

CIRCULAR NO. 03 /2011

F. No 275/34/2011-(IT-B)

Government of India

Ministry of Finance

Department of Revenue

Central Board of Direct Taxes

New Delhi, dated the 13th May, 2011

Subject: Issuance of TDS Certificates in Form No. 16A downloaded from TIN Website and option to authenticate the same by way of digital signature – Circular under section 119 of the Income-tax Act 1961.

Section 203 of the Income-tax Act 1961 ('the Act') read with the Rule 31 of the Income-tax Rules 1962 ('the IT Rules') provides for furnishing of certificate of tax deduction at source (TDS) by the deductor to the deductee specifying therein the prescribed particulars like amount of TDS, permanent account number (PAN), tax deduction and collection account number (TAN), etc. The relevant form for such TDS certificate is Form No.16 in case of deduction under section 192 and Form No.16A for deduction under any other provisions of Chapter XVII-B of the Act. TDS certificate in Form No.16 is to be issued annually whereas TDS certificate in Form No.16A is to be issued quarterly.

2. Currently, a deductor has an option to authenticate TDS certificate in Form No.16 by using a digital signature. However, no such option of using a digital signature is available to a deductor for issuing TDS certificate in Form No.16A and it, therefore, needs to be authenticated by a manual signature. The Central Board of Direct Taxes (the Board) has received representations to allow the option of using digital signature for authentication of TDS certificate in Form No.16A as issuance of TDS certificate in Form No.16A by manual signature is very time consuming, specially for deductors who are required to issue a large number of TDS certificates.

3. The Department has already enabled the online viewing of Form No.26AS by deductees which contains TDS details of the deductee based on the TDS statement (e-TDS

statement) filed electronically by the deductor. Ideally, there should not be any mismatch between the figures reported in TDS certificate in Form No. 16A issued by the deductor and figures contained in Form No.26AS which has been generated on the basis of e-TDS statement filed by the deductor. However, it has been found that in some cases the figures contained in Form No.26AS are different from the figures reported in Form No.16A. The gaps in Form No.26AS and TDS certificate in Form No. 16A arise mainly on account of wrong data entry by the deductor or non-filing of e-TDS statement by the deductor. As at present, the activity of issuance of Form No.16A is distinct and independent of filing of e-TDS statement, the chances of mismatch between TDS certificate in Form No.16A and Form No.26AS cannot be completely ruled out. To overcome the challenge of mismatch a common link has now been created between the TDS certificate in Form No.16A and Form No.26AS through a facility in the Tax Information Network website (TIN Website) which will enable a deductor to download TDS certificate in Form No.16A from the TIN Website based on the figures reported in e-TDS statement filed by him. As both Form No.16A and Form No.26AS will be generated on the basis of figures reported by the deductor in the e-TDS statement filed, the likelihood of mismatch between Form No.16A and Form No.26AS will be completely eliminated.

4. In view of the above, for proper administration of the Act, the Board have, in exercise of powers under section 119 of the Act, decided the following :-

4.1 ISSUE OF TDS CERTIFICATE IN FORM NO. 16A

(i) For deduction of tax at source made on or after 01/04/2011:

(a) The deductor, being a company including a banking company to which the Banking Regulation Act, 1949 applies and any bank or banking institution, referred to in section 51 of that Act or a co-operative society engaged in carrying the the business of banking, shall issue TDS certificate in Form No.16A generated through TIN central system and which is downloaded from the TIN Website with a unique TDS certificate number in respect of all sums deducted on or after the 1st day of April, 2011 under any of the provisions of Chapter-XVII-B other than section 192.

(b) The deductor, being a person other than the person referred to in item (a) above, may, at his option, issue TDS Certificate in Form No.16A generated through TIN central system and which is downloaded from the TIN Website with a unique TDS certificate number in respect of all sums deducted on or after the 1st day of April, 2011 under any provisions of Chapter-XVII-B other than section 192.

(ii) For deduction of tax at source made during financial year 2010-11:

The deductor, may, at his option, issue the TDS certificate in Form No.16A generated through TIN central system which is downloaded from the TIN Website with a unique TDS certificate number in respect of all sums deducted during the financial year 2010-11 under any of the provisions of Chapter-XVII-B other than section 192.

4.2 AUTHENTICATION OF TDS CERTIFICATE IN FORM NO.16A

(i) The deductor, issuing the TDS certificate in Form No.16A by downloading from the TIN Website shall authenticate such TDS certificate by either using digital signature or manual signature

(ii) The deductor being a person other than a person referred to in item 4.1(i)(a) above and who do not issue the TDS Certificate in Form No.16A by downloading from the TIN Website shall continue to authenticate TDS certificate in From No.16A by manual signature only.

5. The Director General of Income-tax (Systems) shall specify the procedure, formats and standards for the purpose of issuance of TDS certificate in Form No.16A which is downloaded from the TIN Website and shall be responsible for the day-to-day administration in relation to the procedure, formats and standards for issuance of TDS certificate in Form No.16A in electronic form.

6. It is further clarified that TDS certificate issued in Form No. 16A by the deductors covered by para 4.1(1)(a) in accordance with this circular and procedure, format and standards specified by the Director General of Income-tax (Systems) shall only be treated as a valid TDS certificate in Form No. 16A for the purpose of section 203 of the Act read with Rule 31 of the IT Rules,1962.

7. Hindi version shall follow.

-sd/-

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