



Compliance Check for Section 206AB & 206CCA functionality

Checking status of PAN on the date of transaction is must to avoid TDS/TCS Penalties.

INTRODUCING OUR NEW TOOL:

PAN Verification Check by SARKK and ASSOCIATES : Ensure compliance with the latest tax regulations by verifying PAN status before making payments to vendors. Stay updated and avoid penalties effortlessly.

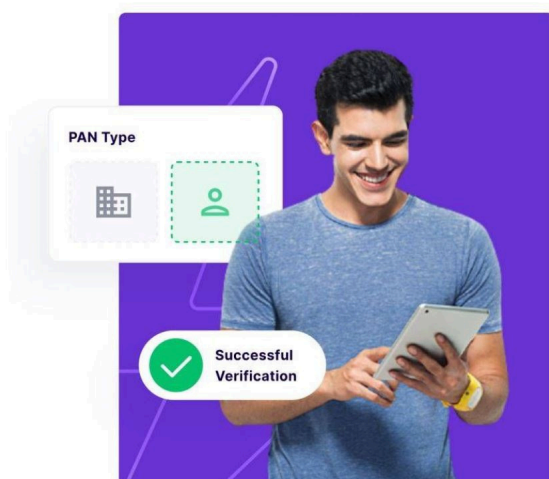
To check single PAN -

<https://tally.so/r/nrARRL>

To check Bulk PAN -

<https://tally.so/r/wMRk00>

Upon submitting the form user will receive an automated email along with the Income Tax portal's certificate, providing you with PAN Card status instantly.



Legal Framework

It is to inform you, that the default in the cases has been computed by CPC-TDS as per the provisions of CBDT Notification No. 15/2023 dated 28th March, 2023. The provisions of Notification No. 15/2023 are applicable based on status of PAN on the date of transaction.

What is the legal framework of 'Compliance Check for Section 206AB & 206CCA' functionality?

Via Finance Act 2021, Section 206AB and 206CCA are inserted in the Income-tax Act, 1961 (effective from 1st July 2021). These sections impose a higher TDS/TCS rate on the "Specified Persons", as defined in these sections.

Who is a specified person as section 206AB and 206CCA?

As per section 206AB & 206CCA, - Specified Person, "Who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be collected [for which the time-limit of filing return of income under section 139(1) has expired] and the aggregate amount of TDS/TCS in his case is Rs. 50,000 (or more) in the said previous year. Provided that the specified person shall not include a non-resident, who does not have a permanent establishment in India.

If payment is made to a specified person as mentioned above, then TDS shall be deducted at

TDS @ 2 times the rate given in the Income Tax Act or **5%** which ever is higher

What is Inoperative PAN ?

As per the section 139AA of the Income Tax Act, 1961, Every person who has been allotted PAN as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number has to link his PAN with Aadhar. Section 139AA of the Income Tax Act, 1961 read with Income Tax Rule 114AAA, In case of failure to intimate the Aadhaar number, the PAN allotted to the person shall be made inoperative after 30-06-2023.

In case of Inoperative PAN, where tax is deductible under Chapter XVIIIB in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA (We can conclude that the rate in case of PAN not furnished/ Invalid PAN is applicable

to Inoperative PAN). PAN can be made Operative again after paying the required fee which is currently Rs. 1000.

If payment is made to a person, and PAN status is inoperative, then TDS shall be deducted:

TDS at the rates in force or **@ 20%** whichever is higher.

*But highest rate at which tax is to be deducted u/s 194-O and 194Q as per section 206AA of the Income Tax Act, 1961 is capped at 5%.

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