

All About Section 194Q, Higher Rates of Tax and Issues Thereof

- Contributed by CA Sri Harsha and CA Narendra

Section 194Q – An Interceptor to TCS under Section 206C (1H):

We all know that through the Finance Act, 2020, a new clause (1H) has been inserted to Section 206C for collection of tax at source in order to bring-in certain transactions in respect of sale of goods under the purview tax collection at source (for brevity 'TCS'). Under the amended provisions through Finance Act 2020, any seller who has made domestic sales, being sale of goods, to any person in any previous year in excess of INR 50 lakhs is liable to collect tax at the rate of 0.1 percent from the buyer on such amount exceeding INR 50 lakhs¹.

Now, through the Finance Act, 2021, a new Section 194Q has been inserted in similar lines with section 206C (1H). Under the new provisions, a buyer who is responsible for making any payment to any resident in respect of purchase of goods in a previous year in excess of INR 50 lakhs is required to deduct tax at source at the rate of 0.1 percent on value exceeding INR 50lakhs.

Section 206(1H) is applicable to the seller of goods and section 194Q is applicable to the buyer of goods. As section 194Q and section 2016 (1H) are in similar lines and may be applicable for same transaction, let us discuss both the provisions on comparative basis.

Table #1:

Description	Section 194Q – TDS	Section 206C (1H) – TCS
Applicability	Buyer being a payer is liable to deduct tax at source while making payment or making entry in the books of account whichever is earlier.	Seller being a payee is responsible to collect the tax at source at the time of receiving the amount. Unlike TDS, it is based only on receipt and not on provision.
Threshold limit	Buyer is liable to deduct tax while making payment to any resident for purchase of any goods of aggregate value exceeding INR 50 lakhs in a year. Tax shall be deductible on value exceeding INR 50lakhs.	Seller is liable to collect tax for sale of any goods not being goods exported outside India if aggregate value of such goods exceeds INR 50 lakhs in a year. Tax shall be collectible on value exceeding INR 50 lakhs.
Rate	0.1 percent on value exceeding INR 50 lakhs.	0.1 percent on value exceeding INR 50 lakhs.
Higher Rate	If seller fails to provide PAN to payer, tax shall be collectible at the rate of 5% instead of 0.1% (rate as per section 206AA).	If buyer does not provide PAN or Aadhar, tax shall be collectible at 1% instead of 0.1% (rate as per section 206CC).
Buyer	Buyer means a person whose gross receipts or turnover from the business exceeds INR 10 Crore during the preceding financial year and not being a person specifically exempted by the Central Government.	Buyer means any person purchaser of goods but does not include: <ul style="list-style-type: none"> • Central Government, State Government, an embassy, a High Commission, legation, commission, consulate and the trade representative of foreign state. • Local authority. • Any person importing goods into India.
Seller	From any resident seller.	Seller means a person whose gross receipts or turnover from the business exceeds Rs.10 Crore during

¹ For detailed analysis, refer our article at <https://www.sbsandco.com/blog/tax-collection-at-source-sale-of-goods>

		the preceding financial year and not being a person specifically exempted by the central government.
Carve-outs	<p>The provisions of Section 194Q <u>are not applicable in respect of any transaction on which:</u></p> <ul style="list-style-type: none"> • Tax is deductible under any provisions of the Act or • Tax is collectible under the provisions of section 206C <u>except to which 206C (1H) is applicable.</u> 	<p>The provisions of section 206C (1H) are not applicable in respect of:</p> <ul style="list-style-type: none"> • any goods which are covered under section 206C (1), section 206C (1F) or section 206C (1G) • any transaction on which tax is deductible and buyer has deducted such tax at source.

As stated earlier, in respect of same transaction both section 194Q and section 206 (1H) may be applicable. In such a scenario the question arises is whether both TDS and TCS are required to be made. Let us proceed to understand the provisions of section 194Q and 206 (1H) cumulatively.

Section 194Q(5) states that the provisions of Section 194Q shall not be applicable in respect of which tax is collectible under Section 206C other than to which Section 206(1H) is applicable. In other words, **where in respect of any transaction for which, even though, tax is collectable under Section 206 (1H), Section 194Q applies.**

However, Section 206C (1H) states that provisions of TCS under Section 206(1H) are not applicable in respect of which TDS is deductible under any provisions of the Act and buyer has deducted TDS on such transaction. In other words, when TDS provisions are applicable and buyer has discharged his obligation, TCS under Section 206 (1H) is not applicable. On a conjoint reading, it can be concluded that provisions of Section 194Q alone are applicable in a situation when the transaction is capable of subjected to both Section 194Q and Section 206C(1H).

Further, Central Board of Direct Taxes (for brevity 'CBDT') has provided a relaxation that where in respect of any transaction, tax is collected under section 206C(1H) by any other reasons, such transaction comes out the purview of Section 194Q, as rate of tax is same under both the sections. However, whether this clarification is for the transition period or applicable all the time is not clear. Though the circular states so, in presence of Section 194Q(5), the tax authorities tomorrow may insist withholding on the buyer.

Issues:

There are certain issues arising from the language used in the above section and its implementation from the mid of the year, the same are discussed hereunder:

Issue #1: Whether the payments made post 1st July 2021, for the purchases made for the period prior to 1st July 2021 is also to be subjected to tax deduction at source?

This issue would arise since Section 194Q has been made effective from 1st July 2021. Section 194Q states that buyer is liable to deduct tax at the time of payment of money or creating accounting entry in the books of account whichever is earlier. Where in respect of any transaction, invoice is received prior to 1st July 2021 and payment has been made after the 1st July 2021 or vice-a-versa, the liability to deduct tax at source triggers prior to 1st July 2021. However, as the provision is not effective prior to 1st July 2021, there would not be any requirement to deduct tax at source. In other words, section 194Q is applicable in respect of

transaction for which both payment and invoice is raised on or after 1st July 2021. This view is also clarified by the CBDT².

Issue #2: Whether the threshold of Rs 50 lakhs is to be considered only from the purchases made from 1st July 21 or for the period prior also?

The obligation arises on buyer if the purchase exceeds Rs 50 lakhs qua a seller. However, for determining, whether the purchases qua a seller exceeds Rs 50 lakhs, should transactions only for the period post 1st July should be considered or purchases for the period 1st April to 30th June should also be considered? Let us say, a buyer has made purchases from a seller for period 1st April to 30th June amounting to Rs 40 lakhs. From the same seller, purchase made post 1st July was amounting to Rs 20 lakhs. Since the Section 194Q is uses the term 'value exceeding fifty lakh rupees in any previous year', it is tenable to consider the sales made prior to 1st July 2021 also for the purposes of determining the meeting of threshold. However, the deduction of tax will only be limited to purchases made post 1st July 2021.

Issue #3: Whether while calculating the turnover/gross receipts/sales for the preceding financial year in order to determine, whether the same exceeds Rs 10 Crores or not, should indirect taxes be included?

The obligation to deduct tax while making payment to seller arises only if the turnover/gross receipts/sales exceed Rs 10 Crores in the preceding financial year for the buyer. In other words, if the turnover/gross receipts/sales for preceding financial year does not exceeds Rs 10 Crores, then the provisions of section 194Q would not apply. However, the question is whether for calculation of Rs 10 Crores, should the goods and services tax (for brevity 'GST') collected should also be included in the above? For example, if the turnover/gross receipts/sales is Rs 8 Crores and GST collected on such sales is Rs 2.24 Cores, then is it required to deduct tax at source under section 194Q.

In our view, if GST is not included in the sale price, then the same may not be added to the turnover/gross receipts/sales for determining the threshold of Rs 10 Crores. The seller if he indicates that the price is excluding GST and the same is recovered separately from the buyer, the same need not be included to determine the turnover/gross receipts/sales.

Hence, applying above to the instant case, since turnover/gross receipts/sales is Rs 8 Crores and taxes are being collected separately, the obligation under section 194Q would not apply. Reference can also be made to Para 5.9 of 'Guidance Note on Tax Audit under Section 44AB of the Income Tax Act, 1961' issued by Institute of Chartered Accountants of India.

Issue #4: Whether tax has to be collected on the GST amounts collected from the buyer or only on the value of goods?

The said sub-section states that buyer has to deduct an amount if such buyer is responsible for making payment for purchase of any goods of value exceeding Rs 50 lakhs. In such a case, a question arises, whether the GST portion is required to be included in the value of purchase for deducting the tax at source. Let us say, a seller issues an invoice for Rs 1 Crore and charges GST @ 18% on said goods. Now, the question that arises, is whether tax has to be deducted on Rs 1 Crore or Rs 1.18 Crore.

² https://www.incometaxindia.gov.in/communications/circular/circular_13_2021.pdf

In this regard, attention can be drawn to CBDT circular³ wherein it has clarified that when the GST portion is indicated in the invoice separately, tax shall be deducted on value of service without considering the GST amount otherwise GST is required included for the purpose of deducting the tax at source and same has been re-iterated by CBDT through its circular⁴. However, this proposition may not hold good in respect of TCS under section 206C(1H) as CBDT through its circular⁵ specifically clarified that no adjustment in respect GST shall be made for TCS under section 206C(1H).

Interplay of Section 194Q with other TDS/TCS provisions:

Further, Section 194Q states that these provisions are not applicable in respect of which tax is deductible under any provisions of the Act. Hence, it is required to analyse whether TDS is required under any other provisions of the Act before deducting the tax under section 194Q. For example, Section 194-O requires the e-commerce operator to deduct the tax at source while remitting the amount to seller subject to other conditions.

In this scenario, the question arises is whether tax is required to be deducted under Section 194Q as tax under Section 194-O is deducted by e-commerce operator and not by the buyer. By reading of Section 194Q, we can understand that Section 194Q carveouts certain amounts from the purview of TDS on transaction basis and not on basis person who is required to deduct the tax. Once the tax is deducted on particular transaction, same would be out of the purview of Section 194Q. Further, CBDT by going one step forward has clarified⁶ that Section 194Q is not applicable in respect of transactions on which tax is not deductible by virtue of Section 194-O (2). This is in contrast to the CBDT's stand when it comes to position under Section 206C (1H) in respect of goods covered under section 206C (1), section 206C(1G) or section 206C(1F).

Table #2:

Conflict	Winner	Remarks
206C (1H) vs. 194Q	194Q	As section 206C (1H) excludes any transaction on which tax is deductible and buyer has deducted it. CBDT has provided relaxation that if seller collects tax on such transaction for any reason, 194Q is not applicable. This proposition is not applicable for other sections.
194Q vs. 206C(1)/(1C)/(1F)/(1G)	206C(1)/(1C)/(1F)/(1G)	As section 194Q (5) excludes any transaction on which tax is collectible under any provisions except Section 206C(1H).
194Q vs. 194-O	194-O	As section 194Q (5) excludes any transaction on which tax is deductible under any other section.
194-O vs. 206C (1H)	194-O	As section 206C (1H) excludes any transaction on which tax is deductible and buyer has deducted it. It is the primary responsibility of the e-commerce operator to deduct tax only then section 206C (1H) is not applicable. If e-commerce operator fails to deduct tax, seller has to collect tax under section 206C (1H). This may create practical difficulties.

³ https://www.incometaxindia.gov.in/communications/circular/circular_23_2017.pdf

⁴ https://www.incometaxindia.gov.in/communications/circular/circular_13_2021.pdf

⁵ https://www.incometaxindia.gov.in/communications/circular/circular_17_2020.pdf

⁶ https://www.incometaxindia.gov.in/communications/circular/circular_13_2021.pdf

Table #3: Illustrations explaining the concept of Section 194Q and Section 206C (1H):

Turnover for FY 2020-21		April -June, 2021			On or after 1 st July, 2021			Remarks
Buyer	Seller	Transaction in goods	Applicable section	Applicable value	Transaction in goods	Applicable section	Applicable value	
9 Cr	15 Cr	80 lakhs	206C (1H)	30 lakhs	30 lakhs	206C(1H)	30 lakhs	As the buyer's turnover does not exceed 10 Crore and seller turnover exceeds 10Cr, section 206C(1H) is applicable and TCS is to be collectible on total of Rs 60 lakhs.
9 Cr	15 Cr	30 lakhs	NA	NA	80 lakhs	206C(1H)	60 lakhs	As the buyer's turnover does not exceed 10 Crore and seller turnover exceeds R10Cr, section 206C(1H) is applicable and TCS is to be collectible on Rs 60 lakhs.
15 Cr	9 Cr	30 lakhs	NA	NA	80 lakhs	194Q	60 lakhs	As the buyer's turnover exceeds 10 Crore, section 194Q is applicable. Further, 194Q is applicable to Rs. 60 lakhs (30 + 80 – 50)
15 Cr	9 Cr	80 lakhs	NA	NA	30 lakhs	194Q	30 lakhs	As the buyer's turnover exceeds Rs.10 Crore, section 194Q is applicable. Further, as the section is effective from 1 st July 2021, 194Q is applicable only to Rs. 30 lakhs.
15 Cr	12 Cr	80 lakhs	206C (1H)	30 lakhs	30 lakhs	194Q	30 lakhs	From the April-June,2021, section 206C (1H) is applicable as section 194Q is effective from 1 st July 2021. From 1 st July, section 194Q is applicable in respect of transactions undertaken post July.
15 Cr	12 Cr	30 lakhs	NA	NA	80 lakhs	194Q	60 lakhs	As the transaction in goods does not exceed Rs. 50 lakhs, TDS/TCS is not applicable from April – June.

Note: Refer **Case study #1** to understand the interplay between section 194Q and section 206C (1H) when invoice is raised before 1st July and amount is realised post 1st July.

Case study #1: In this case study, let us proceed to understand the applicability of provisions of Section 194Q and section 206C (1H).

A Limited is a company incorporated in India and its turnover for the FY 2020-21 is Rs.11 Crore. B Limited is a company incorporated in India and its turnover for the FY 2020-21 is Rs.15 Crore. The purchases made by A Limited from B Limited during the FY 2021-22 are as under:

- From April – June Rs. 80 lakhs of which Rs.60 lakhs has been paid as on 30th June 2021.
- From 1st July Rs.30 lakhs.

It has been agreed between A Limited and B Limited that, A Limited would remit the total amount of Rs. 50 lakhs to B Ltd on 1st July 2021 (Amount of Rs.50 lakhs includes Rs.20 lakhs which pertains to purchases made during the period April - June 2021 and remaining amount of Rs.30 lakhs is pertaining to purchase made on 1st July 2021).

Analysis:

Let us proceed to understand the applicability of TDS/TCS provisions for the above transactions. Section 206C(1H) provides that seller is required to collect the tax **at the time of receipt of amount** from the buyer., which would mean that TCS provisions under Section 206C (1H) are applicable at the time of receipt of sale consideration notwithstanding the date of invoice or date of sale transaction.

On the other hand, Section 194Q provides that buyer is required to deduct tax **at the time of payment of amount or making the entry in the books of account (typically date of purchase) whichever is earlier**, which would mean that transactions concluded before 1st July 2021 or amount paid before 1st July 2021 would not fall under the purview of section 194Q.

In the above facts, B Limited, being a seller is obligated to collect tax from A Limited at the time of receipt of sale consideration. In respect of Rs.60 lakhs received from A Limited on 30th June 2021, B Limited is required to collect the tax at the rate of 0.1 percent and remit the same to the government.

However, in respect of sale transaction undertaken on 1st July and payment of Rs. 50 lakhs on 1st July, the question arises is who is required to deduct/collect the tax. As stated earlier, 194Q is applicable only in respect of transactions undertaken and payments made on or after 1st July 2021, which would mean that two events should happen on or after 1st July 2021 to invoke section 194Q. Hence, A Limited is required to deduct tax only with respect to sale transaction of Rs 30 lakhs.

Further, in respect of balance amount of Rs. 20 Lakhs, as TDS is not required to be deducted under any provisions of the Act, tax is to be collected under section 206C(1H). Hence, B Limited is required to collect tax from A Limited on Rs 20 lakhs. However, by considering the relaxation provided by CBDT, if B Limited collects tax on value of Rs.30 lakhs, A Limited is not required to deduct tax under section 194Q again.

Table #4:

Entries in the Books of Account:

Date	In the Books of A Limited			In the Books of B Limited		
	Particulars	Dr	Cr	Particulars	Dr	Cr
1 st June	Purchases A/c To B Ltd A/c (Being purchase of goods)	Rs.80.00 L	Rs.80.00 L	A Ltd A/c To Sales A/c (Being sale of goods)	Rs.80.00 L	Rs.80.00 L
30 th June	TCS A/c To B Ltd A/c (Being collection of tax by B Ltd)	Rs.00.06L	Rs.00.06L	A Ltd A/c To TCS A/c (Being collection of tax from A Ltd)	Rs.00.06L	Rs.00.06L
30 th June	B Ltd A/c To Bank A/c (Being part payment made)	Rs.60.06L	Rs.60.06L	Bank A/c Ltd To A Ltd A/c (Being part payment received)	Rs.60.06L	Rs.60.06L
1 st July	Purchases A/c To B Ltd A/c (Being purchase of goods)	Rs.30.00L	Rs.30.00L	A Ltd A/c To Sales A/c (Being sale of goods)	Rs.30.00L	Rs.30.00L
1 st July	TCS A/c To B Ltd A/c (Being collection of tax by B Ltd)	Rs.00.02L	Rs.00.02L	A Ltd A/c To TCS A/c (Being collection of tax from A Ltd)	Rs.00.02L	Rs.00.02L
1 st July	B Ltd A/c To TDS A/c (Being deduction of tax from B Ltd)	Rs.00.03L	Rs.00.03L	TDS A/c To A Ltd (Being deduction of tax by A Ltd)	Rs.00.03L	Rs.00.03L
1 st July	B Ltd A/c To Bank A/c (Being full amount paid to B Ltd)	Rs.49.99L	Rs.49.99L	Bank A/c Ltd To A Ltd A/c (Being full payment received)	Rs.49.99L	Rs.49.99L

Section 206AB & Section 206CCA – A vigilant check for filing of ITR:

Higher TDS for non-filers of ITR:

Section 206AA of the Act provides that, for the purpose of deducting tax at source, payee shall furnish his PAN to the payer otherwise payer shall deduct the tax at source at the higher rate. These provisions are incorporated under the Act to compel the payee to furnish the PAN to buyer.

Further, through the Finance Act, 2021, in order to compel the assessee to file income tax return, a new section 206AB has been inserted to the Income Tax Act. As per the amendment, where any amount is payable to any *specified person* on which tax is deductible under Chapter XVII-B, the tax shall be deducted at the higher of the following rates:

- a. at twice the rate specified in the relevant provision of the Act
- b. at twice the rate in force
- c. at the rate of five percent

Further, in a case where provisions of section 206AA are also applicable in his case, in addition to the above provisions, tax shall be deducted at higher of rates provided in section 206AA and section 206AB. However, the proposed provisions are not applicable in cases of deduction of tax at source in respect of the following payments:

Table #5:

Section	Nature of Payment
Section 192	TDS on income from salary
Section 192A	TDS on withdrawal of provident fund
Section 194B	TDS on winning from lotteries and crossword puzzle, winning form lotteries
Section 194BB	TDS on winning from horse races
Section 194LBC	investment in securitisation of trust
Section 194N	withdrawal of cash from bank

Higher TCS for non-filers of ITR:

Similar to Section 206AA, Section 206CC requires, for the purpose of collecting tax at source, the payer to furnish his PAN to payee otherwise tax at source shall be collected at the higher rate. These provisions are incorporated under the Act to compel the payee to furnish the PAN to the person who is responsible for collecting tax at source.

Further, through the Finance Act, 2021, in order to compel the assessee to file income tax return, a new Section 206CCA has been inserted into the Income Tax Act. As per the amendment, where any person is responsible for receiving any amount from any *specified person* on which tax is collectible under Chapter XVII-BB, the tax shall be collected at the higher of the following rates:

- i. at twice the rate specified in the relevant provision of this Act or
- ii. at the rate of five per cent.

Further, in a case where provisions of section 206CC are also applicable in his case, in addition to the above provisions, tax shall be deducted at higher of rates provided in section 206CC and section 206CCA.

Specified Person:

For the purpose of Section 206AB and Section 206CCA, 'specified person' is defined to mean a person who has not filed return of income for **both of the assessment years** relevant to the previous years immediately prior to the financial year in which tax is required to be deducted, for which due date under Section 139(1) has expired, and the aggregate of tax deducted and tax collected in his case is Rs.50,000 or more in each of the two assessment years. Further, specified person shall not include a non-resident who does not have permanent establishment in India.

The following conditions to be satisfied in order to treat a person as 'specified person' under section 206AB and section 206CCA:

- Such person is not a non-resident in India except who is having permanent establishment in India. The above would indicate every resident and non-resident having PE in India are covered.
- Such person has failed to file ITR for both of the two assessment years preceding to the year in which tax is to be deducted for which time limit for filing ITR under Section 139(1) has expired.

For example, for deducting the tax for the month of July 2021, FY 2018-19 and FY 2019-20 are the immediate two financial years for which time limit for filing under Section 139(1) has expired. Similarly, for deducting the tax for the month of December 2021, FY 2019-20 and FY 2020-21 are the two immediate financial years for which time limit for filing of ITR has expired. Please refer to *Table #6* below for better understanding of the provision.

- Aggregate amount of tax deducted and tax collected for each of the two years exceeds Rs.50,000/-

In order to effectively apply the provisions of section 206AB and section 206CCA, deductor or collector of tax shall obtain the details of ITR filing status and tax deducted/collected amounts of the deductee or collectee which is cumbersome process. Hence, CBDT has provided a compliance check tool by which deductor or collector can check whether the person is a specified person or not.

As stated above, in order to treat a person as specified person, compliance check needs to be done every time while making the payment or collecting the amount. However, in order to reduce the compliance burden, CBDT has provided that it is sufficient if compliance check has been done at the beginning of the year, and if the name of the person is not available in the list of specified persons, tax needs be deducted/collected under the normal provisions throughout the year.

Further, if the name of a person is available in the list of specified persons at the beginning of the year, such name needs to be checked every time of deducting or collecting the tax as there would be a chance that that specified person would fall out the definition of specified person based on possibility of filing latest year ITR.

For example, for FY 2021-22, a deductor has 100 vendors that he deals with. He can use the functionality in the bulk search mode and can get the result of all these 100 PANs at one go. Let us assume that the functionality has shown that out of these 100 PANs, 5 PANs are specified persons for the purposes of

Sections 206AB and 206CCA of the Act. Now with respect of the remaining 95 PANs, it is clear that they are not in the list of specified persons for the FY 2021-22. Thus, deductor or collector **need not check again with respect to these 95 PANs during that financial year.**

However, there are chances that the 5 PANs which are of specified persons may move out of the list during the financial year by reason that those persons might have filed ITR for the FY 2020-21 and for that there **will be need to recheck at the time of making tax deduction or tax collection.**

Table #6:

Illustrations for checking the compliance under section 206AB and section 206CCA for the FY 2021-22.

Payment made to	Status of filing of ROI			Date of Payment	Status
	FY 2018-19	FY 2019-20	FY 2020-21		
Mr. A	Not Filed	Not Filed	Not filed	1 st April 2021*	specified person
				1 st December 2021	specified person
Mr. B	Not Filed	Not Filed	Filed	1 st April 2021	specified person
				1 st December 2021	Not a specified person**
Mr. C	Filed	Not Filed	Not Filed	1 st April 2021	Not a specified person
				1 st December 2021	Not a specified person***

* The date is considered for illustrative purpose. The provisions of section 206AB and 206CCA are effective from 01-07-2021.

** As Mr. B has filed ITR for the FY 2020-21, he would be treated as non-specified person from the date of expiry of due date of filing of ITR for the FY 2020-21. Hence, name of Mr. B would be removed from the list of specified persons after the filing of ITR for the FY 2020-21 or due date for filing ITR whichever is later.

*** In respect of payment made on 1st December 2021, Mr. C should be considered as specified person, however, in order to reduce compliance check, CBDT has provided that once Mr. C is treated as non-specified person on 1st April, he would be considered as non-specified person full of the financial year.

In order to utilise the compliance check functionality, CBDT has provided the following procedure in the online portal.

a. Registration:

Tax Deductors and Collectors can register on the Reporting Portal by logging in to e-filing portal (<http://www.incometax.gov.in/>) using e-filing login credential of TAN and clicking on the link "Reporting Portal" which is available under "Pending Actions" Tab of the e-filing Portal. After being redirected to the Reporting Portal, the tax deductor/collector needs to select Compliance Check (Tax Deductor & Collector) under Form Type. The details of the principal officer also need to be provided by clicking on "Add Principal Officer" button. The principal officer is the authorized person of the tax deductor/collector to use the Compliance Check functionality on reporting portal. After submission of registration request, email notification will be shared with the Principal Officer along with ITDREIN details and login credentials.

b. Accessing the Compliance Check functionality:

Principal Officers of the entities (Tax Deductors & Collectors) which are registered with the Reporting Portal through TAN shall be able to use the functionality after login into the Reporting

Portal using their credentials. After successfully logging in, link to the functionality "Compliance Check for Section 206A8 & 206CCA" will appear on the home page of the Reporting Portal.

c. **Using "PAN Search" mode:**

Under the "Compliance Check for Section206AB & 206CCA" page, "PAN Search" tab may be selected to access the functionality in PAN Search mode. In this mode single valid PAN along with captcha can be entered at a time and output will be available with following fields,

- Financial Year: Current Financial Year
- PAN: As provided in the input.
- Name: Masked name of the Person (as per PAN).
- PAN Allotment date: Date of allotment of PAN.
- PAN-Aadhaar Link Status:

Status of PAN-Aadhaar linking for individual PAN holders as on date. The response options are Linked (PAN and Aadhaar are linked), Not Linked (PAN & Aadhaar are not linked), Exempt (PAN is exempted from PAN-Aadhaar linking requirements as per Department of Revenue Notification No. 37/2017 dated 11th May 2017) or Not-Applicable (PAN belongs to non-individual person).

- Specified Person u/s 206AB & 206CCA:

The response options are Yes (PAN is a specified person as per section 206AB/206CCA as on date) or No (PAN is not a specified person as per section 206AB/206CCA as on date).

Output will also provide the date on which the "Specified Person" status as per Section206AB and 206CCA is determined.

d. **Using "Bulk Search" mode:**

Under the "Compliance Check for Section206AB & 206CCA" functionality page, "Bulk Search" tab may be selected to access the functionality in Bulk Search mode. This mode involves following steps:

- Preparing request (input) file containing PANs:** Under the "Bulk Search" page, CSV Template to enter PANs details may be downloaded by clicking on "Download CSV template" button. PANs for which "Specified Person" status is required may be entered in the downloaded CSV template. The current limit in the number of PANs in a single file is 10,000.
- Uploading the input CSV file:** Input CSV file may be uploaded by clicking on Upload CSV button. Uploaded file will start reflecting with Uploaded status,
- Downloading the output CSV file:** After processing, CSV file containing "Specified Person" status as per section206AB & 206CCA of the entered PANs will be available for download and "Status" will change to Available. Output CSV file will contain PAN, Masked Name, Specified Person Status as per section206AB & 206CCA, PAN-Aadhar Link status and other details as mentioned in paragraph c) above. After downloading of the file, the status will change to Downloaded. The download link will expire and status will change to Expired after specified time (presently 24 hours of availability of the file).

(Any doubts in the article can be directed to harsha@sbsandco.com)