

Codes for Lower deduction/Non-deduction etc. in TDS Return

written by TeamKV | February 12, 2021

Traces Codes for Lower Deduction/Reason for Non-Deduction/**Higher Deduction/Threshold/Transporter etc. for Form 26Q**

1. Write "A" if "lower deduction" or "no deduction" is on account of a certificate under section 197.
2. Write "B" if no deduction is on account of declaration under section 197A other than the cases mentioned in sub-section (1F) of section 197A.
3. Write "C" if the deduction is on a higher rate on account of non-furnishing of PAN by the deductee/payee.
4. Write "D" if no deduction or lower deduction is on account of payment made to a person or class of person on account of notification issued under sub-section (5) of section 194A.
5. Write "E" if no deduction is on account of payment being made to a person referred to in Board Circular no. 3 of 2002 dated 28th June 2002 or Board Circular no. 11 of 2002 dated 22nd November 2002 or Board Circular no. 18 of 2017 dated 28th May 2017.
6. Write "Y" if no deduction is on account of payment below the threshold limit specified in the Income-tax Act, 1961.
7. Write "T" if no deduction is on account of the deductee/payee being transporter. PAN of deductee/payee is mandatory [section 194C (6)].

8. Write "Z" if no deduction or lower deduction is on account of payment being notified under section 197A (1F).
9. Write "M" if no deduction or lower deduction is on account of notification issued under the second proviso to section 194N.
10. Write "N" if no deduction or lower deduction is on account of payment made to a person referred to in the third proviso to section 194N or on account of notification issued under the fourth proviso to section 194N.
11. Write "O" if no deduction is as per the provisions of sub-section (2A) of section 194LBA.
12. Write "P" if no deduction is on account of payment of dividend made to a business trust referred to in clause (d) of the second proviso to section 194 or in view of any notification issued under clause (e) of the second proviso to section 194.
13. Write "Q" if no deduction in view of payment made to an entity referred to in clause (x) of sub-section (3) of section 194A.
14. Write "S" if no deduction is in view of the provisions of sub-section (5) of section 194Q.
15. Write "U" if the deduction is on a higher rate in view of section 206AB for non-filing of return of income

Traces Codes for Reason for Non-Deduction/Lower Deduction/Grossing-Up/Higher Deduction for Form 27Q

1. Write "A" if "lower deduction" or "no deduction" is on account of a certificate under section 197.
2. Write "C" if grossing up has been done.
3. Write "D" if the deduction is at higher rate under section 206AA on account of non-furnishing of Permanent Account Number or Aadhaar Number or non-linking of PAN

with Aadhaar.

4. Write "E" if no deduction is in view of sub-section (2A) of section 194LBA.
5. Write "M" if no deduction or lower deduction is on account of notification issued under the second proviso to section 194N.
6. Write "N" if no deduction or lower deduction is on account of payment made to a person referred to in the fourth proviso to section 194N or on account of notification issued under the fifth proviso to section 194N.
7. Write "O" if no deduction is in view of clause (a) or (b) of sub-section (1D) of section 197A.
8. Write "H" if no deduction is in view of the proviso to sub-section (1A) of section 196D in respect of an income paid to a specified fund which is exempt under clause (4D) of section 10.
9. Write "I" if no deduction is in view of sub-section (2) of section 196D in respect of income of the nature of capital gains on transfer of securities referred to in section 115AD paid or payable to a Foreign Institutional Investor.
10. Write "J" if the deduction is at a higher rate in view of section 206AB for non-filing of return of income by the non-resident having a permanent establishment in India

Traces Codes for Reason for Non-Deduction/Lower Deduction/Grossing-Up/Higher Deduction for Form 27EQ

1. Write "A" if "lower collection" is on account of a certificate under sub-section (9) of section 206C.
2. Write "B" if "non-collection" is on account of furnishing of declaration under sub-section (1A) of section 206C.

3. Write "C" if a collection is at a higher rate under section 206CC on account of non-furnishing of PAN/Aadhaar by the collectee
4. Write "D" if no collection is on account of the first proviso to sub-section (1G) of section 206C.
5. Write "E" if no collection is on account of the fourth proviso to sub-section (1G) of section 206C.
6. Write "F" if no collection is on account clause (i) or clause (ii) of the fifth proviso to sub-section (1G) or in view of notification issued under clause (ii).
7. Write "G" if no collection is on account of the second proviso to sub-section (1H) of section 206C.
8. Write "H" if no collection is on account of sub-clause (A), or sub-clause (B) or sub-clause (C), or in view of notification issued under sub-clause (C), of clause (a) of the Explanation to sub-section (1H) of section 206C.
9. Write "I" if a collection is at a higher rate in view of section 206CCA.

***Please refer to the Income Tax Notification 28/2023 dated 22nd
MAY 2023.***

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