

Important Announcement

The Ministry of Finance has constituted an Empowered Committee headed by Dr. Vijay Kelkar to examine and suggest ways and means to ensure that correct PAN/TAN is reported on challans and is completely captured with 100% accuracy. The Fiscal Laws Committee is associated with the above committee. In this connection, a note has been prepared by the Directorate of Income Tax (Systems) relating to issues arising in respect of implementation of On Line Tax Accounting System and the Income-tax Department desires that the same should be widely publicized. Accordingly, we publish below the same for the information and appropriate action by the members.

Implementation of On Line Tax Accounting System

On Line Tax Accounting System has become operational from 1.6.2004. Its three key features are -

- (i) The number of different challan forms required to be filled for payment of direct taxes has been reduced from 7 to 3. These need to be filled in a single copy instead of four copies earlier.
 - (ii) The collecting branch of designated banks allots a unique Challan Identification Number (CIN) which is a combination of Bank Branch Code (BSR) , date of presentation (*dd/mm/yy*) and chanan serial number of that branch for that day.
 - (iii) The collecting branch enters the data given in the challan and transmits it online to Income Tax Department through Tax Information Network.
2. The new system has effectively led to dematerialization of challans. In a dematerialized environment it is of utmost importance that data given in the source document i.e. the original paper challan is correct and complete, and is correctly captured.
 3. Following types of data deficiencies have been noticed in respect of payments received through OL TAS. These are found to be primarily due to incorrect/incomplete information filled in challans :
 - (i) PAN of the taxpayer is either not mentioned or is incomplete or invalid.
 - (ii) TAN of the Deductor is either not mentioned while depositing TOS or is incomplete or invalid.
 - (iii) While depositing TDS through chanan ITNS 281, instead of writing TAN of the deductor, PAN of the deductor is written.
 - (iv) In some cases of companies, while depositing advance tax/self assessment tax through challan ITNS 280, major head code 0021 (pertaining to Income-tax on other than companies) has been ticked instead of major head code 0020 (pertaining to Income-tax on companies - also known as Corporation tax).
 4. The percentage of challans where PAN has not been quoted are 10.59%. However, percentage of challans without TAN is about 29%. Section 139A makes quoting of PAN/TAN on challans mandatory. So far PAN has been allotted in 3.56 crore cases as against 3.01 crore tax payers. Procedure for allotment of PAN has been simplified through appointment of two Service Providers i.e. M/s. UTIISL and M/s. NSDL. Facilities have also been provided to file PAN applications online through internet. Details for this are available at **www.incometaxindia.gov.in**.
 5. NSDI has now introduced a facility for on-line filing of PAN application and payment of Service charges through credit card. In such cases PAN will be allotted without waiting for paper documents and communicated through e-mail. Details are available at **[http:// tin.nsdl.com](http://tin.nsdl.com)**
 6. All tax professionals/taxpayers may please ensure that
 - (i) In case of payments through challan ITNS 280 (for payments other than TOS), correct PAN of the taxpayers must necessarily be quoted on challans. Please remember PAN has 10 alphanumeric characters with first five alphabets followed by four numerals and one alphabet.
 - (ii) Where tax is being paid by a company through challan ITNS 280, major head code 0020 should be ticked.
 - (iii) In case of deposit of TDS, challan No. ITNS 281 should be used and reformatted TAN of the deductor must be quoted. Entire TAN database is available on **[incometaxindia.gov.in](http://www.incometaxindia.gov.in)**. In case TAN has not been allotted application can be filed at any TIN Facilitation Centre. PAN of the deductor should not be quoted in place of TAN.