

# **JS@eTDS (2010-11) – Update**

*Released on 02/05/2011*

## **Update Highlights**

The update is primarily based on the new File Validation Utility (FVU) 3.2 as launched by NSDL (on behalf of Income Tax Dept.) that would be coming into effect from 01/04/2011 for all new TDS / TCS returns pertaining to Financial Year 2010-11 onwards.

The highlights are as under:

- With effect from 01/04/2011, for the TDS / TCS returns pertaining to FY:2010-11 onwards, the new FVU Ver. 3.2 is to be used for validation of eTDS / eTCS files before submission. This utility will be required to be downloaded and installed by all users.
- There has been some modification in the validation system pertaining to no deduction owing to threshold amount limitation as introduced earlier in FVU Ver 3.1. which has been accordingly implemented in the system. An illustration sheet as provided by the department for handling those vendors whose threshold limit was reached in later quarters is attached along with this note.

Other changes introduced in Ver 3.1 remains same which is as below:

- It is now mandatory to provide the Mobile No. of the Responsible Person for the Deductor / Collector of Taxes for all assesses other than Central & State Govts.
- In the Salary Details (applicable only for 4<sup>th</sup> Quarter – Form 24Q), deductions under Chapter VIA, a new section '80CCF' has been added for investments in Long Term Infrastructure Bonds, etc.
- In the Salary Details (applicable only for 4<sup>th</sup> Quarter - Form 24Q), 'Surcharge' amount should not exceed the 'Total Taxable Income'.
- In the Salary Details (applicable only for 4<sup>th</sup> Quarter - Form 24Q), 'Education Cess' amount should not exceed the 'Total Taxable Income'.
- In the Salary Details (applicable only for 4<sup>th</sup> Quarter - Form 24Q), 'Net Income Tax Payable' amount should not exceed the 'Total Taxable Income'.
- In Form 26Q, transactions are to be specified where tax has not been deducted as threshold limit has not exceeded (as per provisions of the Income Tax Act), in the earlier quarters, but subsequently in the later quarter the threshold limit has exceeded for the deducted. In the 'Remarks' in Form 26Q, a new option for 'Within Threshold Limit' has been added.

## Annexure (Threshold Limit)

### Guidelines for reporting TDS transactions not exceeding / exceeding threshold limit in quarterly TDS statements (as issued by Directorate of Income Tax - Systems).

Below guidelines may be referred, if deductor wishes to report the transaction in the quarterly TDS statement where no tax is deducted as threshold limit (as per the provisions of the Income tax Act) of amount paid/credited to deductee has not exceeded in the initial quarter (s) but has exceeded in subsequent quarter.

- 1) Flag "Y" may be selected in the field of 'Reason for non deduction/ lower deduction/ higher deduction' to highlight transactions where TDS is not deducted as the threshold for deducting tax has not exceeded.
- 2) Threshold flag can be quoted only against the following section codes in corresponding challan details:  
193, 194, 194A, 194B, 194BB, 194C, 194D, 194EE, 194G, 194H, 194I, 194J, 194LA
- 3) Following approach may be referred for reporting threshold transactions in quarterly statements:
  1. In case there is no deduction of tax in the first two quarters of a F.Y. where the prescribed rate of deduction as per Income Tax Rules is 10%. In the third quarter the threshold limit exceeds.

#### Approach 1:

The deductor may report those transactions **in the respective quarterly TDS statements** with zero rate of deduction ('0.0000'), zero tax deducted/ deposited ('0.00') and amount paid in the respective quarters with threshold flag. The deductor will mention the prescribed rate of deduction, the amount paid in the third quarter, tax deducted/ deposited (deductee) on the total amount paid till that quarter. The same is represented as follows:

Pertaining to quarter	Reporting Quarter	PAN	Rate of deduction	Date of payment *	Amount paid (Rs.)	Date of deduction	Amount deducted (Rs.)	Amount deposited (Rs.)	Reason for non deduction /lower deduction
Q1	Q1	PAN 1	0	Q1	1,00,000	-	0	0	Threshold flag Y present
Q2	Q2	PAN 1	0	Q2	1,00,000	-	0	0	Threshold flag Y present
Q3	Q3	PAN 1	30	Q3	1,00,000	Q3	30,000.00	30,000.00	No flag present

\*The deductor must report the actual date of payment irrespective of the manner of reporting

**Approach 2:**

The deductor may report **all transactions in the quarter in which the threshold has exceeded**, represented as follows:

Pertaining to quarter	Reporting Quarter	PAN	Rate of deduction	Date of payment *	Amount paid (Rs.)	Date of deduction	Amount deducted (Rs.)	Amount deposited (Rs.)	Reason for non deduction /lower deduction
Q1	Q3	PAN 1	0.0000	Q1	1,00,000	-	0	0	Threshold flag Y present
Q2	Q3	PAN 1	0.0000	Q2	1,00,000	-	0	0	Threshold flag Y present
Q3	Q3	PAN 1	30.0000	Q3	1,00,000	Q3	30,000.00	30,000.00	No flag present

\*The deductor must report the actual date of payment irrespective of the manner of reporting

**Approach 3:**

The deductor may report **all transactions in the quarter in which the threshold has exceeded**, represented as follows:

Pertaining to quarter	Reporting Quarter	PAN	Rate of deduction	Date of payment *	Amount paid (Rs.)	Date of deduction	Amount deducted (Rs.)	Amount deposited (Rs.)	Reason for non deduction /lower deduction
Q1	Q3	PAN 1	10.0000	Q1	1,00,000	Q3	10,000.00	10,000.00	Threshold flag Y present
Q2	Q3	PAN 1	10.0000	Q2	1,00,000	Q3	10,000.00	10,000.00	Threshold flag Y present
Q3	Q3	PAN 1	10.0000	Q3	1,00,000	Q3	10,000.00	10,000.00	No flag present

\*The deductor must report the actual date of payment irrespective of the manner of reporting