

**CBDT circular dt. 21-06-2021 facilitating
functionality on the IT portal for
compliance check u/s. 206AB & 206CCA**

- **Background**

- o New section 206AB (for TDS) & section 206CCA (for TCS) have been introduced (applicable w.e.f. 1st July, 2021) wherein TDS / TCS at higher of following rates would be required to be deducted / collected in respect of certain amount paid to / received from a specified person: -
 - Twice of the rate specified under provisions of the Act or
 - Twice of rate or rates in force or
 - 5%.
- o Taking base year as FY 2021-22 (year in which TDS / TCS is to be made), “Specified person” means those persons who has not filed their Income Tax Return for both the last 2 previous years i.e. FY 2018-19 & FY 2019-20 and whose total tax deducted/ collected during each of FY 2018-19 & FY 2019-20 were Rs 50,000/- or more. They shall not include Non-residents who does not have PE in India.

- **Purpose of introducing the functionality**

- o The tax deductor/ collector is responsible to ascertain whether the deductee / collectee is “*specified person*” which in turn leads to additional compliance burden on them. In this regard, most of the deductors / collectors have been asking for return filing documents, undertaking in a form, etc. from the deductees / collectees.
- o In order to ease this compliance burden, the CBDT has, vide circular no. 11 of 2021 dt. 21-06-2021, facilitated a new functionality namely “**Compliance Check for section 206AB and 206CCA**”. The tax deductor or tax collector can feed single or multiple PAN in the above functionality and check if a person is a specified person or not.
- o The above functionality is made available through Reporting Portal of Income-tax Department (<https://report.insight.gov.in>).

- **Logic of the functionality**

The logic of the functionality is explained as under by way of example taking FY 2021-22 as the base year (year in which TDS / TCS is to be made)

- o **A list of “*specified persons*” (as mentioned above) is prepared at the start of the FY 2021-22**, taking previous years FY 2018-19 and 2019-20 as two relevant previous years. (*Note – FY 2020-21 is not taken as the time limit for filing the return would have not expired as on the start of FY 2021-22*).
- o **No new names will be added to this list during the year**. Hence, once the PAN of a person is not there in the list of “*specified person*” at the start of the year, then such person will remain as “*non-specified person*” throughout the year and the deductor need not check again in the functionality during that year with respect to such PAN.

- o The **person appearing in the list shall be removed from it during the year** on following events: -

Event	Date of removal
It files its return of income for FY 2018-19 or FY 2019-20	Date of filing of such valid return.
It files a valid return of income for FY 2020-21.	Due date of filing such return or date of filing of return whichever is later
Its aggregate of TDS and TCS during FY 2020-21 is less than Rs 50,000/- (Belated and revised TDS/ TCS return filed in FY 2021-22 would also be considered)	First due date for filing return of income for FY 2020-21
<i>Note – The return of income filed should be valid and e-verified.</i>	

- o Thus, for applicability of section 206AB / 206CCA, the PAN of the “*specified person*” needs to be checked again at the time of deduction / collection of tax whether they have been removed from the list or not.
- o The list of “*specified person*” would be drawn afresh at the start of each financial year and the above process shall be repeated.