

CIRCULAR NO. 4/2013 [F.NO.275/34/2011-IT(B)], DATED 17-4-2013

1. Section 203 of the Income-tax Act 1961 ("the Act") read with the Rule 31 of the Income-tax Rules 1962 ("the Rules") stipulates furnishing of certificate of tax deduction at source (TDS) by the deductor to the deductee specifying therein the prescribed particulars such as amount of TDS, valid permanent account number (PAN) of the deductee, tax deduction and collection account number (TAN) of the deductor, 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 provision 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. TDS Certificate in Form No 16 as notified vide Notification No. 11/2013 dated 19-2-2013 has two parts viz Part A and Part B (Annexure). Part A contains details of tax deduction and deposit and Part B (Annexure) contains details of income.

2. With a view to streamline the TDS procedures, including proper administration of the Act, the Board had issued Circular No. 03/2011 dated 13-5-2011 and Circular No. 01/2012 dated 9-4-2012 making it mandatory for all deductors to issue TDS certificate in Form No. 16A after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System" or (<https://www.tdscpc.gov.in>) (hereinafter called TRACES Portal) previously called TIN website. In exercise of powers under section 119 of the Act, the Board has now decided as following:-

2.1 ISSUE OF PART A OF FORM NO. 16 FOR DEDUCTION OF TAX AT SOURCE MADE ON OR AFTER 1-4-2012:

All deductors (including Government deductors who deposit TDS in the Central Government Account through book entry) shall issue the Part A of Form No. 16, by generating and subsequently downloading through TRACES Portal, in respect of all sums deducted on or after the 1st day of April, 2012 under the provisions of section 192 of Chapter XVII-B. Part A of Form No 16 shall have a unique TDS certificate number.

2.2 AUTHENTICATION OF TDS CERTIFICATE IN FORM NO. 16:

The deductor, issuing the Part A of Form No. 16 by downloading it from the TRACES Portal, shall, before issuing to the deductee authenticate the correctness of contents mentioned therein and verify the same either by using manual signature or by using digital signature in accordance with sub-rule (6) of Rule 31.

2.3 In other words, Part A of Form No. 16 shall be issued by all the deductors, only by generating it through TRACES Portal and after duly authenticating and verifying it.

2.4 'Part B (Annexure)' of Form No. 16 shall be prepared by the deductor manually and issued to the deductee after due authentication and verification alongwith the Part A of the Form No. 16 stated above.

2.5 Sub rule (3) of rule 31of the Rules sets the time limit for issuance of Form 16 by the deductor to the employee. Currently, Form 16 should be issued by 31st May of the financial Year immediately following the financial year in which income was paid and tax deducted.

3.1 The Director General of Income-tax (Systems) shall specify the procedure, formats and standards for the purpose of download of Part A of Form No. 16 from the TRACES Portal and shall be responsible for the day-to-day administration in relation to the procedure, formats and standards for download of Part A of Form No. 16 in electronic form.

3.2 It is further clarified that Part A of Form No. 16 issued by the deductors in accordance with this circular and as per the procedure, formats and standards specified by the Director General of Income-tax (Systems) and containing Unique Identification Number shall only be treated as a valid compliance to the issue of Part A of Form No. 16 for the purpose of section 203 of the Act read with rule 31 of the Rules.