

**INTERACTIVE MEET  
BY  
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WITH  
MEMBERS OF NAGPUR CHAPTER OF WIRC OF ICAI**

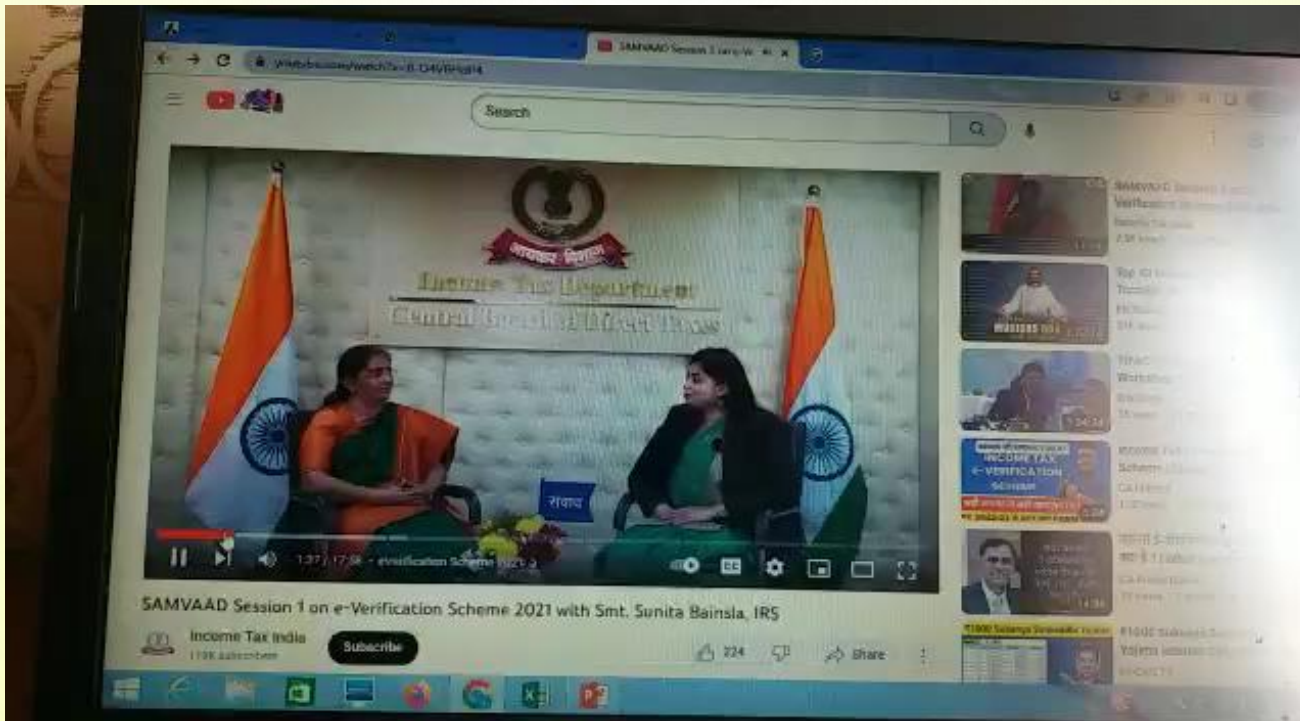
**On  
Effective SFT Compliance  
&  
e-Verification Scheme-2021**

**DATE: 06.05.2023**

# **SCHEME OF PRESENTATION**

- ❖ e-Verification Scheme-2021
- ❖ PAN Compliance Obligation
- ❖ Form 61 & SFT Compliance
- ❖ Reporting of Interest Income (SFT-16)
- ❖ Due Date of Filing of Form 61 & 61A
- ❖ How to avoid / remove defects in SFT

# BROAD OBJECTIVES OF E-VERIFICATION SCHEME, 2021



# WHAT IS E-VERIFICATION SCHEME

- Progressive step to encourage voluntary tax compliance.
- Aims to share and verify information of financial transaction with taxpayer
- The information may appear to be either unreported or under-reported
- Opportunity for the taxpayer to explain / pay taxes before initiation of action of assessment or re- assessment.

# Usefulness of e-Verification Scheme

- Inaccuracy of data provided by the source can be corrected
- Opportunity for the tax payer to correct any omission or mismatch of data with the ITR.
- Opportunity for the taxpayer to explain the transaction

# Steps in /Process of e-verification

**ITD Shares info with  
Taxpayer**

**Taxpayer can object if  
Info incorrect**

**If objection from  
taxpayer – clarification  
sought from source**

**Source confirms objection  
– data corrected**

# Steps in /Process of e-verification

**Source denies objection  
– further clarification in  
e-Verification Scheme**

**Info matched with ITR  
& mismatch identified**

**The source informed  
about mismatch**

**If source confirms  
information – eV initiated**

## Sources for Information under e-verification scheme

- TDS
  - Interest, Salary, Contract receipts, Professional Fees, Purchase of property etc
- SFT
  - Property Transactions, Current Account Cash Deposits / Withdrawal, Cash Deposits in other accounts, Time Deposits, Mutual Funds
- Foreign Remittances, GST export data



## **Role of Source/RE in e-verification scheme**

- Provide correct information of financial transaction by filing of various forms/statements within time.
- When clarification about information of financial transaction is sought through e-campaign, correct & timely feedback should be given.
- Submit prompt and 'to the point' reply to notices u/s 133(6) issued during e-verification scheme.
- The entire e-V process is digital - All notices issued electronically - responses should be submitted digitally.

## **Responsibility of Taxpayer in e-V scheme**

- Check the e mail and e-filing portal regularly
- Update the e mail on e-filing portal
- Provide feedback to the information reflected in AIS
- Submit prompt and 'to the point' reply to notices u/s 133(6) issued during e-verification scheme.
- The entire e-V process is digital - All notices issued electronically - responses should be submitted digitally

## **Responsibility of Taxpayer in e-V scheme**

- Responses should be provided within prescribed time limit
- If notice is received by post – it means taxpayer has not responded to at least two e mails – respond immediately
- If the information mentioned in the notice u/s 133(6) is not reflected in the ITR – Update return u/s 139(8A)

# E-VERIFICATION SCHEME & SFT COMPLIANCE



# INTERCONNECTIVITY OF SFT COMPLIANCE & E – VERIFICATION SCHEME, 2021

- Correctness of SFT data of primary importance for e-Verification Scheme, 2021
- SFT compliance coupled with e-Verification achieves the objective of widening and deepening of taxpayer base
- Prompt response from SFT filers during e-Verification crucial for success of e-Verification

# WHAT IS NEEDED FOR EFFECTIVE SFT COMPLIANCE

- PAN compliance – Rule 114B
- Filing Form 61 – Rule 114D
- Filing SFT – Rule 114E
- Filing Form 61 & SFT on time & correctly
- Quickly removing defects in SFT

# PAN COMPLIANCE

## PAN COMPLIANCE OBLIGATION

**ON WHOM**

**PERSON ENTERING INTO  
CONNECTED WITH THE SPECIFIED  
THE SPECIFIED**

**ENTITY**

**FINANCIAL TRANSACTION  
TRANSACTION**

**FINANCIAL**

**RULE 114B**

# OBLIGATION OF PERSON WHO ENTERS INTO SPECIFIED TRANSACTIONS

- To quote PAN in all documents pertaining to such transactions. {sec. 139A(1)(vii)}
- If PAN is not available, make a declaration in Form No.60 giving therein the particulars of such transaction.

(2<sup>nd</sup> proviso to rule 114B)

- Failure to comply with provisions of Rule 114B - liable for penalty of Rs. 10,000/- for each default u/s 272B(2/2B) of the income-tax act.



# OBLIGATION OF RE IN RESPECT OF SPECIFIED TRANSACTION

- To ensure that the PAN has been duly quoted in that document(s) pertaining to specified transaction {sec. 139A(6)}
- To ensure after verification that PAN or particulars of form 60 has been duly finished. (Rule 114C)
- Furnish a statement in Form No. 61 containing particulars of declaration of form 60 (Rule 114D)
- Retain Form 60 for a period of 6 years
- Failure to comply – Penalty u/s 272B(2B)

# DUE DATE OF FILING OF FORM 61

- i) 31<sup>st</sup> of October: Where the declaration in form 60 received between the period – 1<sup>st</sup> April to 30<sup>th</sup> September.
  
- ii) 30<sup>th</sup> of April: Where the declaration in Form 60 received between the period – 1<sup>st</sup> October to 31<sup>st</sup> march.

# **SFT / SRA COMPLIANCE (FORM 61A / FORM 61B)**

- **RULE 114E** – Specification of transactions for which SFT is to be filed in form 61A
- **Rule 11F, 114G & Rule 114H** – Specification of transactions and procedure for submission of SRA in Form 61B

# OBLIGATION OF RE IN RESPECT OF SFT

- To furnish a statement in respect of specified financial transaction of rule 114e in form no. 61a. {sec. 285BA(1)}
- Statement should be error free and filed within time {sec. 285BA(2)}
- Due date of filing – on or before 31<sup>st</sup> May of following F.Y.
- Failure to furnish SFT, the penalty of Rs. 500 or 1000 per day shall be impose {sec. 271FA}
- Furnishing inaccurate statement - penalty of Rs. 50000 {sec. 271FAA}

# **SFT-16 (INTEREST INCOME)**

- Sub rule 5A of rule 114E specifies that SFT is to be filed in respect of interest income.
- Information of interest is to be reported for all account/deposit holder where interest exceeds zero per account excluding Jan Dhan Account.
- Interest which is exempted from Income-Tax viz. PPF, Sukanya Samrudhi a/c, Foreign Currency Non-resident a/c etc. need not to be reported.

# SFT-16 (INTEREST INCOME)

- Deduction u/s 80TTA should not be reduced from gross interest
- In case of minor, interest should be reported in the name of legal guardian
- Separate report is required to be submitted for each type of a/c
- in case of same type of two or more a/cs, interest should be aggregated



Thank you!