloading Form 16-B**. On submission, a Request Number is generated. Preserve the request number for further references.

Step 5: -To view the status of downloaded request go to **Downloads >> Requested Downloads >> View All**. Alternatively, you can also view the status of the request by quoting the request number.

Step 6: - On status being displayed as "Available", download the Form displayed in the HTTP form, convert it to PDF Format and proceed for the issuance.

Step 7: -To convert HTTP to PDF, refer Step 7 of "**To download Form 16 / Form 16A**"

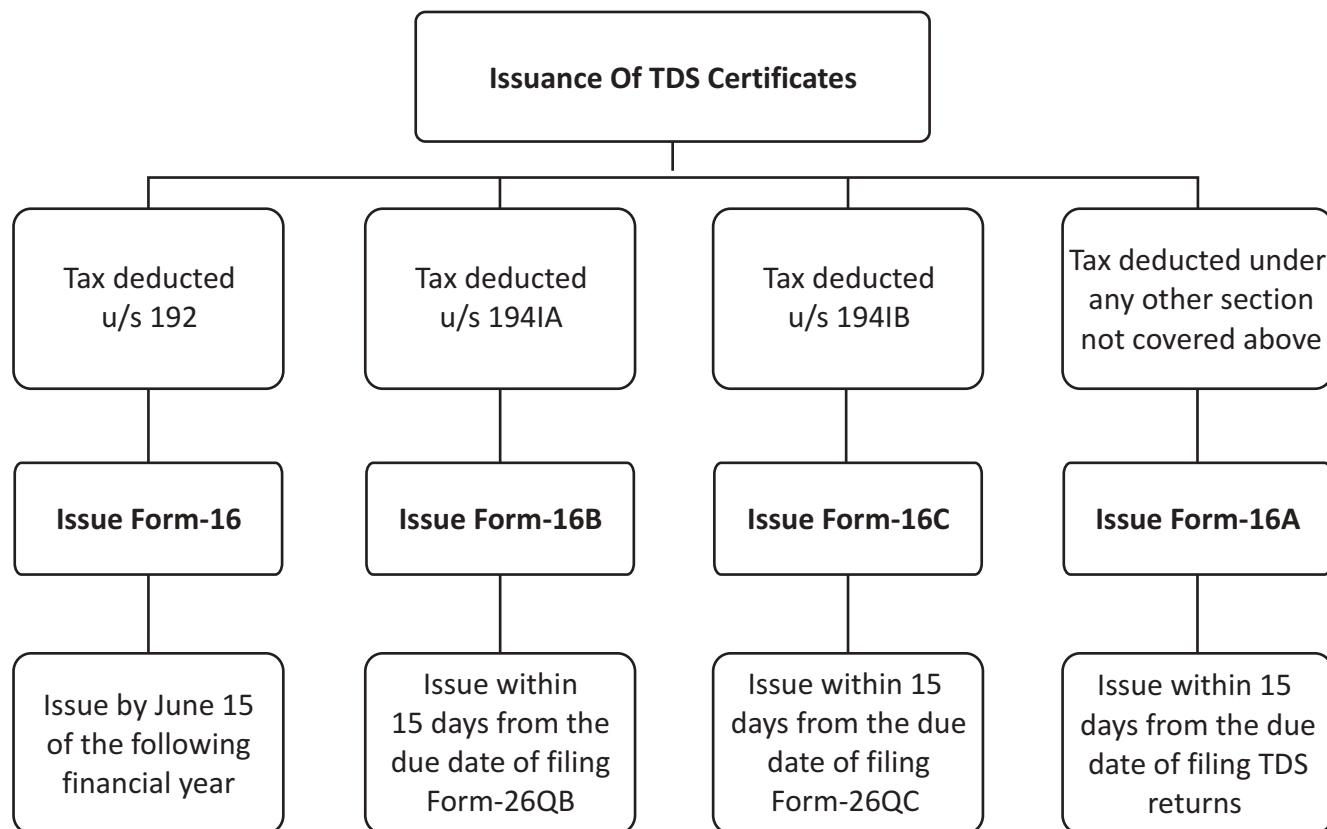
- ◆ The deductor shall, before issuance of certificate authenticate the correctness of contents mentioned therein by verify the same either by using manual signature or by using digital signature

Penalty for non-issuance of TDS Certificate: (u/s 272A)

- ◆ If any person fails to furnish the certificate within the due dates, he shall pay penalty of Rs.100 for every day during which failure continues.
- ◆ However, the penalty cannot exceed the TDS amount deducted for the quarter.

CONCLUSION:

By considering the statutory requirements and the information available in respective Forms It is advisable for the Deductor to issue TDS Certificate to the deductee to avoid the penal provisions and to prove his reliability that tax is deducted



This article is contributed by Harini, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

SATURDAY SESSIONS

S.No.	Event	Date	Speaker	Venue
1	Overview on setting up of SEZ	05/05/2018	Sauchit	SBS - Hyd
2	Issuance of TDS certificate		Harini	SBS - Hyd
3	Input Tax credit	12/05/2018	Sukanya	SBS - Hyd
4	Changes in ITR Forms		Sai Murali Krishna	SBS - Hyd
5	Detailed Project Report	19/05/2018	Yashwanth	SBS - Hyd
6	Crèche Facility		Samatha	SBS - Hyd

SESSIONTIMINGS: 2:30 to 4:30 PM*Issuance of TDS certificate - Harini**Overview on setting up of SEZ - Sauchit*



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Hyderabad: 6-3-900/6-9, #103 & 104, Veeru Castle, Durganagar Colony, Panjagutta, Hyderabad, Telangana

Kurnool: No. 302, 3rd Floor, V V Complex, 40/838, R.S. Road, Near SBI Main Branch, Kurnool, Andhra Pradesh

Nellore: 16-6-259, 1st Floor, Near Santi Sweets Opp: SBI ATM, Vijayamahala Centre, SPSR Nellore, Andhra Pradesh

Tada: 8-3-425/2, Flat No. 202, 2nd Floor, Bigsun Avenue, Near SRICITY, TADA, SPSR Nellore Dist, Andhra Pradesh

Visakhapatnam: # 39-20-40/6, Flat No.7, Sai Yasoda Apartments, Madhavadhara, Visakhapatnam (Urban), Vizag, Andhra Pradesh

Bengaluru: B104, RIRCO, Santosh Apartments, Wind Tunnel Road, Murugeshpalya, Old Airport Road, Bengaluru, Karnataka.

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