IMPORTANT ANNOUNCEMENT

By, Central Board of Direct Taxes (CBDT)

Relief for TDS/TCS deductors facing short deduction due to inoperative PAN

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Introduction

The CBDT issued Circular No. 6 on April 23, 2024, to address issues faced by TDS/TCS deductors/collectors.The Central Board of Direct Taxes (CBDT) has issued a circular (Circular No. 6 dated April 23, 2024) providing relief to deductors/collectors who unintentionally deducted Tax Deducted at Source (TDS) or Tax Collected at Source (TCS) at the normal rate instead of the higher rate mandated for inoperative PANs. This situation arises when a deductee's PAN is not linked to Aadhaar.

Key Points

01 Relief Period

- This circular applies to transactions conducted up to March 31, 2024.

02 Relief Measures

- Deductors/collectors who deducted TDS/TCS at the normal rate won't be considered defaulters.
- If the deductee's PAN is linked with Aadhaar and becomes operative by May 31, 2024, there's no liability to deduct/collect tax at the higher rate under sections 206AA/206CC.

03 Recent Notices

- Many deductors have received notices for short deduction due to inoperable PANs.

04 Action Required

- If you've received such a notice, get in touch with the deductee immediately and advise them to link their PAN with Aadhaar by May 31, 2024.

05 Important Note

- This relief is applicable only for transactions up to March 31, 2024.
- Ensure the deductee's PAN is linked and valid for all transactions occurring on or after April 1, 2024. You can verify PAN validity on the income tax portal.

Thank you

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