

ANNUAL INFORMATION STATEMENT (AIS) VS FORM 26AS



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"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

- Buckminster Fuller, American Architect

Form 26AS is an annual tax statement containing details of taxpayer with respect to TDS deducted on his income, payment of taxes for the FY, etc. It is a primary tax passbook for the taxpayer which is used extensively while filing ITR. Form 26AS was named as annual tax statement under section 203AA of the Income Tax Act, 1961 (the Act).

In Budget 2020, it was proposed to replace Form 26AS with a new tax statement by replacing section 203AA and inserting new section 285BB of the Act to be applicable from 1st June, 2020. With the objective to make the statement more comprehensive, CBDT vide Notification No 30/2020 dated 28th May, 2020 inserted Rule 114-I and replaced rule 31AB, thereby introducing a new tax statement named Annual Information Statement (AIS) in the Form 26AS.

AIS displays information with respect to TDS deducted / TCS collected, specified financial transactions, payment of taxes made by the taxpayer, demand and refund details and other information such as GST turnover, GST purchases, etc. Taxpayer can also give feedback to the information displayed in the AIS. The feedback provided by taxpayer will be captured in the AIS and reported value and modified value (i.e. value after feedback) will be shown separately. The feedback given will be considered to update the derived value (i.e value after feedback) in Taxpayer Information Summary (TIS). This derived value will be used for prefilling of Return.

The format of AIS is as under:

Part A

Permanent Account Number, Aadhaar Number, Name, Date of Birth/ Incorporation/ Formation, Mobile No., Email Address, Address.

Part B

1. Information relating to tax deducted or collected at source
2. Information relating to specified financial transaction (SFT)
3. Information relating to payment of taxes
4. Information relating to **demand and refund
5. Information relating to **pending proceedings
6. Information relating to **completed proceedings
7. Any other information in relation to sub-rule (2) of rule 114-I

***Demand & Proceedings Feature have not yet been made available*

The Central Government recently updated and made adjustments to forms and return formats. As a part of this, changes were made in Form 26AS as well. From AY23-24, Form 26AS on TRACES portal will display only TDS / TCS related data. Other details would be available in the AIS at e-filing portal. However, for data prior to AY23-24, there would be no changes in Form 26AS. A comparison between the old and the new format of 26AS is as follows:

Prior to AY23-24	From AY23-24 onwards
Part I: Details of TDS	Part I: Details of TDS
Part II: Details of TDS for 15G / H	Part II: Details of TDS for 15G / H
Part A2: Details of TDS on Sale of Immovable Property us 194IA / Rent of Property us 194IB / Payment to Resident Contractors & Professionals us 194M (For Seller / Landlord of Property / Payee of resident contractors & professionals)	*Part III: Details of Transactions under Proviso to Section 194B / 1st Proviso to section 194R(1) / Proviso to section 194S(1)
Part B: Details of TCS	Part IV: Details of TDS us 194IA / 194IB / 194M / *194S (For Seller / Landlord of Property / Payee of resident contractors & professionals / *Payee of Virtual Digital Asset)
**Part C: Details of Tax Paid (other than TDS /	Part V: Details of TCS
Part D: Details of Paid Refund	Part VI: Details of Paid Refund (For which source is CPC / TDS. For other details, refer AIS)
**Part E: Details of SFT Transaction	Part VII: Details of TDS us 194IA / 194IB / 194M / *194S (For Buyer / Tenant of Property / Payer of resident contractors & professionals / *Payer of Virtual Digital Asset)
Part F: Details of TDS on Sale of Immovable Property us 194IA / Rent of Property us 194IB / Payment to Resident Contractors & Professionals us 194M (For Buyer/ Tenant of Property / Payer of resident contractors & professionals)	Part VIII: TDS / TCS Defaults (Processing of Statements)
Part G: TDS / TCS Defaults (Processing of Statements)	
**Part H: Details of Turnover as per GSTR-3B	

*Newly added in Form 26AS, **Removed from 26AS

So 26AS has been diluted to displaying only TDS / TCS related information. In comparison with AIS, it is highly preferable for taxpayer to refer Form 26AS for TDS / TCS information over AIS because 26AS, in addition to displaying general deduction / collection details, also displays the status of processing of TDS returns filed by the deductor. In case of default in such TDS returns, 26AS will display the status using the relevant nomenclature in the "Status of Booking" column. Further, whether the default has been corrected through a correction return will be displayed in the "Remarks" column. This makes identification of defaults and tracking its correction easier for taxpayers while reconciling amounts with their accounting books.

AIS only displays the general deduction / collection details. In case of any default in TDS / TCS return filed by deductor / collector, the option to give feedback on the line item against the deductor will be "Inactive". The said line item will be "Active" for giving feedback once the deductor corrects the default. However, for all other data such as SFT Information, Demand and Refund and Other Information, AIS has to be referred while filing ITR.

Feedback Processing on AIS

Is it mandatory to give feedback on AIS?

No. It is not mandatory for taxpayers to give feedback on all line items of data. However, in case any information does not match with the taxpayer's books or does not pertain to him, then it is strongly advised to give feedback against such incorrect or wrong line items before filing ITR. If it is not possible to give feedback before filing ITR, taxpayer must ensure that the same is done after filing ITR but before processing of return. In case no feedback is given against wrong information and the ITR has been filed without considering the same, taxpayer may receive 'e-campaign notice' on the Compliance portal for response.

What is e-campaign?

E-campaign program approaches the taxpayer to provide feedback on information collected from various sources. The e-campaigns can be related to: a) Non-filing of return; b) Certain significant / high-value transactions entered by the taxpayer.

Non-filing of return: A taxpayer who has not filed return of income for a specific assessment year and having potential tax liability and being under obligation to file return of income, is selected under this e-campaign for getting feedback, explanation and responses on queries.

Significant Transactions: Transactions reported to the Income Tax department during a financial year that are considered not in line with the profile of the taxpayer based on pre-defined rules are displayed to the taxpayer for feedback.

High-Value Transactions: Certain transactions of the taxpayer reported in their ITR which have been found to be inconsistent with the information received from the third party for a specified Assessment Year are displayed to the taxpayer for feedback.

How to reply to e-campaign notices?

E-campaign notice can ask for feedback on certain marked line items on AIS. The line items will be marked as "Expected" and are required to be given feedback to. The notice can also ask for further explanations or answers to the line items on the 'e-campaign' tab on Compliance Portal.

E-Verification Scheme, 2021

After the taxpayer has given feedback, the relevant data is analysed by the CIT (e-verification) under the Director General (Systems) of IT Department and is sent to the reporting entity / third person for confirmation. If the data is disputed even by the reporting entity, then the data is subjected to risk management strategy of IT department and high-risk cases are selected under e-verification scheme. Taxpayer will be asked to submit evidence and supporting documents on the Compliance Portal vide notice issued u/s 133(6) of the Act to the taxpayer.

Use of AIS Utility

For Sale of Securities Transaction

AIS Utility is a helpful tool for comparing amounts of sale of securities between taxpayer's books and AIS. Amounts between books and AIS might not match as the details of sale of securities are uploaded by depositories or registered transfer agents.

If in case securities of taxpayer are transferred from one DMAT to another DMAT and are sold subsequently, then the holding period of the securities is displayed as 'Short Term' which is incorrect. Inherently, AIS does not consider the holding period prior to transfer of securities to another DMAT. Also, in AIS, date of transactions are displayed as the date on which the securities are debited from the DMAT account and not the actual date of transaction. Therefore, amounts between books and AIS won't match. However, a comparison can be made keeping a reasonable margin of difference.

In AIS Utility, the said data can be extracted in csv excel format. The Utility allows to enter the Cost of Acquisition / Indexation details. A functionality to download entire sheet compatible as per section 112A is also available. Hence, taxpayer can easily compare and analyse figures using AIS Utility.

For Bulk Feedback

The compliance portal restricts the option to view a particular transaction upto 100 line items. Taxpayer can provide bulk feedback to transactions on AIS using AIS Utility without any restriction.

Conclusion

The burning question is whether AIS will be used for processing returns filed by taxpayers. And the answer to this is unclear. Currently, there are limitations in the data that is being uploaded to the account of a taxpayer like sale of securities, sale of immovable property, etc. Also, Income Tax Department has introduced alternate mechanism for processing differences in returns which are 'E-campaign' and 'E-verification Scheme, 2021'. Hence, we can infer that AIS may not be used for processing ITRs for now. However, taxpayers have to ensure that their returns are in consonance with the AIS and in case of differences, feedback against the same have been given.

Wishing you a happy return filing season!

