

IT PAYS TO KNOW

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ENHANCED DEPRECIATION ON COMMERCIAL VEHICLES - DATE EXTENDED

The benefit of enhanced depreciation on commercial vehicles has been extended for the vehicles acquired up to 30.09.09.

{Source: PIB Press release dated 24.04.09. No 402/92/2006-MC (10 of 2009)}

INSERTION OF NEW CLAUSE 17A IN FORM 3CD - INTEREST DISALLOWABLE UNDER MSME ACT 2006

A new clause 17A has been inserted in Form 3CD. Under this clause interest paid to Micro, Small and Medium Enterprises for delayed payment shall be reported. Interest paid to these entities for delayed payment is not allowable as expenditure.

{Source; Notification No 36 of 2009 dated 13.04.09}

POSTPONEMENT OF NEW TDS SYSTEM (CHALLAN NO 17)

CBDT has decided to defer the implementation of new TDS/TCS system of compulsory electronic payment thru challan No 17. The new rules will effective from 01.07.09.

{Source: PIB Press release dated 11.05.09. No 402/92/2006-MC (11 of 2009)}

CENTRALIZED PROCESSING OF ELECTRONICALLY FILED RETURNS FOR A.Y. 2009-10 - CENTRALIZED FILING OF FORM ITR-V

All returns filed electronically will be processed only at the Centralized Processing Centre at Bangalore. Assessee who have filed E>Returns without digital signature are now required to mail Form ITR-V to "Income Tax Department - CPC, Post Box No 1, Electronic City Post Office, Bangalore - 560100 Karnataka" within 30 days after transmitting the date electronically. Since the Form ITR-V is bar coded it is advised not to fold the same and post it in A4 size envelope. Form ITR-V shall not be received in any other office of the IT department or in any other manner.

{Source: Circular No 03/2009 dated 21.05.09}

CREDIT FOR TDS/TCS ONLY IF THE CLAIM MATCHES WITH THE INFORMATION FURNISHED BY THE DEDUCTOR/COLLECTOR

CBDT has decided to allow claim for TDS/TCS only if the

1. amount has been deposited by the deductor/collector
2. information relating to the deductee has been furnished by the deductor/collector
3. claim matches the information furnished by the deductor/collector

Return forms for A.Y. 2009-10 have been modified and now require Unique Transaction Number (UTN) for every TDS/TCS claim made by the assessee.

It is also decided that the NSDL will assign UTN for every TDS/TCS transaction records in FY 2007-08 and 2008-09 reported in the quarterly return received by it and inform the deductor about the UTN thru mail who in turn is required to inform the deductees about the UTN. It is also decided that the NSDL will create a facility to allow independent viewing of UTN by the

deductee.

{Source: Circular No 02/2009 dated 21.05.09}

MY VIEWS ON CIRCULAR NO 02/2009 - CREDIT FOR TDS/TCS

This is the first time that I am airing my views under this column.

This circular is very harsh more particularly to those assesses where there are numerous TDS/TCS transactions. The system of Unique Transaction Number (UTN) for TDS/TCS transactions originally to be implemented w.e.f 01.04.09, which was deferred till 01.07.09 mainly because the dept. could not create in time the needed software changes, is being thrust on the unsuspecting assesses even for transactions of FYs 07-08 and 08-09.

Government (both State and Central together) is the largest deductor of TDS/TCS. This circular accepts in so many words the failure of the State and Central Govt. departments in complying with the TDS provisions more importantly of filing returns in time and issuing TDS certificates to the deductees and the failure of the Income tax department to enforce TDS provisions by the Govt. departments. In this accepted factual scenario, it is beyond comprehension that the deductees will be provided with the UTNs by the Govt. departments.

This being the ground reality, the decision of CBDT to give credit for TDS/TCS only when the UTN is furnished and the same matches with the records of NSDL is highly arbitrary, beyond the statutory provisions of law governing the credit for TDS/TCS and tantamount to expropriation of tax payers money. There are judicial pronouncements to the effect that once the TDS/TCS has been made the assessee shall not be required to pay the amount once again even if the deductor/collector has failed to furnish the relevant certificate.

As it is the compliance costs are very high and procedures are too onerous. Now even there is danger of pecuniary loss by denying credit for TDS for no fault of assessee. This will add many points to the tax payers' misery index and create unwarranted distrust amongst the tax payers and gatherers. ***This may prove to be proverbial last straw on the camel's back.***

I fully support the logic that the no body shall be given credit without verification, but the department has miserably failed in streamlining its accounting system OLTAS though the same was computerized in 2004. What is dangerous is the mindset of CBDT to burden the assessee for their failure to maintain their own house in order. This mindset worked overtime in framing all the rules governing TDS provisions like disallowance for non deduction of tax, mandatory electronic filing of returns, mandatory quoting of PAN nos of deductees and now denial of credit for TDS for their own failure to implement proper accounting of TDS. The ordinary assessee is the worst sufferer as he has to bear all these consequences whereas the Govt. being the largest deductor is left unaffected.

The only positive aspect in the circular is the acceptance of prevailing rent seeking behavior of tax administrators. I unequivocally support the view that the interface of tax administrators with taxpayers shall be reduced to minimum but this shall be achieved without any loss to taxpayers. ■