

NDA Update - Compliance Check facility for Sections 206AB & 206CCA

With effect from 1st July 2021, tax is required to be deducted under Section 206AB or tax is required to be collected under Section 206CCA at higher rate in case of certain non-filers (specified persons).

Specified person means a person who satisfies **both** the following conditions: -

- (i) He has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately before the previous year in which tax is required to be deducted or collected. Two previous years to be counted are required to be those whose return filing date under sub-section (1) of section 139 has expired. Thus, for the F.Y. 2021-22, previous 2 years means F.Y. 2018-19 and F.Y. 2019-20.
- (ii) Aggregate of tax deducted at source and tax collected at source is rupees fifty thousand or more in each of these two previous years.

In order to ascertain the specified person subject to higher rate of TDS / TCS, CBDT has issued a Circular on 21-06-2021 providing a new functionality "Compliance Check for Sections 206AB & 206CCA". This functionality is made available through reporting portal of the Income-tax Department. The tax deductor or the collector can feed the single PAN (PAN search) or multiple PANs (bulk search) of the deductee or collectee and can get a response from the functionality if such deductee or collectee is a specified person. If the name of the person is not there in the list, there is no need to recheck the same again during the year.

This facility will reduce the compliance burden of all concerned. There will be no need to obtain separate declarations from the deductee or collectee.

Salient features of the facility are as under:

- A list of specified persons is prepared by the Income Tax Department as on the start of the financial year 2021-22, who did not file return of income for both assessment years 2019-20 and 2020-21 and have aggregate of TDS and TCS of fifty thousand rupees or more in each of these two previous years.
- During the financial year 2021-22, no new names will be added the list of specified persons. This is a taxpayer friendly measure to reduce the burden on tax deductor or collector of checking PANs of non-specified person more than once during the financial year.

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- The list will be updated by removing the name, if any specified person files a valid return of income (filed & verified) for assessment year 2019-20 or 2020-21 during the financial year 2021-22. His name would be removed from the list of specified persons. Belated and revised TCS & TDS returns of the relevant financial years filed during the financial year 2021-22 would also be considered for removing persons from the list of specified persons on a regular basis.
- If the aggregate of TDS and TCS, in the case of a specified person, in the previous year 2020-21, is less than fifty thousand rupees, his name would be removed from the list of specified persons. This would be done on the first due date under sub-section (I) of section 139 of the Act falling in the financial year 2021-22. For the financial year 2021-22 this due date of 31st July 2021 has been extended to 30th Sept 2021.

https://www.incometaxindia.gov.in/communications/circular/circular_11_2021.pdf