

Employers will now have to download full Form16 from TRACES portal only

Earlier, employers were mandatorily required to download only Part-A of Form-16 from the TRACES portal and Part -B was issued using third-party software.

This year, the Central Board of Direct Taxes (CBDT) has made a couple of changes to the way we file our taxes. After revising the information to be provided in Part-B of Form-16, CBDT has issued another notification where it has made it mandatory for employers to download and issue Part-B of Form 16 to employees only from the TRACES portal. This notification was issued on May 6, 2019.

TRACES refers to TDS Reconciliation Analysis and Correction Enabling System. It enables the viewing of challan status, downloading of Form16/16A as well as annual tax credit statements, i.e., Form 26AS.

Earlier, employers were mandatorily required to download only Part-A of Form-16 from the TRACES portal and Part -B was issued using a third-party software. Due to this, while Part A was standardised for all individuals, Part B was not the same for everyone.

Part-A of Form 16 consists of details of the taxes deducted by your employer during the financial year. Part B has the break-up of gross salary, i.e., tax-exempt allowances, perquisites, deductions claimed and so on.

Chartered Accountant, Naveen Wadhwa, DGM, taxmann.com says, "Earlier, only Part A of Form 16 (details of tax deducted from salary) could be downloaded from TRACES and there was no option to generate and download Part-B. Therefore, every organisation was creating different formats as per their requirements, which resulted in different formats of Part B of Form 16. Now, there would be symmetry in TDS certificates as the employer will be able to generate and download both parts of Form 16 from TRACES itself."

Archit Gupta, CEO & Founder of Cleartax.com says, "Employers will no longer be able to condense deductions data into one cell or provide non-standardised Part-B. It will now have details as specified by the department on TRACES, leaving no room for erroneous or reduced information in Form 16. Earlier, Part-B of Form-16 was issued by employers using third-party softwares and was not available for downloading from TRACES."

Recently, the format for Form16 (TDS certificate for salary) and Form24Q (TDS return to be filed by employer) has been amended wherein the tax department will be able to view the detailed break-up of the income and tax breaks claimed by the employee from his employer. Wadhwa says, "These changes have been made by the Income-tax department to cross check the information given by an employee under ITR with the TDS return filed by his employer."

The changes in Form-16 have also made the form in sync with the ITR forms notified for FY 2018-19. However, a person filing ITR 2 would still need their salary slips besides Form 16 to check and report details about basic pay, taxable allowances and perquisites as Form 16 doesn't

contain such information. The notification changing the format of Form 16 was issued on April 12, 2019.

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