F.No. DGIT(S)/CPC(TDS)/NOTIFICATION/2016-17
Government of India
Ministry of Finance
Central Board of Direct Taxes
Directorate of Income-tax(Systems)
New Delhi.

Notification No. 11 /2016

New Delhi, 2nd December, 2016

Subject: – Procedure for the purposes of furnishing and verification of Form 26A for removing of default of Short Deduction and/or Non Deduction of Tax at Source- Reg.

1. As per first proviso to sub-section (1) of section 201 of Income-tax Act, 1961, any person, including the principal officer of a company, who fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on the sum paid to a resident or on the sum credited to the account of a resident shall not be deemed to be an assessee in default in respect of such tax if such resident—

   (*i*) has furnished his return of income under section 139;

   (*ii*) has taken into account such sum for computing income in such return of income; and

   (*iii*) has paid the tax due on the income declared by him in such return of income,

   and the person furnishes a certificate to this effect from an accountant in such form as may be prescribed.

2. As per sub-rule (1) of Rule 31ACB of Income-tax Rules, 1962, the certificate from an accountant under the first proviso to sub-section (1) of section 201 shall be furnished in Form 26A to the Principal Director General of Income-tax (Systems) or the person authorised by the Director General of Income-tax (Systems) in accordance with the procedures, formats and standards specified under sub-rule (2), and verified in accordance with the procedures, formats and standards specified under sub-rule (2).

3. In exercise of the powers delegated by the Central Board of Direct Taxes (Board) under sub-rule (2) of Rule 31ACB of Income-tax Rules, 1962 the Principal Director General of Income-tax(Systems) hereby authorizes the persons mentioned at Col. No. 1 to receive the form-type mentioned in Col. No. 2 to be filed in the mode specified at Col. No. 3 for the assessment years mentioned at Col. No. 4 and pertinent to defaults under Sections of the Act mentioned at Col. No. 5:

1	2	3	4	5
Authorised A.O.	Form Type	Mode of furnishing Form	A.Y.	To be used exclusively for defaults under Section
Field Assessing Officer(TDS) [1]	26A	Paper	Up to & including 2016-17	201(1) and/or 40(a)(ia)
CPC-TDS	26A	Electronic[2]	Up to & including 2016-17	200A
CPC-TDS	26A	Electronic[2]	Including & from 2017-18	200A; 201(1) and/or 40(a)(ia)

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[1] The AO should ensure that interest on non-deduction of the whole or any part of the tax or failure in payment after deduction as required by or under this Act shall be paid before furnishing the statement in accordance with the provisions of the Act.

[2] Furnishing of Form 26A in electronic shall be enabled with effect from 15.01.2017.

4. The procedure for electronic filing of Form 26A is as follows:

   4.1 <u>Role of Deductor</u>:

STEPS	PLACE OF ACTION	ACTION
1	TRACES Portal	**Get Details of Short Deduction**: Deductor needs to submit request to get details of short deduction.
2.	TRACES Portal	**Enter No Deduction transactions**: Deductor needs to enter details of No-Deduction transaction at TRACES, if any and submit transaction details at TRACES in the rows provided for this purpose.
3.	TRACES Portal	**Submit Request:** On submitting request, a Unique Request Number will be generated for further reference. The Short-Deduction and/or Non-Deduction request so submitted will be processed by TRACES and the successful transaction will be displayed to the Deductor after certain time. A unique DIN[3] will be generated by TDSCPC for unique Short deduction transaction. Similarly a unique Alpha-Numeric String (combination of TAN, PAN and F.Y.) will be generated for No-deduction transaction. Both of these unique numbers and strings will be displayed after successful processing by TRACES. These unique DINs and Alpha-Numeric Strings will be communicated electronically to E-Filing Portal and available for further action by Deductor.
4.	Offline	The deductor will communicate the DINs and/or Alpha-Numeric Strings generated in step no. 3 for each of the Short-Deduction and/or Non-Deduction transactions to the accountant identified for certifying Annexure A and obtain the membership no. of such accountant to be used in step no. 5.
5.	E-Filing Portal (Login as Deductor)	**Locate DIN on which Form 26A effect is to be given:** Locate and select relevant DIN in menu driven option for which request for Form 26A is to be submitted. **Locate No Deduction Transactions on which Form 26A effect is to be given**: Locate and select No-Deduction transaction for which request for Form 26A is to be submitted.
6.	E-Filing Portal	**Authorize Membership Number of Accountant** [4] : Deductor, after ascertaining the membership number of the accountant who is to certify Annexure A of Form 26A, needs to authorize such accountant by entering his membership number in respect of each of the Short-Deduction and Non-Deduction transactions(in one or more sessions) and submit these authorizations.
7.	E-Filing Portal	**Certification from Authorized Accountant:** On successful authorization by Deductor, the Accountant so authorized on E-Filing Portal may fill in the relevant details in Annexure A to Form 26A with respect to the Deductee in question and certify by digitally signing Annexure A. The details of unique DINs and Alpha-Numeric Strings will become visible to the authorized accountant(when he logs into his own account as a registered accountant on E-Filing Portal) only when Deductor has authorized such an accountant with respect to any Short-Deduction and/or Non-Deduction transaction.
8.	E-Filing Portal	**Submit Digitally signed Form 26A:** Once registered Accountant/Accountants certify DINs and/or Alpha-Numeric Strings, deductor needs to digitally sign the form and submit its final request. Consequently, these submitted records will

		Consequently, these submitted records will be shared with the FAOs concerned.
9.	TRACES Portal	**View Modified Status of default:** Once request has been processed, short deduction will be re-calculated and Late Deduction Interest will be generated accordingly, which can be viewed by Deductor.
10.	NSDL\TRACES Portal	**Make payment for Modified Late Deduction Interest:** Deductor needs to pay Late deduction Interest amount, according to the modified computation.

[3] DIN is unique identification number of single Deductee row.

[4] Accountant shall have meaning assigned to it in the Explanation to sub-section (2) of section 288 of the I.T. Act, 1961.

4.2 Role of Accountant at E-Filing:

1. Accountant has to get himself registered at E-Filing Portal and share his membership number with the Deductor desiring to authorize him with respect to Short-Deduction and/or Non-Deduction.
2. Receive DINs and/or Alpha-Numeric Strings with respect to each of the Short-Deduction and/or Non-Deduction from the Deductor.
3. After being so authorized by Deductor and upon receiving DINs and/or Alpha-Numeric Strings from Deductor; login to E- Fling Portal with Accountant credentials.
4. Use DINs and/or Alpha-Numeric Strings to identify the Deductee rows which are to be verified.
5. Complete Annexure A to Form 26A with respect to the concerned Deductee.
6. Submit the Annexure A so completed by digitally signing it.

4.3 Role of e-filing:

For Deductor	Validations	TRACES
1. Provide view of Short-Deduction and/or Non-Deduction transactions to Deductor as communicated to E-Filing Portal electronically by CPC-TDS.	**Check mandatory Compliance:** ITR of Deductee(PAN) should have been filed u/s 139 and no demand should be payable at the time of assessment.	Share digitally signed Form 26A with CPC-TDS.
2. Allow Deductor to locate and select Short-Deduction and/or Non-Deduction transactions and authorize Accountant(s) with respect to each of these transactions by entering membership number of Accountant(s).		
3. Allow Accountants so authorized to view Annexure A to Form 26A on the basis of DIN and/or Alpha-Numeric String; complete the Annexure; and submit it by digitally signing it.		
4. Allow Deductor to view Form 26A including Annexure A to Form 26A so submitted by authorized Accountant(s) and submit this Form 26A by digitally signing it.		

4.4 Role of TRACES:

For Deductor	Backend Processing
1. Display identified Short-Deduction transactions for viewing of Deductor. 2. Provide option of adding No-Deduction transactions to Deductor. 3. Provide DIN and/or Alpha-Numeric String for each transaction after submission by Deductor as per Step 3 of Para 4.1. 4. Display updated status of submitted Form 26A as received from E-Filing Portal.	**Processing the request**: Once Deductor submits request of Form 26A, TDSCPC will reprocess the statement and Short deduction will be modified.

(Ps. Thuingaleng)
Dy. Commissioner of Income Tax (CPC-TDS)
O/o The Pr. Director General of Income-tax (Systems)

Copy for kind information to:

1. PPS to the Chairman and all Members, CBDT, North Block New Delhi.
2. All Pr. Chief Commissioners/ Pr.Director General of Income-tax/ Chief Commissioners of Income-tax /Pr. Commissioners of Income-tax/ Commissioners of Income-tax / Commissioners of Income-tax(TDS) – with a request to circulate amongst all officers in their regions/charges.
3. JS(TPL)-I&II / Media coordinator and Oficial spokesperson of CBDT.
4. DIT(IT)/DIT(Audit)/ DIT (Vig.)/ ADG (Systems) 1,2,3,4,5 /ADG(TDS)/CIT(CPC-ITR), Bangalore, CIT(CPC-TDS) Ghaziabad
5. ADG (PR, PP &OL) with a request for advertisement campaign for the notification.
6. TPL and ITA Divisions of CBDT
7. The Institution of Chartered Accountant of India, IP Estate, New Delhi.
8. The Web Manager, 'incometaxindia.gov.in' for hosting on the website.
9. Database cell for uploading on www.irsofficersonline.gov.in and in DGIT(Systems) corner.
10. ITBA publisher for uploading on ITBA Portal

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