

## Procedure for filing TDS returns with insufficient deductee PAN

As per instructions issued by the Central Board of Direct Taxes (CBDT), it is mandatory for deductors to file TDS/TCS statements with a threshold limit of Permanent Account Number (PAN) of deductees. To facilitate deductors who face problem in filing TDS returns because of insufficiency of PAN of the deductees and also to accommodate the deductees who have intimated their PAN, the Income Tax Department (ITD) has specified the following procedure for filing TDS/TCS returns:

- Deductors can file a return containing deductee records which meets the specified threshold limit of PAN quoting, i.e., a deductor can file a return containing deductee details who have provided valid PAN. It can subsequently file a **correction return** with details of remaining deductees. E.g. as below:
  - Suppose a challan payment of Rs.1,00,000/- has been made for non-salary TDS against 100 deductees each with TDS of Rs.1,000/-. Under the existing procedure the deductor will have to quote at least 85 PAN failing which his return will be rejected.
  - If there are only 50 deductees whose PAN is available and the deductor attempts to file a return with details of 100 deductees with PAN of only 50 deductees, the return will automatically be rejected at present.
  - However, if he files a return with challan amount of Rs. 1,00,000/- and with details of 50 deductees with PAN, with deductee total of Rs.50,000/-, the return will be accepted. It means the deductor can furnish the details relating to such deductees whose PANs are available.
  - The deductor can later file **correction returns** with other details of remaining deductees with the same challan details, i.e., the challan amount should be the amount deposited (in this case Rs. 1,00,000/-).
  - The return will be accepted so long as the TDS total of incremental deductees is less than or equal to the balance of Rs.50,000/-.

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