

Nangia Andersen LLP



NEWSFLASH

CBDT expands Form 26AS information list

October, 2021

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Background

- The Income Tax Act (the Act) requires the Income Tax Authority to prepare and deliver a statement in Form 26AS, which is primarily a tax credit statement containing details of various taxes deducted from the income of taxpayers. Frequency and manner of furnishing the statement of the financial transaction to be specified.
- The Budget 2020 extended the mandate of Form 26AS beyond the information about tax deducted/ collected. Consequently, the Central Board of Direct Taxes (CBDT), in May 2020, notified the revamped 'Form 26AS- Annual Information Statement (AIS)', which contained more comprehensive information regarding taxes paid by a taxpayer, details of pending/ completed income tax proceedings, status of income tax demand and refund along with details of specified financial transactions undertaken by taxpayer during a financial year (such as share purchase, property purchase), etc.

Revised Form 26AS information list

- The CBDT vide an order dated 26th October 2021, has further expanded the scope of information reported in Form 26AS. Pursuant to the issue of order, the revised Form 26AS shall also contain the following details in respect of a taxpayer:

S.No.	Nature of information
1	Foreign remittance information reported by authorised dealer
2	Information in Annexure II of the 24Q TDS Statement of the last quarter (total breakup of the salary, any deductions to be claimed by the employee, their income from other sources, and house property and overall tax liability as calculated by the employer)
3	Information in ITR of other taxpayer
4	Information in Form 61/61A (Statement of specified financial transactions, i.e. SFT) where PAN could be populated
5	Off Market Transactions Reported by Depository/ Registrar and Transfer Agent (RTA)- These may include legacy transfers, gifts, transfer of shares between two Demat accounts, shifting of securities between a client and a sub-broker, and transactions in unlisted securities, reported by the depository
6	Information about dividend/ purchase of mutual fund reported by Registrar and Transfer Agent (RTA)

Impact of Provisions

- Form 26AS, in its revamped form, will provide additional information to the taxpayers, which is already being captured by the Income Tax Authority from authorised dealers, registrar, depositories, other persons' Income Tax Returns etc.
- **Benefits to taxpayers:** The comprehensive information made available in the new form shall help taxpayers in identifying and taking corrective action, in case any incorrect information/ detail is reported. It shall also accelerate the tax filing process, as reportable transactions shall be made available at one place. Moreover, it shall also minimise the incidence of incongruity between income and expense, which is a prime reason for scrutiny assessment.
- **Benefits to tax authority:** It shall assist tax authorities in doing e-assessments, having no/ limited interaction with taxpayers, as tax authorities will be able to easily compare information available in Form 26AS vis-a-vis information reported by taxpayer in ITR and any mismatch may be easily flagged by the systems to tax authorities

Nangia Andersen LLP's Take

Form 26AS has been revamped twice since the Budget 2020 announcement and has become comprehensive enough to include almost all tax-related information of the taxpayers. The intent was to essentially make the tax administration simpler and enhance transparency between the taxpayers and the revenue authorities. This move will predominantly discourage the taxpayers to suppress material information from tax authorities and help widen the tax base.

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