

Advisory for Deductors

1. Deductors deduct tax at lower rate on payment/credit to deductee on production of certificate duly issued by assessing officers under section 197. Deductors quote such certificate number in quarterly TDS statement. Instances of huge default of 'Short Deduction' have been observed due to wrong quoting of 197 certificate number. The scenario of wrong 197 certificate generally arises when the deductor accepts from deductee a manually issued lower deduction certificate by assessing officer & quotes the same in TDS statements.
2. CPC(TDS) has provided the facility of validating the 197 certificate to the deductors on www.tdscpc.gov.in (TRACES). This enables a deductor to first validate the 197 certificates given to him by their deductees and then furnish the same in the TDS/TCS statement.
3. If the 197 certificate is not valid as per TRACES validation, the deductor should always insist upon an ITD system generated certificate having a unique 10 digit alpha numeric number. This would minimize the generation of default of "Short Deduction due to 197 certificate".
4. This also applies to certificates issued under section 195(2) & 195(3) by LTU & international taxation officers.
5. Instruction to field authorities to issue only system generated certificate were issued vide instruction No. 36 through F.No. SW/TDS/2/2/08-DIT(S)-II[Vol.II] dated July 15th, 2009 (copy enclosed).



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F.No.:SW/TDS/2/2/08-DIT(S)-II[Vol.II]

Dated: 15th July, 2009

To,

All The Commissioner of Income-tax (TDS)
All The Commissioner of Income-tax (Computer Operations)

Sir/Madam,

Subject: New functionality in the TDS software for issuing certificates for no deduction/collection of tax or deduction/collection of tax at lower rates under section 197/206C of the Income-tax Act.

Issue of TDS/TCS Certificates

- 1.1. Sections 197/206C of the Income-tax Act provide for issue of certificates for no deduction/collection of tax or for deduction/collection of tax at lower rates by Assessing Officers. At present, such certificates are being issued manually.
- 1.2. With a view to ensure that no deduction/collection of tax or deduction/collection of tax at lower rate is made by the deductor only on the basis of a certificate issued by the Assessing Officer and also to verify the lower rate authorized by the Assessing Officer, a new functionality has been provided in the TDS module of the ITD application for issue of TDS/TCS certificates under section 197/206C(9).
- 1.3. Functionality has also been provided to cancel the certificates issued.
- 1.4. Privilege to issue the certificates/cancellation has been given to the ITO(TDS) as mentioned in Notification No. 224 dated 10-08-2007.
- 1.5. An All India Unique Certificate Number will be generated and printed on the certificate issued. This number would be unique across RCCs and would be validated at the time of processing of the TDS/TCS returns for verifying the rate at which tax was authorized to be deducted/collected at source.

TDS instruction No. 36

- 1.6. Further, since the Finance (No. 2) Bill, 2009 proposes to make quoting of PAN mandatory for issue of TDS/TCS certificates under section 197/206C(9), the software has been modified to make the field of PAN of applicant mandatory.
- 1.7. In view of the emphasis on tracking of such certificate it is suggested that manual issue of such certificates could be discontinued and only certificates issued as per the prescribed procedure be taken cognizance of.
2. Screen shots and directions to invoke the above functionality are enclosed for ready reference.
3. The new functionality may be brought to the notice of all the TDS Assessing Officers and all the Assessing Officers advising them to take cognizance of certificate issued through the system.

o/c

Yours faithfully



(Ravi Agrawal)

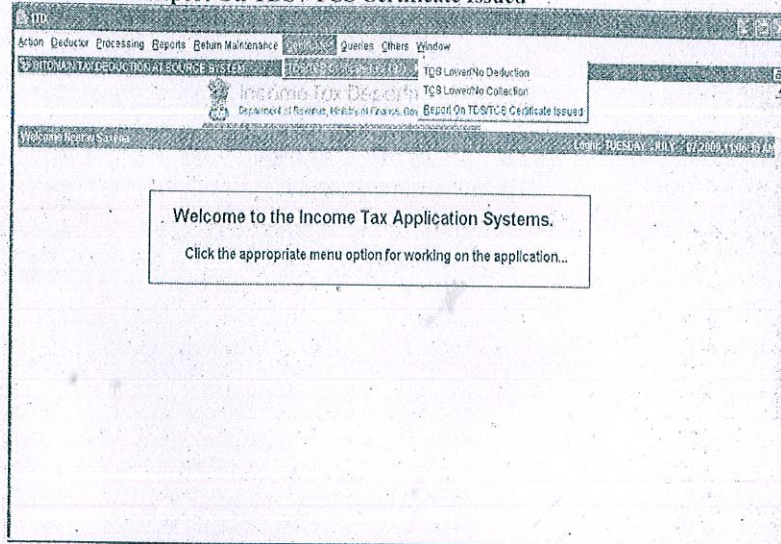
Director of Income Tax (Systems)-II

Enclosures: As above

Annexure of TDS Instruction No. 36
Issue of certificates for no deduction/collection or deduction/collection at lower rates

MENU for Certificates → TDS /TCS Certificates [u/s 197/206C(9)]

- TDS Lower/No Deduction
- TCS Lower/No Collection
- Report On TDS / TCS Certificate Issued



This form provide the facility to generate the certificate for deduction of tax at source. User will have to enter all the information, save the data and generate the certificates.

DEDUCTION OF TAX AT SOURCE

AO Code: [] Date: []

TAN: BBNR00000001

Name: HIRTEEN SUBHASHCHANDRA PATEL

Address: Block No. NATA PORE, Building/Village: NADAD, Post/Post office: NADAD, State: GUJARAT, PIN: 387001

I hereby authorize you to pay after deducting income tax at the rate of [] % and education cess @ [] % from [] Salary to Union Govt Employees [] Section code payable to PAN: AAAR00000001

Name: UTTANWALA ANSH AMRALI

Address: Communication: HARVARD CONSULTANTS, Block No.: FORJETT TERRACE BLDG, Building/Village: FORJETT STREET, Road/Street: TARDEO ROAD, City: BULMDEI, District: BULMDEI, State: GUJARAT, PIN Code: 380006

This certificate shall remain in force from 24/05/2007 to 25/05/2008 unless it is cancelled by me.

Assessing Officer

Mandatory Fields # Print TDS Issue/Cancellation certificate

For cancellation of certificate: Click on "Cancel" button. A window will be displayed. Enter the date of cancellation and save the details. Press "Print Certificate" to print the Cancel Certificate.

DEDUCTION OF TAX AT SOURCE

TAN: BR0015200
 Name: KIRTIKUM SUBHASH
 Address: KIRTIKUM SUBHASH
 Block No: 100
 Area: 1000
 Locality: 1000

I hereby authorize
 education cess: 1%

Name: UTANWALA AN
 Address: HARVARD COLLEGE
 Communication office name: FORJETT STREET
 Residential: 1000
 Post office: 1000
 State: GUJARAT
 PIN Code: 380006

The certificate shall remain in force from 04-05-07 to 05-05-08 unless it is cancelled by me

Buttons: Print Certificate, Cancel Certificate, Assessing Officer

Mandatory Fields # Print TDS Issue/Cancellation certificate

Sample of TDS Certificate, TCS Certificate and Cancel Certificate :

**CERTIFICATE UNDER SECTION 157(1) OF THE I. T. ACT, 1961
 RELATING TO DEDUCTION OF TAX AT SOURCE
 Office of Income-Tax Officer
 TPO TDS ANAND**

Certificate No. 0909A0268 Date 03-JUL-09

To:

TAN BR0015200
 Name KIRTIKUM SUBHASHCHANDRA FATEL
 Address NUTA PORE HINDIAD NADIAD NADIAD
 GUJARAT 387061

I hereby authorize you to pay after deducting income tax at the rate of 1%, surcharge 1%, and education cess 1% from Salary to Union Govt Employee section code payable to PAN AANF00998B Mess:UTANWALA ANISH ANIRALI ANIRALI Address HARVARD COLLEGE FORJETT TERRACE BLDG FORJETT STREET TARMED ROAD, MUMBAI GUJARAT 400016

This certificate shall remain in force from 04-MAY-07 to 05-MAY-08 unless it is cancelled by me under intimation to you before that date.

(8881) Assessing Officer
 INCOME TAX OFFICER, TDS,
 ANAND

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CERTIFICATE UNDER SUB-SECTION (1) OF SECTION 166 OF THE INCOME TAX ACT 1961 RELATING TO COLLECTION OF TAX AT SOURCE
Office of Income-Tax Officer
ITO TDS ANAND

Certificate No. 6999AA0270 Date 03-JUL-09

To,

TAN BKKX615280
Name PAPILASH DILIPKUMAR PATEL
Address MOTA PORE NAGDIAN NAGDIAN NAGDIAN

GUJARAT 387664

I hereby authorize you to debit the amount payable by PAN AAUYS424R
M/S SHAMA PAMA SHARMA
Address E/104 & J.J. BHATT. A-266 BLOCK-A, HAFI
KAWAF, NEW DELHI
DELHI 110064

to receive as the case may be, such amount from the said buyer on account of sale of liquor for human consumption section code after collecting income tax at the rate of 1 % surcharge 1 % and education cess 1 %

This certificate shall remain in force from 04-APR-05 to 04-APR-07 unless it is cancelled by me under intimation to you before that date.

(SEAL) Assessing Officer
INCOME TAX OFFICER, TDS,
ANAND

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CERTIFICATE UNDER SECTION 167(1) OF THE I. T. ACT. 1961
RELATING TO DEDUCTION OF TAX AT SOURCE
Office of Income-Tax Officer
ITO TDS ANAND

To, Date 03-JUL-09

TAN BPDAA0575B
Name AXION MICROSYSTEMS
Address LOTUS COMPLEX MOTA BAZAR VALLABH
VIDYANAGAR ANAND
GUJARAT 388120

Please refer to TDS certificate No. 6999AA0240 dated 03-JUL-09 issued in respect of PAN AAHPH0553B

Name MENTA YASHODABEN SURENDRA SURENDRA MENTA
Address M/S YASH PORS 52/54 BAKHODA STREET
EVERONIE MUMBAI
MAHARASHTRA 400003

The above certificate issued to you hereby stands cancelled w.e.f 03-JUL-09.

(SEAL) Assessing Officer
INCOME TAX OFFICER, TDS,
ANAND