

# Session – VIII

## TDS Notices, correction & Other issues

8th Annual Workshop  
on Direct Taxes

3<sup>rd</sup> June 2023



ESTD. - 1989



DAKSM & Co LLP | दक्षमः  
CHARTERED ACCOUNTANTS

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It is suggested that to avoid any doubt the user should cross check the correctness of text, contents and the law with the original documents and to dispel confusion should seek professional help/opinion.



**DISCLAIMER**

- Nov 1998 batch Chartered Accountant.
- Commerce Graduate from Punjab University.
- Certificates in Indirect taxes, DISA, Valuation, and Blockchain from ICAI.
- Actively pursuing certifications in Ind-AS and Social Audit.
- Member of Taxation Audit Quality Review Board (TAQRB) and special invitee to Tender Monitoring Directorate of ICAI.
- Elected member of Executive Committee of Sales Tax Bar Association (STBA).
- Passionate about the innovative use of technology in the professional sphere.
- YouTuber, leveraging the power of digital platforms to share his knowledge and insights with fellow professionals.
- He may be contacted at [deepakVcard.daksm.com](mailto:deepakVcard.daksm.com)



# How to deal with TDS demand notices?

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# Sample demand intimations

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TDS RANGE 74, DELHI  
 Aaykar Bhawan, Laxmi nagar district center  
 Delhi-110092

Name & Address : ( ) PRIVATE LIMITED  
 NEW DELHI, 110085

Communication Ref No : 22022019/00255/CD  
 SUB : Intimation of Outstanding Demand

On perusal of your records in the system, it is found that following demand is outstanding against your TAN DELG12709E

For TAN: DELG12709E, Name of TAN: GSI LOGISTICS PRIVATE LIMITED					
Financial Year	CPC Processed demand generated from 18 October 2012 (Rs.)	Demands Uploaded by Field AO (Rs.)	CPC Generated (Penalty, 201 etc) Demand (Rs.)	ITD System Demand generated up to 18 October 2012 (Rs.)	Gross Demand Amount (Rs.)
2010-11	-	-	-	320.00	320.00
2011-12	-	-	-	1090.00	1090.00
2012-13	157720.00	-	-	-	157720.00
2013-14	196390.00	-	-	-	196390.00
2014-15	295160.00	-	-	-	295160.00
2015-16	747820.00	-	-	-	747820.00
2016-17	400.00	-	-	-	400.00
2018-19	1480.00	-	-	-	1480.00
Total Amount (Rs.)	1398970.00	0	0	1410.00	

You are hereby, requested to please pay the demand or take the corrective action without any further delay. In case of any query, you may appear before the undersigned on 21/11/19 at 11:00 AM in person or through your authorized representative.



TDS WARD 74(3), DELHI  
 TDS RANGE 74, DELHI  
 Aaykar Bhawan, Laxmi nagar district center  
 Delhi-110092

Income Tax Officer  
 Ward-74(3), Fifth Floor,  
 Aaykar Bhawan, Distt. Centre,  
 Laxmi Nagar, Delhi-110092

Income Tax Department  
 TDS CIRCLE 73 (1), DELHI  
 TDS RANGE 73, DELHI  
 AAYAKAR BHAWAN, DISTRICT  
 CENTRE, LAXMI NAGAR, DELHI, Delhi-  
 110092

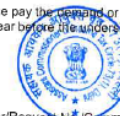
Name & Address : PRIVATE LIMITED  
 NEW DELHI, 110019  
 J PALCE,

Communication Ref No : 18112020/00394/CD  
 SUB : Intimation of Outstanding Demand

On perusal of your records in the system, it is found that following demand is outstanding against your TAN DELB06025F.

For TAN: DELB06025F, Name of TAN: BT (INDIA) PRIVATE LIMITED					
Financial Year	CPC Processed demand generated from 18 October 2012 (Rs.)	Demands Uploaded by Field AO (Rs.)	CPC Generated (Penalty, 201 etc) Demand (Rs.)	ITD System Demand generated up to 18 October 2012 (Rs.)	Gross Demand Amount (Rs.)
07-08	-	-	-	0.00	0.00
08-09	570850.00	-	-	-	570850.00
09-10	91820.00	-	-	-	91820.00
10-11	1167740.00	-	-	-	1167740.00
11-12	18930.00	-	-	0.00	18930.00
12-13	305160.00	-	-	-	305160.00
13-14	136500.00	-	-	-	136500.00
14-15	103720.00	-	-	-	103720.00
15-16	1139540.00	-	-	-	1139540.00
16-17	7420.00	-	-	-	7420.00
18-19	30220.00	-	-	-	30220.00
19-20	184780.00	-	-	-	184780.00
20-21	644150.00	-	-	-	644150.00
Total Amount (Rs.)	4400830.00	0	0	0.00	4400830.00

You are hereby, requested to please pay the demand or take the corrective action without any further delay. In case of any query, you may appear before the undersigned on 30-11-2020 at 3:00 PM in person or through your authorized representative.



Income Tax Officer  
 TDS Circle-73(1), Delhi  
 TDS Range 73, Delhi  
 Aayakar Bhawan, District Centre, Laxmi Nagar, Delhi-110092

1. First check if demand is of NSDL era or generated by TDS CPC
2. In case of NSDL period demand, file a dummy correction. This will trigger re-processing by TDS CPC.
3. Apply for and obtain Justification Report for each return and quarter from TRACES.
4. Carefully identify each demand from JR. Some may require correction and some may require deposit of tax/interest.
5. Quite possible, amount is already deposited but due to error in return, challan is not adjusted.



6. Each demand requires separate action and needs to be handled patiently.
7. Corrections could be on account of
  - a) Rate correction
  - b) PAN correction
  - c) Adjustment
  - d) Incorrect LDC certificate numbers.
  - e) Amount of payment correction
  - f) Flag corrections etc
8. Sometimes corrections have be carried out in multiple stages.
9. If you are unable to find old records, then a nil TDS statement for one of the current quarters may be filed and based on that DSC may be registered on TRACES

10. Using DSC, Consol files/JR for any quarter can be obtained and using the same correction may be filed.
11. Challans can be added in statement using online correction only.
12. Incorrect challans entered in statement can be replaced with correct challans in online correction only.
13. However adjustment of amount within minor heads can be done online or offline both.
14. Online corrections does not allow you to reduce amount of payment or tax. Only possible through offline.



15. Online corrections does not allow you to enter

- a) Date of payment beyond FY for 24Q
- b) Date of deduction beyond FY for all statements.
- c) Date of credit prior to respective quarter (with in FY) in 26Q/27Q
- d) These can be done through offline correction however

16. Only certain corrections like challan corrections can be done without DSC, online. For rest, you need DSC for online corrections.

17. In some unforeseen circumstances, appeal and writ route may also be explored.

# Case study

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We started with 59440

Welcome PRIVATE LIMITED ( D 43A ) Login Date: 19-Apr-2023, 02:15 PM [Help](#)

### Total Outstanding Demand

- Click on Processed Demand amount to view demand details and navigate to 'Default Summary'
- Click on Manual Demand amount to close via Tag Challan and navigate to 'Tag / Replace Challan'
- Click on 'Prior Years' hyperlink to view prior years demand details

Financial Year	Manual Demand (Justification available with AO)	Processed Demand (Justification available from CPC)
<a href="#">Prior Years</a>	0.00	29720.00

Financial Year	Manual Demand (Justification available with AO)	Processed Demand (Justification available from CPC)
<a href="#">2012-13</a>	0.00	2890.00
<a href="#">2011-12</a>	0.00	26830.00

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**TDS** Centralized Processing Cell **TRACES** TDS Reconciliation Analysis and Correction Enabling System

Dashboard Statements / Payments **Defaults** Communications Forms Downloads Profile

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### Default Summary

Financial Year: 2011-12 Quarter: --Select-- [Go](#)

Financial Year	Manual Demand (Justification available with AO)	Processed Demand (Justification available from CPC)
<a href="#">2012-13</a>	0.00	2890.00
<a href="#">2011-12</a>	0.00	26830.00

Default Summary Details for FY 2011-12

Quarter	Form Type	Net Payable (Rounded-Off) (Rs.)
Q1	26Q	19120.00
Q2	26Q	12390.00
Q3	26Q	30530.00
<b>Total Net Payable (Rs.)</b>		<b>62040.00</b>

It went upto 62040 after 1st stage corrections. Original demand was of NSDL era. Post correction it got hiked :)

## Default Summary Details for FY 2011-12

Quarter	Form Type	Net Payable (Rounded-Off) (Rs.)
Q1	26Q	18640.00
Q2	26Q	12230.00
Q3	26Q	23000.00
Total Net Payable (Rs.)		53870.00

**It crawled down to 54K after 1 week**

## Default Summary Details for FY 2011-12

Quarter	Form Type	Net Payable (Rounded-Off) (Rs.)
Q1	26Q	8800.00
Q2	26Q	5860.00
Q3	26Q	23000.00
Total Net Payable (Rs.)		37660.00

**Then 38K in another couple of days**

## Default Summary Details for FY 2011-12

Quarter	Form Type	Net Payable (Rounded-Off) (Rs.)
Q1	26Q	8800.00
Q2	26Q	5860.00
Q3	26Q	15890.00
Total Net Payable (Rs.)		30550.00

**30K in another 1 week**

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**TDS** Centralized Processing Cell | **TRACES** TDS Reconciliation Analysis and Correction Enabling System

भारत सरकार Government of India Income Tax Department

**Dashboard** | Statements / Payments | Defaults | Communications | Forms | Downloads | Profile

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**Quick Links**

My Home

Challan Status

Request for Justification Report Download

Request for Conso File

Requested Downloads

PAN Verification

Inbox **New**

Register at E-Filing Site **New**

Request for OLTAS Challan Correction **New**

Tax Payer Grievance Tickets

**Your TDS Performance**

**PAN Errors**

Total Count of Deductee Records in Default

Number of Unmatched Challans

Performance Indicators (as compared to previous Quarter)

▲ Improved

■ No Change

▼ Reduced

■ No data available for comparison

**Outstanding Demand**

(Across all Financial Years)

Rs. 0.00

**Alerts** [View All](#)

■ Correction statement for Q3 of FY 2011-2012 for Form 26Q has been processed with defaults and / or PAN errors. Default demand raised is (15886.00) - (04-May-2023) - /nd-

**Statement Status** [View All](#)

Parameter	Q4 (2022-23)			
	24Q	26Q	27Q	27EQ
Status of Regular Statement	■	■	■	■
Count of Correction Statements	0	0	0	0
Count of Processed Statements*	0	0	0	0
Default Payable Amount (Rs.)				
Short Payment (SP)	0.00	0.00	0.00	0.00
Short Deduction (SD)	0.00	0.00	0.00	0.00
Interest on Payments default u/s 201	0.00	0.00	0.00	0.00
Interest on deduction default u/s 201	0.00	0.00	0.00	0.00
Late Filing Fee u/s 234E	0.00	0.00	0.00	0.00
Interest u/s 220(2)	NA	NA	NA	NA

■ Filed ■ Processed for 26AS ■ Processed with defaults ■ Rejected ■ Not Filed

**Note:** Status reported above is based on the statement for the FY & Quarter

\* 'Count of Correction Statements' includes correction statements for the FY & Quarter

**Your Activities**

- R... Report for Justification Report-Q3, 2011-12, 26Q on 04-May-2023
- R... Report for Justification Report-Q3, 2011-12, 26Q on 27-Apr-2023
- R... Report of NSDL Conso File-Q3, 2011-12, 26Q on 27-Apr-2023

**Inbox**

170 New Message(s)

**Download Requests**

5 New Update(s)

**TDS Performance Graph**

FY 2021-22 [View All](#)

Form NA

91-100 BAD

81-90 RED

71-80 ORANGE

61-70 ORANGE

51-60 YELLOW

41-50 YELLOW

31-40 LIGHT GREEN

21-30 LIGHT GREEN

11-20 LIGHT GREEN

1-10 LIGHT GREEN

0 GOOD

Percentage Error Default Filing

Scores are based on Statement Filing Delays (Filing), Default Amount and Error Rows pattern for the latest completed Return Financial Year

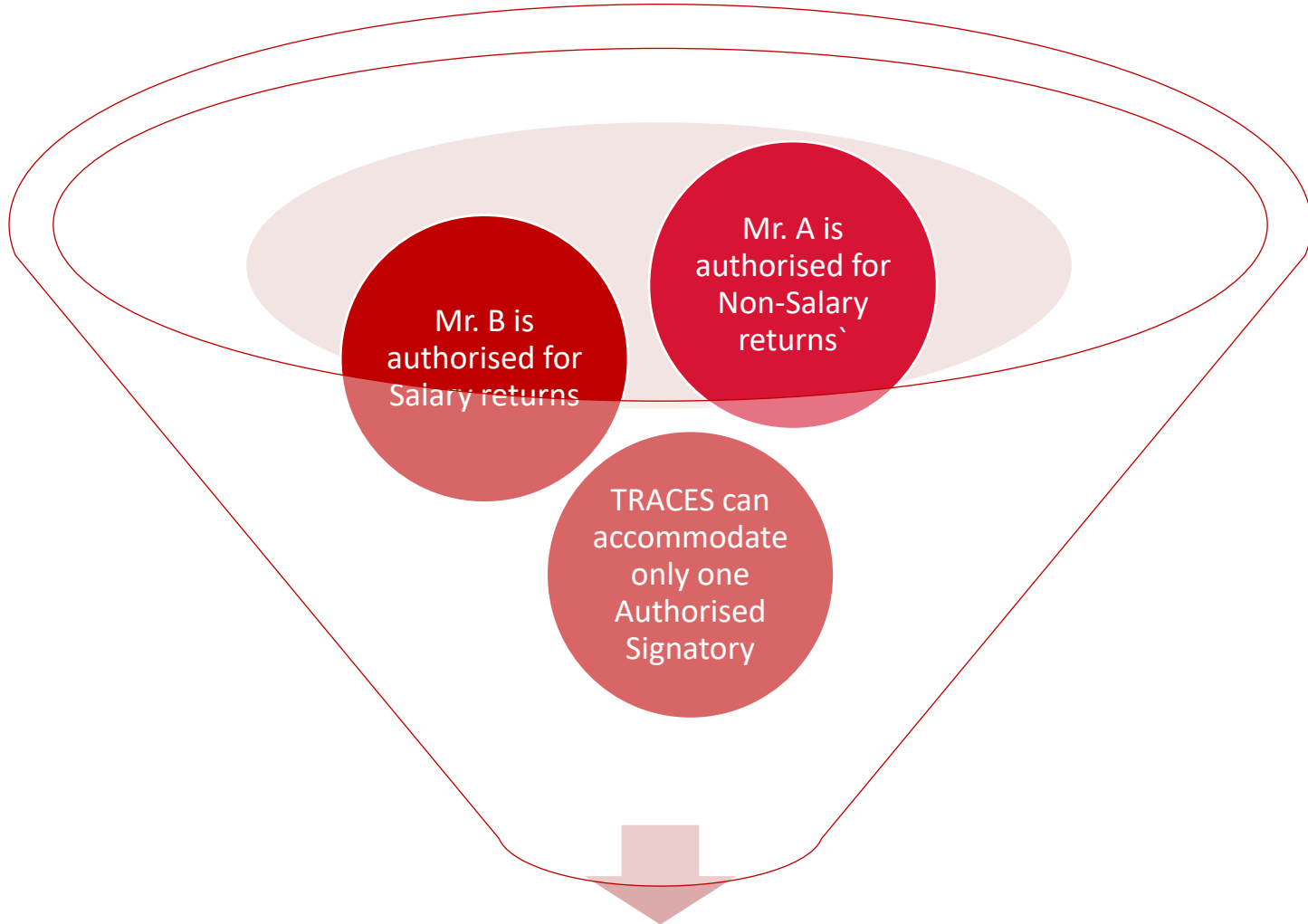
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Site Last Updated on 21/04/2023 | Site best viewed on latest version of Microsoft Edge, Mozilla Firefox and Google Chrome

- In 19 days we managed to reduce demand to Nil.
- In 1 case it took us 9 months to get demand to Zero from Rs. 1.5 cr, which involved more than 80 statements for multiple years, quarters and type.
- Correction needs time and patience!!

# Common Issues and resolutions

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**How to resolve this?**



Will it be possible for the deductor to settle the old demands by paying taxes and interest without any obligation to compulsorily file correction statement?

- Immaterial short-deductions of say Rs. 5 (*or less than 10*) because of rounding off.
- Unless tax is deposited and correction return is filed, these demands can not be removed

## **Solution:**

- a. Immaterial demands may be ignored
- b. Demand for interest can be removed by AO, on application
- c. Other demands can be removed only through corrections

- 24Q filed with a deduction of Rs. 50,000 as tax of employee
- Tax Deductible as per law: Rs. 55,000
- Employee has filed already filed his return u/s 139

1. Deductor to raise online 26A request for each such PAN of short-deduction. This request will be pushed to e-filing portal.
2. Deductor to identify and authorise practicing CA to certify annexure A (*steps similar to add CA for audit report etc.*) on normal e-filing portal.
3. Online certification by CA on e-filing portal.
4. Digitally signed 27A pushed back to TRACES.
5. Short-deduction deleted and late deduction interest demand generated.
6. Deposit challan and adjust demand.

**Problem :** Demand of interest for X amount

**Case 1:** I had *suo-moto* deposited interest before filing return and even considered challan in my TDS return

**Case 2:** I immediately deposited interest but demand still not deleted OR

Now, do I need to intimate AO or file correction return to get demand adjusted?

**Case 3:** I want to deposit interest but have no clue regarding section head

## **Problem:**

- Demand of interest for X amount was raised by TRACE on 01-04-2014
- Interest was deposited on 05-05-2014
- Correction return filed on 25-05-2014 and processed on 05-06-2014
- Fresh demand of section 221 raised

**Should I deposit this demand?**

- A company has two TANS for location A and Location B.
- By mistake tax of TAN A, deposited in TAN B.

**How to resolve this problem?**



- Actual liability: Tax - 50000, Interest - 2000
- In Challan: Tax - 51000, Interest - 1000

- **How do I use 2000 as Interest in return?**
- **Should I deposit 1000 again?**
- **Do I need to get challan corrected?**

## Challan details:

Field	In Actual Challan	To be reported in return	Remarks
Serial No.		XX	
Section	XXX	XXX	Put any - no relevance
Income Tax	51,000	50,000	Amount entered in <i>actual challan</i> has no relevance. Amount entered in respective challan field of TDS return will only be considered and processed as if it is the value to be assigned to a particular field.
Fee u/s 234E			
Surcharge			
Education Cess			
Interest	1,000	2,000	
Penalty			
Other Amount Paid			
<b>Total</b>	<b>52,000</b>	<b>52,000</b>	<b>Total of actual challan and in return should always match, else mismatch may occur</b>
TDS Interest Amount		2,000	Amount entered here can not exceed amount of Interest entered above
TDS Other Amount			

- Deductee' correct PAN: AXKPB3856J
- PAN mentioned in original return: AYPPB3365I.  
Demand raised since PAN was invalid.
- Correction statement filed.
- I am able to generate form 16A on correct PAN but demand still not deleted.

**Is it a system error? How to overcome this problem?**

Character no:	1	2	3	4	5	6	7	8	9	10	Total
PAN before correction	A	Y	P	P	B	3	3	6	5	I	
PAN after correction	A	X	K	P	B	3	8	5	6	J	
	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	
Change?	N	Y	Y	N	N	N	Y	Y	Y	Y	
Change score for Alphabets		1	1							1	3
Change score for Numerics							1	1	1		3

- Date of credit of salary to director: 31/03/2018 (FY 2017-2018). No TDS was deducted at the time of credit u/s 192.
  - Date of actual payment of salary as well as TDS: 02/06/2018
- 
- **Which assessment year to be mentioned on challan?**
  - **In which return this deduction should be disclosed and how?**

- AY 2018-2019 – Tax deposited u/s 192 – **10 Lacs**. Used in 24Q: **6 Lacs**
- Tax for other returns already deposited, thus **excess tax paid this year: 4 lacs u/s 192**
- **Should I file refund to get back excess tax deposited?**
- **Can I use it in next FY?**
- **Can I use it against non-salary TDS liability in next year?**

**Q: After using challan in various quarters as well return type, I am still left with some “unconsumed” amount in challan of FY 2017-2018. Is it possible to “consume” this “unconsumed” amount in FY 2018-2019?**

**A: Yes. You may use challan of FY 2017-2018 like this:**

- |                      |                          |
|----------------------|--------------------------|
| <b>a. FY 2016-17</b> | <b>(Challan year -1)</b> |
| <b>b. FY 2017-18</b> | <b>(Challan year)</b>    |
| <b>c. FY 2018-19</b> | <b>(Challan year +1)</b> |

**☛ Any further excess can only be refunded!**



**Q: Can I knock off “Company” deductee against challan with “non-company” code?**

A: Yes. Company deductee and non-company deductees codes in challan are used only for statistical purposes!

**Q: While depositing TDS in bank, by mistake entered minor code 400 instead of 200 in challan. Can I use this challan to discharge my regular liability?**

A: Yes. Simply select 400 in challan detail, while preparing your return and use like normal challan.

**Q: Is it possible to use one challan in multiple quarters?**

A: Yes

**Q: Can I use challan deposited for section 194C to discharge liability for section 194J (within same return type)?**

A: Yes

**Q: By mistake, I entered FY 2010-11 instead of 2020-21, in the challan. Can I get it corrected?**

A: Yes, it's possible, provided date of actual deposit is not earlier than FY 2020-21.

**Q: Can I use challan deposited for non-salary (Say sec. 195) to discharge liability for Salary (sect. 192) (i.e in different return type)?**

A: Yes. From FY 2013-2014 onwards, challan section head has no relevance. One challan can be used in multiple types of returns (26Q/27Q/27EQ/24Q).

You may suggest your client to deposit only single challan for a particular month for regular TDS liability.

- Certificate u/s 197 issued for 5 lac value @ 1% u/s 194J
- Total amount paid 5,60,000 @ 1%.
- Demand for Rs. 5400/- raised - deposited with interest.

**How to prepare correction return to close this demand?**

Challan Deposit Date\* From  To  Challan Status    
(dd-mmm-yyyy; e.g., 12-Dec-1980)

**Search Option 2**

BSR Code\*  Date Of Deposit\*  Challan Serial Number\*  Challan Amount (₹)\*    
(dd-mmm-yyyy; e.g., 12-Dec-1980)

**Challan Details**

Click on a row to proceed

Date Of Deposit	Challan Serial Number	Challan Status	Challan Amount(₹)
30-Apr-2013	19427	Claimed	4,596,659.00

[View Consumption Details](#)

**Challan Consumption Details**

Token Number	Financial Year	Quarter	Form Type	Claimed Amount(₹)	Challan Status	Excess Amount Claimed(₹)
0617XXXXXXXX8910	2012-13	Q4	27Q	2,374,260.00	MATCHED	0.00
0617XXXXXXXX7566	2013-14	Q1	27Q	2,222,399.00	OVERBOOKED	2,222,399.00

Page 1 of 1 view 1 - 2 of 2

Available Amount(₹): 2222399.00

### Search Option 2

BSR Code\*  Date Of Deposit\*  Challan Serial Number\*  Challan Amount (₹)\*

(dd-mmm-yyyy; e.g., 12-Dec-1980)

### Challan Details

Click on a row to proceed

Date Of Deposit	Challan Serial Number	Challan Status	Challan Amount(₹)
30-Apr-2013	19427	Claimed	4,596,659.00

### View Consumption Details

### Challan Consumption Details

Token Number	Financial Year	Quarter	Form Type	Claimed Amount(₹)	Challan Status	Excess Amount Claimed(₹)
1003XXXXXXXX8702	2013-14	Q1	27Q	2,222,398.95	MATCHED	0.00
0617XXXXXXXX8910	2012-13	Q4	27Q	2,374,260.00	MATCHED	0.00

Challan successfully adjusted in both FYs

No overbooking

Available Amount(₹) : **0.05** ————— Challan is fully adjusted now

**Thanks for your  
time!**

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8th Annual  
Workshop on  
Direct Taxes

## Contact us

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