



e-TDS no longer tedious with eTaxfile



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## Your Fact file for e-TDS & e-TCS

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## Introduction

**As a part of automation of collection, compilation and processing of TDS/TCS returns ITD has notified an "Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003". It is applicable to all deductors furnishing their TDS return in electronic form.**

- It is **mandatory (w.e.f. June 1, 2003)** for corporate deductors to furnish their **TDS returns** in electronic form (e-TDS return).
- From **F.Y. 2004-2005** onwards furnishing **TDS returns in electronic form** is also mandatory for government deductors in addition to corporate deductors.
- Deductors (other than government and corporates) may file TDS return in electronic or physical form.
- National Securities Depository Ltd. (NSDL) as the e- TDS Intermediary (appointed by ITD) receives, on behalf of ITD, the e-TDS returns from the deductors.

To ensure proper checks and balances on these payments (TDS) and subsequent credit taken thereof by the deductees, the deductors are required to file TDS returns with the ITD.

## What is e-TDS?

**e-TDS return is a TDS return prepared in electronic form in accordance with the prescribed data structure (file format).** e-TDS return is furnished in a CD/floppy along with duly filled and signed Form 27A in physical form.

As per the current income tax laws, entities both corporates and non-corporates - deductors making payments (like salary, interest, dividend, professional fees, brokerage, rent etc.) to third parties (deductees) are required to deduct tax at source (Tax Deducted at Source -TDS) from these payments and deposit the same at any of the designated branches of authorized banks. They should also furnish TDS returns containing details of deductee(s) and challan details relating to deposit of tax.

TDS returns contain details like name, Permanent Account Number (PAN) and address of deductees, date of payment, gross amount, amount of TDS, date of deposit of TDS amount in bank, name of bank branch where TDS amount deposited etc., in the data structure (file formats) prescribed by ITD.

Deductors can submit e-TDS returns through TIN-FC (Tax Information Network - Facilitation Centres ) established by NSDL or directly upload through NSDL web-site.

TIN is designed to make the tax administration more effective, furnishing of returns convenient, reduce compliance cost and bring greater transparency. While NSDL will be the primary agency responsible for the design, implementation and maintenance of TIN as per the requirements of ITD, other agencies will also play key roles in the TIN system

**The returns are to be filed in the following manner for the financial year 2004 –2005.**

Description	E-filing is Required?	'OR' Manual Filing is enough?
Corporate deductors	YES	NO
Non-Corporate deductors	YES (optional)	YES
Government departments	YES	NO

**TDS Return – Forms And Periodicity**

Revised forms of TDS returns and periodicity thereof prescribed under income tax laws are as follows: -

Form No.	Particulars	Periodicity
Form 24Q	Quarterly return of "Salaries" under Section 206 of Income Tax Act, 1961	Quarterly
Form 26Q	Quarterly return of deduction of tax under section 206 of Income Tax Act, 1961 in respect of all payments other than "Salaries"	Quarterly
Form 27Q	Quarterly statement of deduction of tax from interest, dividend or any other sum payable to certain persons*	Quarterly
Form 27EQ	Quarterly TCS Return	Quarterly

**What is e-TCS?**

TCS means collection of tax at source by the seller (collector) from the buyer (collectee/payee) of the goods (specified u/s 206C of Income-tax Act, 1961, like timber obtained under forest lease, scrap, any other forest produce not being timber or tendu leaves etc.). For e.g. if purchase value of goods is Rs.10,000/-, the buyer will pay an amount of Rs.10,000/- + X (X being the value of TCS as prescribed under Income-tax Act, 1961) to the seller. The seller will deposit the tax collected at source (TCS) at any of the designated branches of the authorized banks.

As a part of automation of collection, compilation and processing of TDS/TCS returns ITD has notified an "Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003". It is applicable to all deductors furnishing their TDS return in electronic form. As per this scheme:

**Preparation of e-TDS return:**

Deductors furnishing TDS return in electronic form ( e-TDS return) are required to prepare their e-TDS return file in accordance with the electronic data structure (file formats) prescribed by the Income-tax Department.

## Precautions while furnishing e-TDS return:

- ✓ Each e-TDS return file (Form no 24, 26 or 27) is saved in a separate CD/Floppy).
- ✓ Each e-TDS return file is accompanied by a duly filled and signed (by an authorized signatory) Form No 27A in physical form.
- ✓ Each e-TDS return is in one CD/Floppy. It should not span across multiple floppies. In case the size of an e-TDS return file exceeds the capacity of one floppy, it should be furnished on a CD. In case the e-TDS return file is in compressed form, it is compressed using Winzip 8.1 or ZipltFast 3.0 compression utility only to ensure quick and smooth acceptance of the file.
- ✓ A label is affixed on each CD/Floppy mentioning name of the deductor, his TAN, Form No (24,26 or 27) and period to which the return pertains.
- ✓ There should be no overwriting/Striking on Form No. 27A. If there is any, then the same should be ratified by an authorized signatory.
- ✓ No Bank challan copy of TDS certificate is required to be furnished along with e-TDS return file. In case of Form No. 26 and 27, there is no need to furnish physical copies of certificates of no deduction or lower deduction of TDS received from recipient. However, in case of Form No 24, physical copies of certificates of “no deduction or deduction of TDS at lower rate”, if any, received from deductees should be furnished.
- ✓ E-TDS return files contain TAN. In case valid reformatted TAN is not available, one will have to submit a TAN application form (Form No. 49B) along with the e-TDS return (with necessary application charges).
- ✓ CD/Floppy is virus free.

## Manner Of Furnishing Revised E-TDS Return

- i) If deductor furnishes a revised e-TDS return on account of any rectification or after incorporating missing PAN(s) details, it shall furnish a copy of the Provisional Receipt issued earlier for the original e-TDS return along with the revised e-TDS return
- ii) Deductor shall furnish the entire e-TDS return and not only the amendments to the e-TDS return along with all the documents submitted at the time of furnishing original return.
- iii) Deductor shall also mention on the top right hand corner of Form 27A that the e-TDS return being furnished is on account of any rectification other than missing PAN(s) or on account of incorporation of missing PAN(s).
- iv) Deductor shall furnish the revised e-TDS return at the same TIN-FC where it had furnished the original e-TDS return.

## Where to file e-TDS returns:

NSDL has setup **Tax Information Network Facilitation Counters** (TIN-FC) across the country. List of the TIN-FC's managed by NSDL can be seen at <http://www.tin-nsdl.com/TINFaciliCenter.asp>

## What is the Filing fee for e filing?

Deductor will pay upload fee along with service tax (as applicable – 8% at present) by demand draft or cash to the TIN-FC for every accepted e-TDS return file.

## Maximum fee payable per return accepted: -

Deductee Records	Upload Fee*
Upto 100 deductee records	Rs.25/-
101 to 1000 deductee records	Rs.150/-
More than 1000 deductee records	Rs.500/-

*\*exclusive of service tax*

### Acceptance Of E-TDS Return By Tin-FCs

After deductor furnishes the e-TDS return file to TIN-FC in the manner prescribed in Chapter 6, TIN-FC will carry out format level validations (these validations are same as performed by FVU) and other checks to verify the correctness of the e-TDS return file.

## Checklist For Deductor

**After preparing the e-TDS return file deductor will check following to ensure that the e-TDS return file is complete in all aspects and is ready for furnishing to TIN-FC: -**

- ✓ e-TDS return file is in conformity with the file format notified by ITD.
- ✓ Each e-TDS return file (Form 24, 26 or 27) is furnished in a separate CD/floppy along with duly filled and signed Form 27A in physical form.
- ✓ Separate Form 27A in physical form is furnished for each e-TDS return.
- ✓ Form 27A is duly filled and signed by an authorized signatory.
- ✓ Striking and overwriting, if any, on Form 27A are ratified by the person who has signed Form 27A.
- ✓ More than one e-TDS return is not furnished in one CD/floppy.
- ✓ More than one CD/floppy is not used for furnishing one e-TDS return.
- ✓ Label is affixed on CD/floppy containing details of deductor like name of deductor, TAN, Form no. and period to which return pertains.
- ✓ e-TDS return file if compressed, is compressed using Winzip 8.1 or ZipltFast 3.0 compression utility only.
- ✓ TAN quoted in e-TDS return file and stated on Form 27A is same. Confirm new TAN by using search facility on ITD website ([www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)).
- ✓ Carry copy of TAN allotment letter from ITD or screen print from ITD website as proof of TAN to avoid inconvenience at time of furnishing due to minor variation in way of transcribing the new TAN in e-TDS return.
- ✓ Control totals, TAN and name mentioned in e-TDS return file match with those mentioned on Form 27A.
- ✓ Submit Form 49B along with e-TDS return in case of no TAN being allotted.
- ✓ In case of Form 24, copies of certificates of no deduction of TDS and deduction of TDS at concessional rate, received from deductees are attached.
- ✓ e-TDS return file has been successfully run through the FVU.
- ✓ CD/floppy furnished is virus free.

## Glossary

### **Bank Challan Number**

Bank challan number is a receipt number given by the bank branch where TDS is deposited. A separate receipt number is given for each challan deposited. You are required to mention this challan number in the e-TDS return and not the preprinted numbers on the bank challan form i.e. ITNS 281

### **Bank Branch Code (BSR Code)**

Reserve Bank of India has allotted a unique seven-digit code to each bank branch. You are required to mention in the e-TDS return, the code of the bank branch where TDS is deposited. You can get this code from the bank branch where TDS is deposited. You can also find the code using the search facility given at [www.tin-nsdl.com](http://www.tin-nsdl.com)

### **Challan Identification Number (CIN)**

CIN has three parts -

- 7 digit BSR code of the bank branch where tax is deposited.
- Date of Deposit (DD/MM/YY) of tax
- Serial Number of Challan.

The CIN would be stamped on your acknowledgement receipt to uniquely identify your tax payment. The CIN has to be quoted in your return of income as a proof of payment. CIN is also to be quoted in any further enquiry. Therefore, you must ensure that CIN (comprising the above 3 parts) is stamped on the Challan by the bank. If not, immediately contact the bank manager and insist on CIN. The Reserve Bank of India has already passed an order dated 1st April 2004 making it compulsory for all tax collecting branches of banks to use a rubber stamp acknowledgement that carries CIN. A separate CIN is given for each challan deposited. If the Bank Manager is unable to resolve the issue, you should address your grievance to the Bank's Regional Manager and the Regional Office of Reserve Bank of India for redressal.

### **Duplicate TAN**

Duplicate TAN is a TAN, which has been inadvertently, obtained by a same person who is responsible for deducting/collecting tax and who already has a TAN allotted to him earlier. It is illegal to possess or use more than one TAN. Different branches/divisions of an entity may, however, have separate TAN.

### **Deductor**

Any person who deducts tax at source (TDS) when a payment is made for example salary. A company for example can be called deductor.

### **Deductee**

Any person from whose salary, tax is deducted is the deductee.

### **e-TDS Return**

e-TDS return is a TDS return prepared in electronic form in accordance with the prescribed data structure (file format). e-TDS return is furnished in a CD/floppy along with duly filled and signed Form 27A in physical form.

### **e-Filing Administrator**

CBDT has appointed the Director General of Income Tax (Systems) as e- Filing Administrator for the purpose of the Scheme.

**e-TDS Intermediary**

CBDT has appointed National Securities Depository Ltd., (NSDL), Mumbai, as e-TDS Intermediary. NSDL has established TIN Facilitation Centres (TIN-FCs) across the country to facilitate deductors furnish their e-TDS return.

**Permanent Account Number (PAN)**

PAN is a ten-digit alphanumeric number, issued in the form of a laminated card, by the Income Tax Department.

A typical PAN is AABPS1205E.

**TAN or Tax Deduction and Collection Account Number**

TAN is a 10 digit alpha numeric number required to be obtained by all persons who are responsible for deducting or collecting tax. It is compulsory to quote TAN in TDS/TCS return (including any e-TDS/TCS return), any TDS/TCS payment challan and TDS/TCS certificates.

**Tax Information Network**

National Securities Depository Ltd. (NSDL) after having modernized the settlement system in the Indian Capital Market by pioneering scripless settlement is now in the process of establishing a nationwide Tax Information Network (TIN) on behalf of the Income Tax Department (ITD). This is designed to make the tax administration more effective, furnishing of returns convenient, reduce compliance cost and bring greater transparency.

**References:**

<http://www.incometaxindia.gov.in>

<http://www.nsdl.com>