

Circular No - E/267

CPC (TDS): Online resolution of 'Short Payment default' on account of unmatched challans

We are glad to inform that the Online Correction functionality provided by CPC (TDS) has been availed by a large number of deductors for the purpose of carrying out corrections and over 2 Lakh Online Corrections have been submitted. The corrections include resolution of Short Payment Defaults that relate with unmatched challans. You are informed that TRACES enables Online resolution of "Short Payment default" on account of unmatched challans. The deductor has an online view of all available unconsumed challans, which can be tagged with unmatched challans, to close the above defaults.

Further, as you are aware that at the time of filing TDS statements, it is mandatory to quote the challan particulars through which TDS payments have been made. However, it is observed that:

- At times, data entry mistakes are committed, while reporting tax payments in the respective TDS statements.
- Though CPC (TDS) makes best efforts to match such challans, however, they may remain unmatched leading to "Short Payment" demand.
- The above results into issuance of notices by the CPC (TDS) and field TDS officers.

To make the resolution process non-intrusive, CPC (TDS) proposes a new change at the time of submitting request for download of TDS Certificates (Forms 16/ 16A) for relevant period.

Actions to be taken: Following are key information to be noted in this regard:

- a. You are requested to take appropriate action at the earliest for closure of the Short Payment defaults, to avoid any inconvenience in downloading of TDS Certificates.
- b. The Online Correction facility of TRACES needs to be used for closure of the Short Payment default, available even without digital signature.
- c. CPC(TDS) recommends to close the above default by tagging unconsumed challans, if available in CPC(TDS) system, through Online Correction.
- d. Details of defaults will be provided during Online Correction process after logging into the web portal "TRACES".
- e. In case there is no available challan for consumption, the deductor is required to first deposit the due tax in the bank and then the same challan will be available for tagging in CPC(TDS) system after around 3-4 days of deposit.
- f. Once the challan is suitably tagged and Online Correction is submitted to CPC(TDS), it shall process the statement, thereby rectifying the Short Payment default.
- g. The user will not be able to download TDS Certificates for the relevant TDS statement until closure of the above default. Source- CPC (TDS).