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**TDS / TCS RETURNS CONTAINING LESS THAN THE PRESCRIBED
PAN DATA WILL NOT BE ACCEPTED**

The Ministry of Finance vide a Press Release dated 25th September, 2007 have instructed the Tax Deductors / Collectors to furnish correct PAN in the Quaterly TDS Returns .

It has been observed that in most of the TDS / TCS returns, the PAN of the deductees is either missing or incorrect. As the requirement of filing TDS / TCS certificates has been done away with, the lack of PAN of deductees is creating difficulties in giving credit for the tax deducted and collected.

It has, therefore, been decided that in the following cases:

1. TDS returns for salaries, i.e. **Form No.24Q** with less than **90% of PAN data**.
2. TDS returns for payments other than salaries i.e. **Form No.26Q** with less than **70% of PAN data**.
3. TCS returns, i.e. **Form No.27EQ** respectively, with less than **70% of PAN data**.

TDS returns for the quarter ending on 30.9.2007 and thereafter will not be accepted and all penal consequences under the Income Tax Act will follow.

The Taxpayers liable to TDS / TCS are also advised to furnish their correct PAN with their deductors, failing which they will also face penal proceedings under the Income Tax Act..

It may be noted that TDS returns for payments to non-residents / foreign companies i.e. Form No. 27Q have been kept out of the purview of the abovesaid provisions.

SCOPE OF ETDS RETURNS EXPANDED

The Income-tax (Ninth Amendment) Rules, 2007 vide notification no. 238/2007 dated 30th August, 2007 have amended Rule 31A and Rule 31AA with effect from 1st September, 2007 to provide that in addition to the existing two categories i.e. company or Office of Government, quarterly **TDS / TCS Returns shall also have to be furnished electronically in the following cases :**

1. The deductor is **a person** required to get his accounts audited under **section 44AB** in the immediately preceding financial year.
2. The **number of deductees / collectees records** in a quarterly statement **for any quarter of the immediately preceding financial year is equal to or more than fifty**.

The notification has come into effect from 1st September, 2007. Therefore returns for the quarter ended 30.9-2007 and thereafter shall have to be mandatorily filed electronically by the deductors / collectors in the aforementioned two categories.