F. No. 370133/7/2021-TPL
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)
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**Dated: 21ˢᵗ June, 2021**

**Sub.: Circular regarding use of functionality under Section 206AB and 206CCA of the Income-tax Act, 1961- reg.**

Finance Act, 2021 inserted two new sections 206AB and 206CCA in the Income-tax Act 1961 (hereinafter referred to as "the Act") which takes effect from 1ˢᵗ day of July, 2021. These sections mandate tax deduction (section 206AB) or tax collection (section 206CCA) at higher rate in case of certain non-filers (specified persons) with respect to tax deductions (other than under sections 192, 192A, 194B, 194BB, 194LBC and 194N) and tax collections. Higher rate is twice the prescribed rate or 5%, whichever is higher. Specified person means a person who satisfies both the following conditions: -

(i)     He has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately before the previous year in which tax is required to be deducted /collected. Two previous years to be counted are required to be those whose return filing date under sub-section (1) of section 139 has expired.

(ii)    Aggregate of tax deducted at source and tax collected at source is rupees fifty thousand or more in each of these two previous years.

2.      It can be seen that the tax deductor or the tax collector is required to do a due diligence of satisfying himself if the deductee or the collectee is a specified person. This can lead to extra compliance burden on such tax deductor or tax collector. To ease this compliance burden the Central Board of Direct Taxes is issuing a new functionality **"Compliance Check for Sections 206AB & 206CCA"**. This functionality is made available through reporting portal of the Income-tax Department. The tax deductor or the collector can feed the single PAN (PAN search) or multiple PANs (bulk search) of the deductee or collectee and can get a response from the functionality if such deductee or collectee is a specified person. For PAN Search, response will be visible on the screen which can be downloaded in the PDF formant. For Bulk Search, response would be in the form of downloadable file which can be kept for record.

3.      The logic of the functionality is as under:

•   A list of specified persons is prepared as on the start of the financial year 2021-22, taking previous years 2018-19 and 2019-20 as the two relevant previous years. List contains name of taxpayers who did not file return of income for both assessment

years 2019-20 and 2020-21 and have aggregate of TDS and TCS of fifty thousand rupees or more in each of these two previous years.

- During the financial year 2021-22, no new names are added in the list of specified persons. This is a taxpayer friendly measure to reduce the burden on tax deductor and collector of checking PANs of non-specified person more than once during the financial year.

- If any specified person files a valid return of income (filed & verified) for assessment year 2019-20 or 2020-21 during the financial year 2021-22, his name would be removed from the list of specified persons. This would be done on the date of filing of the valid return of income during the financial year 2021-22.

- If any specified person files a valid return of income (filed & verified) for assessment year 2021-22, his name would be removed from the list of specified persons. This will be done on the due date of filing of return of income for A.Y. 2021-22 or the date of actual filing of valid return( filed & verified) whichever is later.

- If the aggregate of TDS and TCS, in the case of a specified person, in the previous year 2020-21, is less than fifty thousand rupees, his name would be removed from the list of specified persons. This would be done on the first due date under sub-section (1) of section 139 of the Act falling in the financial year 2021-22. For the financial year 2021-22 this due date of 31$^{st}$ July 2021 has been extended to 30$^{th}$ Sept 2021.

- Belated and revised TCS & TDS returns of the relevant financial years filed during the financial year 2021-22 would also be considered for removing persons from the list of specified persons on a regular basis.

4.      The deductor or the collector may check the PAN in the functionality at the beginning of the financial year and then he is not required to check the PAN of non-specified person during that financial year. To illustrate, let us assume that a deductor has 10,000 vendors that he deals with. He can use the functionality in the bulk search mode and can get the result of all these 10,000 PANs at one go. Let us assume that the functionality has shown that out of these 10,000 PANs, 5 PANs are specified persons for the purposes of sections 206AB and 206CCA of the Act. Now with respect of the remaining 9,995 PAN, it is clear that they are not in the list of specified persons for that financial year. Since no new name would be added in the list of specified persons during the financial year, the deductor or collector can be assured that these 9,995PANs would remain outside the list of specified persons during that financial year. Thus, deductor or collector need not check again with respect to these 9,995 PANs during that financial year. There are chances that the 5 PANs which are of specified persons may move out of the list during the financial year and for that there will be need to recheck at the time of making tax deduction or tax collection.

5.      The list would be drawn afresh at the start of each financial year and the above process would have to be repeated. For example, at the beginning of the financial year 2022-23 a fresh list would be prepared with previous years 2019-20 and 2020-21 as the two relevant previous years.   Then, no name would be added to the list of specified persons during the financial year and only name would be removed based on the logic given in the 3$^{rd}$ to 6$^{th}$ bullets of paragraph 3 above.

6.      It may be noted that as per the provisos of sections 206AB & 206CCA of the Act, the specified persons shall not include a non-resident who does not have a permanent establishment in India. Tax deductors & collectors are expected to carry out necessary due

diligence in respect of a specified person established by the above referred functionality to consider him as non-specified, if he fall under these provisos.

*Shefali 21.06.2021*

(Shefali Singh)
Under Secretary to the Govt. of India

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# Directorate of Income Tax (Systems)

# Compliance Check for Section 206AB & 206CCA (Reporting Portal)

# Frequently Asked Questions (FAQs)

# Version 1.0 (June 2021)

Document Version Control

| Version | Month | Remarks |
|---------|-----------|---------------|
| 1.0 | June 2021 | First version |

## Table of Contents

# Compliance Check for Section 206AB & 206CCA

## 1.1 Legal Framework

| 1. | What is the legal framework of 'Compliance Check for Section 206AB & 206CCA' functionality? |
|---|---|

Via Finance Act 2021, Section 206AB and 206CCA are inserted in the Income-tax Act,1961 (effective from 1st July 2021). These sections impose a higher TDS/TCS rate on the "Specified Persons", as defined in the these sections.

In view of the above, Income Tax Department has facilitated a new functionality "**Compliance Check for Section 206AB & 206CCA**" to facilitate tax deductors/collectors to verify if a person is a "Specified Person" as per section 206AB & 206CCA. This functionality is made available through Reporting Portal of Income-tax Department (https://report.insight.gov.in).

| 2. | Who is a specified person as section 206AB and 206CCA? |
|---|---|

As per section 206AB & 206CCA, Specified Person,

"means a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years:

Provided that the specified person shall not include a non-resident, who does not have a permanent establishment in India.

Explanation- For the purposes of this sub-section, the expression "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on."

## 1.2 Registration

| 1. | Who can use the "Compliance Check for Section 206AB & 206CCA" functionality? |
|---|---|

Principal Officers of tax deductors & collectors who are registered with the Reporting Poral though TAN can use the functionality "**Compliance Check for Section 206AB & 206CCA**".

| 2. | What are the steps in registration for "Compliance Check for Section 206AB & 206CCA" functionality? |
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Following steps to be followed in registration for this functionality.

| Step: 1 | Go to Reporting Portal at URL https://report.insight.gov.in. |
|---|---|
| Step: 2 | On the left sidebar of the Reporting Portal homepage, click on **Register** button. |
| Step: 3 | User is redirected to the e-filing login page. |
| | Or |
| Step: 4 | Directly navigated to e-filing portal through http://www.incometax.gov.in/ |
| Step: 5 | Log in to e-filing using e-filing login credential of TAN. |
| Step: 6 | Under "Pending Actions", select "Reporting Portal". |
| Step: 7 | After being redirected to the Reporting portal, select **New Registration** option and click **Continue**. |
| Step: 8 | On the next screen, select the Form type as **Compliance Check (Tax Deductor & Collector)**. The Entity Category will be displayed based on the category in which TAN is registered at e-filing. Click **Continue** to navigate to entity details page. |
| Step: 9 | Enter relevant entity details on entity details page and click on "Add Principal Officer" button to add Principal Officer. |

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|---|---|
| **Step: 10** | Enter Principal Officer details on the Principal Officer Details page. |
| **Step: 11** | If more users such as Nodal Officer, Alternate Nodal Officer and other users are to be registered at this instance, adding the details of such users can be continued, otherwise the same can be done after registration also. |
| **Step: 12** | Click on **Preview** button to view the entered entity and principal officer details. |
| **Step: 13** | Click on **Submit** button to submit the registration request. |
| **Step: 14** | Acknowledgement receipt of registration request is provided through portal and the same will also be shared through an email notification to the Principal Officer. |
| **Step: 15** | Once the registration request is approved by Income tax Department, email notification will be shared with the Principal Officer along with ITDREIN details and login credentials. |

## 1.3 Accessing 'Compliance Check for Section 206AB & 206CCA' Functionality

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|---|---|
| **1. How can the Principal Officer access the "Compliance Check for Section 206AB & 206CCA" functionality?** | |
| Following mentioned steps to be performed by the Principal Officer (user) to access the functionality: | |
| **Step: 1** | Go to Reporting Portal at URL https://report.insight.gov.in. |
| **Step: 2** | On the left sidebar of the Reporting Portal homepage, click the **Login** button. |
| **Step: 3** | Enter the required details (of Principal Officer) in the respective fields (PAN and Password as received in the email or updated password) and click **Login** to continue. |
| **Step: 4** | If user's PAN is registered for multiple Forms & ITDREIN, the user needs to select **Form type** as Compliance Check (Tax Deductor & Collector) and associated **ITDREIN**s from the drop-down. |
| **Step: 5** | After successfully logging in, the home page of Reporting Portal appears. |
| **Step: 6** | Click on **Compliance Check for Section 206AB & 206CCA** link provided as shortcut on left panel. |

## 1.4 Using 'Compliance Check for Section 206AB & 206CCA' Functionality

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|---|
| **1. What are the various modes available in the functionality for verifying Specified Person status of a PAN as per section 206AB & 206CCA?** |
| Through the functionality, principal officers of registered tax deductors or collectors can verify if any person (PAN) is a "Specified Person" as defined in Section 206AB & 206CCA, by searching the PAN(s) through following two modes: |

- PAN Search: To verify for single PAN

- Bulk Search: To verify for PANs in bulk

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| **2. How to access the functionality in "PAN Search" mode and what is the output displayed?** |
| Steps to use the functionality in PAN Search mode are as below: |

**Step 1:** Select **PAN Search** tab under **Compliance Check for Section 206AB & 206CCA** functionality.
**Step 2:** Enter valid PAN & captcha code and click **Search.**

Following output result will be displayed upon entering a valid PAN & captcha code. Output result will not be shown if Invalid PAN is entered.

**Output Result-**

- **Financial Year:** Current Financial Year.

- **PAN:** As provided in the input.
- **Name:** Masked name of the Person (as per PAN).
- **PAN Allotment date:** Date of allotment of PAN.
- **PAN-Aadhaar Link Status**: Status of PAN-Aadhaar linking for individual PAN holders as on date. The response options are Linked (PAN and Aadhaar are linked), Not Linked (PAN & Aadhaar are not linked), Exempt (PAN is exempted from PAN-Aadhaar linking requirements as per Department of Revenue Notification No. 37/2017 dated 11th May 2017) or Not-Applicable (PAN belongs to non-individual person).
- **Specified Person u/s 206AB & 206CCA:** The response options are Yes (PAN is a specified person as per section 206AB/206CCA as on date) or No (PAN is not a specified person as per section 206AB/206CCA as on date).
- User can also click **PDF icon** to download the details in PDF format.

*(Output will also provide the date on which the "Specified Person" status as per section 206AB and 206CCA is determined.)*

| 3. | **How to access the functionality in "Bulk Search" mode?** |
|---|---|

Steps to use this functionality in Bulk Search mode are as below:

**Step 1:** Select "**Bulk Search**" tab.
**Step 2:** Download the CSV Template by clicking on **"Download CSV template"** button.
**Step 3:** Fill the CSV with PANs for which "Specified Person" status is required. (Provided PANs should be valid PANs and count of PANs should not be more than 10,000).
**Step 4:** Upload the CSV by clicking on "**Upload CSV"** button.
**Step 5:** Uploaded file will start reflecting with Uploaded status. The description of fields shown under "Bulk Search" tab are as below:
- Upload Date – Date of CSV upload
- Financial Year – For which the bulk file was uploaded
- Request ID – Unique ID for each request
- Records – No. of PANs submitted by user in CSV
- User Name – Name of the user who uploaded the CSV
- Status – Status of the request will be as follows:
  - Uploaded – The CSV has been uploaded and pending for processing.
  - Available – Uploaded CSV has been processed and results are ready for download.
  - Downloaded – The user has downloaded the output results CSV.
  - Link Expired - Download link has been expired.
- Last Activity Date – Date of last activity (User)

**Step 6:** Download the output result CSV once status is Available by clicking on **Available** link.
**Step 7:** After downloading the file, the status will change to **Downloaded** and after 24 hours of availability of the file, download link will expire and status will change to **Link Expired**.

| 4. | **What is the limit to upload PANs in one CSV file in Bulk Search Mode?** |
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Limit to upload PANs in one CSV file is 10,000.

| 5. | **What is 'Records' in Bulk Search mode?** |
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'Records' column shows count of PANs uploaded in CSV file.

| 6. | **What are the different request statuses in Bulk Search mode?** |
|---|---|

Request statuses are as follows:

- **Uploaded** – The CSV has been uploaded and pending for processing.
- **Available** – Uploaded CSV has been processed and results are ready for download.

- **Downloaded** – The user has downloaded the output results CSV.
- **Link Expired** – Download link has been expired.

| 7. | What details will be available in Output Result CSV file for Bulk Search? |
|---|---|

Output result CSV file will have following details:

- **Financial Year:** Current Financial Year
- **PAN:** As provided in the input. Status shall be "Invalid PAN" if provided PAN does not exist.
- **Name:** Masked name of the Person (as per PAN).
- **PAN Allotment date:** Date of allotment of PAN.
- **PAN-Aadhaar Link Status**: Status of PAN-Aadhaar linking for individual PAN holders as on date. The response options are Linked (PAN and Aadhaar are linked), Not Linked (PAN & Aadhaar are not linked), Exempt (PAN is exempted from PAN-Aadhaar linking requirements as per Department of Revenue Notification No. 37/2017 dated 11th May 2017) or Not-Applicable (PAN belongs to non-individual person).
- **Specified Person u/s 206AB & 206CCA:** The response options are Yes (PAN is a specified person as per section 206AB/206CCA as on date) or No (PAN is not a specified person as per section 206AB/206CCA as on date).

*(Output will also provide the date on which the "Specified Person" status as per section 206AB and 206CCA is determined.)*