Bad News: Late filing Fee under Section 234E of Income Tax Act 1961

Consequences on Delay in Filing of Quarterly eTDS Return

The following is the mail sent out by Central Processing Centre (CPC), Income Tax department about fee charged under Section 234E of the

For Non-Govt. Deductors

Income Tax Act. The validity of the fee charged under this section was challenged in various courts by taxpayers. Recently, an Order has been passed by Bombay High Court upholding the validity of Section 234E. In this backdrop, CPC is sending the following mails to taxpayers. If you are a tax deductor, it is worthwhile to read this information.

Section 234E of the Income-tax Act, 1961 inserted by the Finance Act, 2012 provides for **levy of a fee of Rs. 200/-** for **each day's** delay in filing the statement of Tax Deducted at Source (TDS) or Tax Collected at Source (TCS). The provision for Levy of Late filing fee was introduced to improve Filing Compliance and to avoid subsequent inconvenience to the taxpayers due to inordinate delays in availability of tax credits in their 26AS Statements.

This assumes further significance in view of the decision of the Hon'ble High Court of Bombay, dated February 6 2015, upholding the validity of the Levy for Late Filing u/s 234E. The court has observed the following in its decision in the case of Rashmikant Kundalia vs. UOI:

The late filing of TDS returns by the deductor causes inconvenience to everyone and s. 234E levies a fee to regularize the said late filing.

- The fee is not in the guise of a tax nor is it onerous.
- The levy is constitutionally valid.

Quarter	Form Nos. 24Q & 26Q	Form No. 27Q	Form No. 27EQ
April to June	15th July	15th July	15th July
July to September	15th October	15th October	15th October
October to December	15th January	15th January	15th January
January to March	15th May	15th May	15th May

For Govt. Deductors

Quarter	Form Nos. 24Q & 26Q	Form No. 27Q	Form No. 27EQ
April to June	31st July	31st July	31st July
July to September	31st October	31st October	31st October
October to December	31st January	31st January	31st January
January to March	15th May	15th May	15th May

CPC(TDS), in its endeavor to strengthen TDS Compliance, is reaching out to you to reiterate the essence of timely filing of Quarterly TDS Statements. Section 200(3) of the Income Tax Act, 1961 read with Rule 31A of the Income Tax Rules, 1962, prescribes the following due dates for filing of TDS Statements:

Where the TDS Statements are not filed within the due date, CPC (TDS) sends Intimations u/s 200A of the Act that includes Levy under section 234E. Your attention is hereby drawn towards the provisions of section 234E of the Act (Levy for Late filing of TDS Statement), which reads as follows:

- Without prejudice to the provisions of the Act, where a person fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C, he shall be liable to pay, by way of fee, **a sum of two hundred rupees for every day during which the failure continues.**

- The amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible, as the case may be.

- The amount of fee referred to in sub-section (1) shall be paid before delivering or causing to be delivered a statement in accordance with sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C.

- The provisions of this section shall apply to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.

Action to be taken in case of Levy intimated u/s 234E:

- Use **Challan ITNS 281** to pay the Levy with your relevant Banker, if there are no challans available for consumption.

- Please download the Justification Report from our portal TRACES to view your latest outstanding demand. Please click here for assistance on downloading the Justification Report.

- Please use the Online Corrections facility on TRACES to submit corrections, to payoff the demand. To avail the facility, please Login to TRACES and navigate to Defaults tab to locate Request for Correction from the drop-down list. You can refer to our e-tutorials for necessary help.

- Alternatively, you may also download the Conso File from our portal provided there are no Short Payment Defaults.

Regards

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