

CBDT notifies changes in Form 16, seeks disclosure of more details about allowances

ENS ECONOMIC BUREAU
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THE CENTRAL Board of Direct Taxes (CBDT) has notified changes in Form 16, the certificate issued by employers for tax deducted at source (TDS) for salaried employees, seeking disclosure of more details, especially about exempt allowances.

The tax department has sought detailed bifurcation about exemptions taken by salaried employees under Section 10 of Income-tax Act, which include leave travel allowance (LTA), life insurance, pension, gratuity, leave encashment, transport allowance and house rent allowance.

Tax experts said the detailed disclosures of exemptions and allowances will aid the tax department in scrutinising income tax returns (ITRs) more precisely and plug possibility of tax leakage. The changes are also in line with the changes in ITRs such as disclosure of standard deduction.

The notified changes in Form 16 and Form 24Q, the quarterly TDS statement with respect to salaries, would be effective from May 12. The tax department has also made it mandatory for employer to furnish Permanent Account Number (PAN) of the lender other than a financial institution in case the employee has taken loan for house prop-

CHANGES TO BE EFFECTIVE FROM MAY 12

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■ The notified changes in Form 16, the certificate issued by employers for tax deducted at source (TDS) for salaried employees, and Form 24Q, the quarterly tax deducted at source statement with respect to salaries, would be effective from May 12, the department said

erty and claimed deduction for interest paid. Sanjoli Maheshwari, director, Nangia Advisors (Andersen Global) said, "Earlier, where the disclosure of various deductions were mentioned in a consolidated manner, ranging from 80C, 80CCD, 80E, 80G would now be required to be disclosed separately. These specific disclosures would provide ease to the tax authorities in understanding the various components of income of the taxpayer and thereby, facilitating the conduct of scrutiny more precisely."

She further said, "These additional disclosures have also been incorporated in Form 24Q ... further, now it is mandatorily required for employer to furnish Permanent Account Number of the lender (other than the Financial Institution) in case where the employee has taken loan for house property and

claimed deduction for interest paid. This will further help in identifying any fabricated transaction undertaken with an aim of tax avoidance."

Tax experts also said that these changes will make it easier for tax authorities to check for tax leakage and ensure more accountability.

"At present, the government relies on details provided by employer and take it on merit. These changes will ensure more accountability as through a software check, the department will be able to check year-on-year changes in allowances for employees," Amit Maheshwari, partner, Ashok Maheshwari & Associates, said.

The tax department has already notified ITRs for financial year 2018-19. Salaried class and those who do not have to get their accounts audited, will have to file their ITRs by July 31.



CBDT amends Form 16, Form 24Q for detailed reporting on TDS

FE BUREAU

New Delhi, April 16

THE CENTRAL BOARD of Direct Taxes (CBDT) has notified amendments in Form 16 — which acts as certificate for tax deducted at source (TDS) — and Form 24Q — quarterly TDS statement for salaries.

The new forms require taxpayers to provide more details related to bifurcation of exemptions under Section 10 of Income-Tax Act, various deduction under Chapter VI-A, disclosure of standard deduction amount and other income.

Section 10 covers several tax-free allowance as part of the salary, including leave travel, uniform, travelling and house rent. The I-T Act requires every employer to issue a certificate furnishing details of salary along with the tax deducted at source of its employee in Form 16. Also, a comprehensive statement furnishing detail of salary and tax deduction for all the employees is required to be filed with the I-T department by the employer on a quarterly basis in Form 24Q.

With these amendments, deductions under 80C, 80CCD, 80E and 80G would have to be disclosed separately whereas they were clubbed together earlier. The amendments would ensure that these forms are in parity with latest changes



made in I-T return forms such as disclosure of standard deduction and exemptions claimed under Section 10, Sanjoli Maheshwari, director at Nangia Advisors (Andersen Global) said.

These specific disclosures would make it easier for tax authorities in understanding a taxpayer's salary components, facilitating more precise scrutiny. Also, given that the I-T department relies on employer to make accurate disclosure, these amended forms would bring more accountability on part of the employers.

"It is now mandatory for employer to furnish Permanent Account Number (PAN) of the lender (other than the financial institution) in case where the employee has taken loan for house property and claimed deduction for interest paid. This will further help in identifying any fabricated transaction undertaken with an aim of tax avoidance," Maheshwari said.



I-T dept revises format of TDS certificate issued by employers

NEW DELHI: The Income Tax department has revised Form 16 by adding various details, including income from house property and remuneration received from other employers, thereby making it more comprehensive to help check tax avoidance.

It will also include segregated information regarding deductions under various tax saving schemes, investments in tax savings instruments, different allowances received by the employee as well as income from other sources.

Form 16 is a certificate issued by employers, giving details of employees' TDS (tax deducted at source) usually by mid June and is used in filing I-T returns.

The revised Form, which has been notified by the Income Tax department, will come into effect from May 12, 2019.

This means the income tax returns for financial year 2018-19 will have to be filed on the basis of revised Form 16.

Among other things, the revised Form 16 will also include details of deductions in respect of interest on deposits in savings account, and rebates and surcharge, wherever applicable.

The revised Form, which has been notified by the Income Tax Department, will come into effect from May 12, 2019

The I-T department has already notified income tax return forms for fiscal 2018-19. Salaried class and those who do not have to get their accounts audited, will have to file their ITRs by July 31 this year.

Meanwhile, the income tax department has also modified Form 24Q, which is furnished by employer to the tax department. It will include additional details like Permanent Account Number (PAN) of non-institutional entities from whom the employee has taken loan for buying or constructing housing property.

Nangia Advisors (Andersen Global) Director Sanjoli Maheshwari said the Form 16 and 24Q have been amended with an intent to make them more elaborative and informative. AGENCIES

Revised Form 16 seeks more disclosures

Will include details of taxpayers' income from house property, other employers

PRESS TRUST OF INDIA

New Delhi, April 16

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Nangia Advisors (Andersen Global) Director Sanjoli Maheshwari said the Form 16 and 24Q have been amended with an intent to make them more elaborative and informative. The same has been done in order to bring the Forms in parity

with latest changes made in ITR Forms such as disclosure of standard deduction and exemptions claimed under Section 10.

"Earlier, where the disclosure of various deductions were mentioned in a consolidated manner, ranging from 80C, 80CCD, 80E, 80G would now be required to be disclosed separately. These specific disclosures would provide ease to the tax authorities in understanding the various components of income of the taxpayer and thereby, facilitating the conduct of scrutiny more precisely," Maheshwari said.

The changes in Form 24Q will further help in identifying any fabricated transaction undertaken with an aim of tax avoidance, she added.