

SCV ALERT


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SCV & Co. LLP
Chartered Accountants

New Feedback Functionality in Annual Information Statement (AIS)

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At present, taxpayers are required to undergo the process of furnishing feedback (through the insight portal) regarding transactions listed in the Annual Information Statement (AIS)¹ as at times, the said information may contain inaccuracies or incomplete information. After providing such feedback, there exists no mechanism to ascertain whether the respective reporting entities have addressed this feedback, thereby lacking a monitoring system for this process.

To address this issue and to enhance transparency in the tax filing system, the Central Board of Direct Taxes (CBDT) has introduced a new functionality within the AIS. This latest feature provides the taxpayers with real-time information regarding the feedback given by them on the transactions listed in the AIS.

In the AIS, taxpayers shall now have access to the above functionality allowing them to first provide feedback on the transaction showcased within the statement and thereafter, the status of information confirmation from the various sources (i.e., Tax Deductors/ Collectors and Reporting Entities) shall also be displayed in AIS. Once the taxpayer provides a response for a particular transaction in the AIS, this functionality will indicate whether the feedback has been acted upon by the Source (either partially or fully, by accepting or rejecting it). If the feedback of the taxpayer is partially or fully accepted, the Source is required to correct the information by submitting a correction statement. Accordingly, as per the new functionality, the taxpayers will be able to specifically see the following in their AIS:

- ✚ Whether the feedback is shared with the Source and the date on which it was so shared
- ✚ The date on which the Source has responded on the feedback and the response so provided (i.e., whether any correction is required or not).

SCV's Take Away

This is a welcome move by the CBDT which shall increase transparency between the taxpayers and the department. Allowing taxpayers to provide feedback on the accuracy of their financial transaction data, and then displaying the status of that feedback's confirmation process shall promote ease of compliance and clarity.

With this initiative, it is anticipated that taxpayers will be, to some extent relieved of the numerous current challenges, such as inaccurate reporting of dividend income, misrepresentation of capital gains, the complexities associated with jointly owned investments etc., thus ensuring that the information reported in AIS aligns with the taxpayer's records.

¹ The AIS is a document issued by the Income Tax department, presenting a summary of a taxpayer's financial activities throughout the year. This data is sourced from various entities such as banks, mutual funds, and others.

CONNECT WITH US



Delhi

B-41, Panchsheel Enclave,
New Delhi -110 017
T: +91-11-41749444

Email :
delhi@scvindia.com



Noida

5th Floor (Unit
No. 505)
World Trade Tower,
C -1, Sector- 16,
Noida -201 301Uttar
Pradesh
T: +91-120-4814400

Email :
delhi@scvindia.com



Ludhiana

B-XIX-220,
Rani Jhansi Road, Near SBI
Treasury Branch Ghumar
Mandi,Ludhiana -141 001
Punjab
T: +91-161-2774527

Email :
ludhiana@scvindia.com



Mumbai

Quest Coworks, 5th Floor
Knowledge Park
Mahakali Caves Road,
Chakala Andheri (East),
Mumbai – 400093
Maharashtra
T: +91-22-68620436
M: +91-7738013832

Email :
mumbai@scvindia.com



Bengaluru

Cabin-3, 4th Floor,
IndiQube Octagon, BBMP
Municipal New No. 643,
80 Feet Road,
Koramangala,
Bengaluru-560034
Karnataka
M: +91-9560455202

Email :
bangalore@scvindia.com

Website: www.scvindia.com



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