

E-NEWSLETTER

AN INSIGHT INTO THE NEW VERSION OF FORM 26AS

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The Form 26AS is an annual consolidated income tax credit statement issued by the income tax department to enable the assessee to ascertain and/or cross-verify the income earned, tax deducted/collected at source and tax deposited during a given financial year with that as per the department's records.

The Finance Minister in her Budget Speech for 2020-21 proposed to rationalize the provisions regarding uploading of Form 26AS so as to include all the prescribed information. Accordingly, Section 285BB was introduced in the Act to implement the revised Form 26AS. Pursuant to Finance Act 2020 and the amendments, Central Board of Direct Taxes (CBDT) on 28th May, 2020 vide Notification No. 30/2020 have notified the new Form 26AS [Annual Information Statement] by inserting Rule 114-I which is to be effective from June 1, 2020.

This is a welcome move by the Finance Ministry as the taxpayers can get the tax related information on a live basis since the tax department will be updating the information almost regularly as per the new rules. It will be like a complete tax profile of each taxpayer for that particular year as against the earlier version which had limited information. Thus, it seems that the new version of Form 26AS will help both the taxpayers as well as the tax authorities in assessing the tax profile and bring better flow of information between the two. So let's have a look what all details the Annual Information Statement i.e. the revised version of Form 26AS, shall contain in its new avatar.

INFORMATION TO BE UPLOADED IN NEWER VERSION OF FORM 26AS

The Annual Information Statement has been divided into two parts: Part A and Part B.

In Part A, apart from mentioning the financial year and the assessment year, the basic information of the taxpayer has been captured such as:

- a) Name of the taxpayer
- b) Permanent Account Number (PAN)
- c) Aadhaar Number (only in case of individuals)
- d) Date of Birth/incorporation
- e) Mobile Number
- f) Email Address
- g) Address of the taxpayer

The earlier version of Form 26AS didn't contain the contact details such as mobile number and email address and date of birth/incorporation.

In Part – B of the statement, the following nature of information shall be uploaded by the department:

- a) Information related to tax deducted at source or collected at source (TDS/TCS)
- b) Information related to specified financial transactions prescribed under Rule 114E
- c) Information related to payment of taxes
- d) Information related to demand and refund
- e) Information related to pending proceedings
- f) Information related to completed proceedings
- g) Any other information in relation to sub-rule (2) of Rule 114-I (check next page)

Except point (a) and (c), no other details were captured in the earlier version of Form 26AS.

The above details as compiled together in a single form in itself shows that the newer version of Form 26AS shall contain a comprehensive information on all tax related matters for each taxpayer and shall be one of its kind documents which can be considered as a complete tax profile of the assessee for any purposes such as conducting due diligence, assessments, litigations under any other acts etc...

A BRIEF ANALYSIS OF RULE 114-I INSERTED IN INCOME TAX RULES, 1962



1. As per Sub-Rule (1) of Rule 114-I, the Principal Director General of Income Tax (Systems) or Director General of Income Tax (Systems) or any person authorised by him, shall upload such annual information statement in Form 26AS containing the above mentioned information or details as specified in the registered account of the assessee u/s 285BB of the Income Tax Act. Moreover, it has also been mentioned that such information shall be uploaded within 3 months from the end of the month in which such information was received by him.

2. As per Sub-Rule (2) of the Rule 114-I, the Board (i.e. CBDT) may also authorise the above mentioned persons to upload the following, namely:

- a) information received by any officer, authority or body performing any function under any law; or
- b) any information under a Double taxation avoidance agreement (i.e. in order to provide double taxation relief in case of any income earned outside India); or
- c) any information received from any other person only to the extent as it may deem fit in the interest of the revenue i.e. any such information which might be vital for the income tax department

3. As per Sub-Rule (3) of Rule 114-I, the standards, formats and procedures for the purposes of uploading any information in the annual information statement shall be specified by the Principal Director General of Income Tax (Systems) or the Director General of Income Tax (Systems)

POSSIBLE BENEFITS OF DETAILED VERSION OF FORM 26AS – ANNUAL INFORMATION STATEMENT

Certain benefits that the new Form 26AS shall provide to its stakeholders have been compiled below:

For tax authorities:

- a) With all the information /details available at single place, it will be much easier and smoother for the tax authorities to conduct e-assessment, as they will be having no/limited interaction with the taxpayer.
- b) Any mismatch can now be easily flagged by the systems to tax authorities as it will now be easy to compare the information available in Form 26AS vis-à-vis that reported by the taxpayer in ITR.
- c) Moreover, it will also help the tax authorities in knowing any adverse action initiated or taken under any other law such as customs, GST, Benami Law, FCRA, PF, ESI etc...
- d) Inclusion of contact details will help establish direct connectivity with the taxpayer.

For assessee or taxpayers:

- a) The ITR Filing process will be simplified as most of the related details would be fetched from this form and might also be pre-filled in the tax returns to a certain extent.
- b) Better access of information related to outstanding demands, pending proceedings, refunds, or any action initiated under any other law, which in turn will ensure increased preparedness and action.
- c) It will assist the taxpayers in early detection of any incorrect information/details reported in Form 26AS and taking coercive action, wherever required.

So, now it will be difficult for the taxpayer to hide any information from any bank/financial institution about any proceedings against him/it as Form 26AS will serve as a ready reckoner of the tax profile for them.