

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

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PRESS RELEASE

**Clarification for the use of functionality under section 206AB and 206CCA of the
Income-tax Act, 1961**

Finance Act, 2021 inserted two new sections 206AB and 206CCA in the Income-tax Act 1961 which takes effect from 1st day of July, 2021. These sections mandate tax deduction or tax collection at higher rate in case of certain non-filers (specified persons). Higher rate is twice the prescribed rate or 5%, whichever is higher.

To implement these two provisions, tax deductor/collector was required to do a due diligence of satisfying himself if the deductee/collectee is a specified person. This would have resulted in extra compliance burden on such tax deductor/collector. To ease this compliance burden the Central Board of Direct Taxes has issued a new functionality "Compliance Check for Sections 206AB & 206CCA". This functionality is already functioning through reporting portal of the Income-tax Department (<https://report.insight.gov.in>).

The tax deductor/collector can feed the single PAN (PAN search) or multiple PANs (bulk search) of the deductee/ collectee and can get a response from the functionality if such deductee/collectee is a specified person. For PAN Search, response will be visible on the screen which can be downloaded in the PDF format. For Bulk Search, response would be in the form of downloadable file which can be kept for record.

The logic of the functionality has been explained through CBDT Circular No. 11 of 2021 dated 21st June, 2021 available at (https://www.incometaxindia.gov.in/communications/circular/circular_11_2021.pdf). The Circular has further eased the burden of the tax deductors/collectors by ensuring that the deductors/collectors need to check the PAN in the functionality at the beginning of the financial year without there being any need to check the PAN of the non-specified person again during that financial year.

With this new functionality, the Government has reiterated its commitment to ease the compliance burden of taxpayers.

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