



All India Federation of Tax Practitioners

(An Association of Advocates, Chartered Accountants & Tax Practitioners of India)

Regd. Office :

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20th April 2024

To,
Smt. Nirmala Sitharaman
Hon'ble Minister of Finance,
Ministry of Finance Government of India,
North Block,
New Delhi 110 001
Email: fmo@nic.in

Respected Madam,

Subject: Representation on the difficulties faced by the TDS deductors

We would like to draw your kind attention to concerns faced by our members regarding the recent policy requiring the linkage of PAN with Aadhaar and the consequences of that in compliance of TDS.

1. Mechanism needed for checking/verifying the linkage of PAN with Aadhaar:

Recently, the deductor is called upon to deduct 20% of the payment as TDS/ withholding tax and the demand is being raised with retrospective effect not appreciating the fact that how the tax deductor would know that the PAN holder has linked his PAN with Aadhaar or not. The deductor is helping the Government and contributing towards the effectiveness of the easy and speedy collection of revenue therefore, how the taxpayer / tax deductor can be held liable for payment of higher rate of TDS once the transaction is already over and completed. There is no such facility available at present to check whether the PAN and Aadhaar of payee are linked or not. Therefore we urge that proper **Mechanism should be provided for checking/verifying the linkage of PAN with Aadhaar:**

2. Even after linkage of PAN and Aadhar effect of Revised TDS Statement is not given:

Further, It has been observed that even after the linkage of PAN and Aadhar, when a taxpayer revises their return and there is an increase in tax liability, the deductor is still called upon for deduction of tax at the higher rate of 20% instead of normal lesser rate. This is in contradiction to the usual practice where the tax is deducted at a higher rate only when the PAN is not linked with the Aadhar. We believe that the purpose of linking PAN and Aadhar was to streamline the tax process and ensure accurate deduction and compliance. Therefore, we request your honour to clarify whether the deductor is indeed required to deduct tax at the rate of 20% even after revising the return and linking PAN & Aadhar.



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3. Some Illustrative cases showing burden on deductors: In this matter attention is drawn to some sample cases as mentioned below:

TAN of Deductor	NAME of Deductee & PAN	Section Code	Amount Paid/Credited	Rate as per Statement (%)	Applied Tax Rate (%)	Alleged Short Deduction (Rs.)
RKTB01742G- Bharatsinh Mandanbha Manek	CFFPM2983G- Tharyabha Karabha Manek	194C	Rs. 272417/-	Rs. 2724/- (i.e. 1% of the amount)	Rs. 54483/- (i.e. 20% of the Amount)	Rs. 51759.40/-
RKTT00350A- The Commercial Co Op Bank Ltd	BPZPP6972H- Khushi Enterprise	194NF	Rs. 25000/-	Rs. 500/- (i.e. 2% of the amount)	Rs. 5000/- (i.e. 20% of the amount)	Rs. 4500/-
RKTT00495F- The Commercial Co-Operative Bank Grain Market	ADXP9245P- Kamdar Maheshkumar Jaysukhlal	194A	Rs. 11040/-	Rs. 1104/- (i.e. 10% of the amount)	Rs. 2208/- (i.e. 20% of the amount)	Rs. 1104/-
RKTT00495F -The Commercial Co-Operative Bank Grain Market	ADXP9245P- Kamdar Maheshkumar Jaysukhlal	194A	Rs. 26780/-	Rs. 2678/- (i.e. 10% of the amount)	Rs. 5356/- (i.e. 20% of the amount)	Rs. 2678/-
RKTT00494E -The Commercial	BCCPS1533B- Savakiya Suresh Narsibhai	194A	Rs. 7240/-	Rs. 724/- (i.e. 10% of the amount)	Rs. 1448 (i.e. 20% of the amount)	Rs. 724/-



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4. We are sure that your Honour will look into to this matter and be kind enough to prompt action to alleviate the challenges faced by deductors.

Thanking You,

Yours faithfully,

For **All India Federation of Tax Practitioners**

(Narayan Prasad Jain)

President

CC to : The Chairman, Central Board of Direct Taxes,
Ministry of Finance, North Block, 1st Floor, New Delhi 110 001
E Mail: chairmancbdt@nic.in