

HANDLING MISMATCHES IN AIS/TIS

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AIS

Annual Information Statement (AIS):

- It is a comprehensive view of information for a taxpayer displayed in Form 26AS.
- Taxpayer can provide feedback on information displayed in AIS.
- Launched by IT Department in November 2021.

Annual Information Statement (AIS)

- It informs a taxpayer about information that the income tax department has received from various financial entities during the financial year.
- It shows both reported value and modified value (i.e. value after considering taxpayer feedback)
- AIS also covers TDS/TCS transactions, SFT, Taxes paid and refunded.

TIS

Taxpayer Information Summary (TIS)

- TIS summarizes the tax information available with the Income Tax Department for a particular taxpayer.
- TIS includes details of the taxpayer's tax returns filed, taxes paid, refunds received, and other relevant information.
- It is essential for taxpayers to review their TIS statement to verify the information and reconcile it with their own records.

FROM 26AS

- It is a consolidated tax statement.
- It contains details of TDS & TCS
- It also includes high-value transactions, and other relevant information.
- It can be accessed online through the income tax department's website or through the taxpayer's account on the Income Tax e-filing portal.

DIFFERENCE BETWEEN AIS, TIS AND FORM 26AS

Form 26AS	AIS	TIS
Currently, Form 26AS primarily displays details of property purchases, high-value investments, and TDS/TCS transactions carried out during the financial year	Annual Information Statement (AIS) is a much more detailed statement. It includes savings account interest, purchase and sale of transactions of securities/immovable properties, foreign remittances, interest on deposits, etc. All the information is available in aggregate form as well as individual transaction wise. AIS covers TDS/TCS transactions, SFT information, payment of taxes, demand or refund, and other information.	Taxpayer's Information Summary (TIS) provides information regarding a taxpayer's Income, Sale of Shares, Land and Building, etc., Purchase of Shares, Land and Building, Time deposits, etc., Returns filed, Taxes paid & Refunds issued.

AIS CONTAINING INFORMATION

- Salary.
- Rent Received.
- Dividends.
- Interest from savings bank.
- Interest from deposit.
- Interest from others.
- Interest from income tax refund.
- Rent on Plant & Machinery.
- Winnings from lottery or crossword puzzle.

AIS CONTAINING INFORMATION

- Winnings from horse race.
- Receipt of accumulated balance of PF from employer u/s 111.
- Interest from infrastructure debt fund.
- Interest from specified company by a non-resident u/s 115A(1)(a) (ii aa).
- Interest on bonds and government securities.
- Income in respect of units of non-resident u/s 115A(1)(a)(ii ab).
- Income and long-term capital gain from units by an offshore fund u/s 115AB(1)(b).

AIS CONTAINING INFORMATION

- Income and long-term capital gain from foreign currency bonds or shares of Indian companies u/s 115AC.
- Income of foreign institutional investors from securities u/s 115AD(1)(i).
- Insurance commission
- Receipts from life insurance policy.
- Withdrawal of deposits under national savings scheme.
- Receipt of commission etc. on sale of lottery tickets.
- Income from investment in securitization trust.

AIS CONTAINING INFORMATION

- Income on account of repurchase of units by MF/UTI.
- Interest or dividend or other sums payable to government.
- Payment to non-resident sportsmen or sports association u/s 115BBA.
- Sale of land or Building .
- Receipt from transfer of immovable property.
- Sale of Vehicle.
- Sale of Security.
- Off market debit transactions.
- Off market credit transaction.

AIS CONTAINING INFORMATION

- Business receipt.
- Rent Payments.
- Business expenses.
- Miscellaneous payments.
- Cash Deposit.
- Cash Payments.
- Outward foreign remittance/purchase of foreign currency.

AIS CONTAINING INFORMATION

- Cash withdrawals.
- Receipt of foreign remittance.
- Foreign travel.
- Purchase of immovable property.
- Purchase of Vehicle.
- Purchase of time deposit.
- Purchases of securities and units of mutual fund.

AIS CONTAINING INFORMATION

- Credit/Debit Card.
- Balance in account.
- Income distributed by business trust.
- Income distributed by investment fund.

CHECK AIS/TIS NOW IN “AIS FOR TAXPAYERS” APP BY INCOME TAX DEPT

- ❖ Launched by the I. T Department to enable taxpayers to access their AIS
- ❖ A comprehensive view of the AIS, which includes TDS/TCS data, advance tax, and self-assessment tax details, and now refund information as well.
- ❖ This free mobile solution provides taxpayers with easy access to various information about their tax status. The latest update to Form 26AS has been included in the app to provide taxpayers with all the necessary information at their fingertips.
- ❖ It is simple to use for the convenience of taxpayers of all classes and age.
- ❖ Download AIS- Taxpayers can download AIS information, provided feedback, consolidated feedback in PDF format.

INCOME TAX PORTAL UPDATE: KNOW THE NEW FUNCTIONALITIES ADDED TO AIS MODULE

- ❖ AIS utility with modify feedback functionality enabled – To facilitate taxpayers to modify earlier feedback through the utility.
- ❖ AIS homepage on Compliance portal provides a bird's eye view of all the functionalities available on the Compliance portal – increased convenience for users.

INCOME TAX PORTAL UPDATE: KNOW THE NEW FUNCTIONALITIES ADDED TO AIS MODULE

- ❖ PAN- Aadhaar linking status display on AIS portal. Status is displayed in the information' icon provided besides PAN number – ease of compliance
- ❖ Information Confirmation Functionality – To share taxpayers feedback on information gathered with information source and to take confirmation on taxpayers feedback/response.

INCORRECT SHARE TRANSACTION REPORTED IN AIS

- ❖ While Taxpayers checked their AIS, they found that the amount of sale price unit mentioned in the AIS, for many shares was incorrect as they have either multiplied the price by unit to 100 or either mentioned the total sale price as sale price per unit.
- ❖ Concerns about Displayed Financial Transactions in AIS

INCORRECT SHARE TRANSACTION REPORTED IN AIS

- ❖ This assurance underscores the department's commitment to transparency and its proactive approach to address queries or doubts that taxpayers may have regarding the authenticity of the information presented in their financial statements.
- ❖ The Income Tax Department has taken several progressive steps to encourage voluntary tax compliance and facilitate a transparent and non-intrusive tax administration. One such major initiative is the e-Verification Scheme, 2021 (the "Scheme") which was notified on 13th December, 2021.

INCORRECT SHARE TRANSACTION REPORTED IN

AIS

The department stated that “Check financial transactions available in AIS tab of your income tax account at www.incometax.gov.in If you disagree, raise an objection. We will check with the Source.

- ❖ If the mismatch of information with the ITR continues, notice under the e-Verification Scheme may be issued.
- ❖ All proceedings are conducted electronically under e-Verification Scheme, 2021.
- ❖ In such cases, return of income can be updated under Section 139(8A) of the IT Act, 1961 subject to eligibility.
- ❖ Response to the notice issued under e-verification may help in closure of the matter.

INCORRECT SHARE TRANSACTION REPORTED IN AIS

Introduction:

- The Income tax department began sending unusual kind of message on 24 and 25 of February 2024
- The department had identified certain mismatches between information received from third parties on interest and dividend income and the Income Tax Return filed by taxpayers.
- It stated that in many cases the taxpayers had not even submitted their ITRs.

NOTICES FROM INCOME TAX

What does the notice mean:

- It means there are certain transactions entered by taxpayers,
- The information of which is available with Income Tax Department but same has not been shown in Income Tax Return filed by taxpayer.
- The department is therefore requesting to either provide appropriate explanation or file Updated Return to reconcile the same.

GETTING NOTICE

Common Reasons for getting notices:

There can be many possible reasons but the most common reason is

- You have not shown interest income in ITR filed.
- You have shown interest income but the same is shown under some other head of income. Normally interest on deposit is shown under the head Income from Other Sources but you have shown under the head Profit and Loss Account in Audited Balance sheet because the FDR may belong the business.

e-Campaign

Mismatch e-Campaign:

- Via this campaign the Income Tax Department reaches out to the taxpayers when there is a mismatch between the details of income reflecting on AIS / TIS and the income reported by in the income tax return.
- It is like preliminary verification process conducted online and allowing taxpayers the opportunity to respond to it without the issuance of a formal Income Tax notice.
- The main objective of the department is to minimise the gap between information displayed in AIS and ITR.

The value Reported in AIS is incorrect

How to find error in AIS:

- Responding to this discrepancy identified by the department, first you should verify the figures that has been reported in AIS is correct or not.
- In case, the figures reported in the AIS is not correct, first respond to the transaction appearing in the AIS selecting tab of information is not correct along with the reasons as provided in the drop down button.
- Once you submit the response in the AIS, the data in the mismatch report will automatically get updated and even after that if the updated data is not matching with the data reported in ITR, then you have to following steps:

Response to the Mismatch Campaign

Steps for submitting Response to the Mismatch Campaign:

- Login to the income tax portal;
- Select the compliance portal tab under Pending Actions;
- Navigate to e-Verification tab;
- Click on relevant Assessment Year under ‘List of Mismatch Campaign Generated’;
- Click on the row displayed under e-Verification list view, where response is to be provided;

Response to the Mismatch Campaign

Steps for submitting Response to the Mismatch Campaign (contd)

- Click on the “Pending” button on the expanded view for the relevant information category;

- a. In case where you have already reported the income under ITR under Schedule EI or Schedule BP etc.

- provide the explanation by clicking on the “Provide Explanation, if required”.

- Upon providing the explanation the difference value will get updated automatically after that check the declaration box and click on submit button.

Response to the Mismatch Campaign

Steps for submitting Response to the Mismatch Campaign(contd)

b. In case of actual mismatch, you need to enter the expected date of filing an updated return u/s 139(9A) and after that check the declaration and then submit it.

- Acknowledgement receipt for the submitted response can be downloaded from ‘Activity History’ section.

Submitting the Response

After Submitting the Response:

- In case of valid mismatch, you are expected to furnish an updated return of income under section 139(8A) for the difference value before the expected date you entered while submitting the response to avoid any future complications.

Reconciliation of Mismatch

Mismatch Summary:

- It is observed that there is some mismatch/discrepancy in the transaction amount shown in Income Tax Return (ITR) filed by you and information available with the Income Tax Department.
- The feedback as provided by the Tax Payer in AIS has been considered and the Accepted by Taxpayer (B) has been updated accordingly.
- Provide explanation/reconciliation for the mismatch identified.

FILE RECONCILIATION FOR MISMATCH

Particulars	Meaning	Action Required	Values
(A) Processed by System	Processed by System refers to value generated after deduplication of information available from different sources for a given information category. For ex: Interest from Saving Bank A/c is reported in TDS as well as in SFT, however in value Processed by System it is considered only once after application of deduplication rules.		XXXXXX

FILE RECONCILIATION FOR MISMATCH

Particulars	Meaning	Action Required	Values
(B) Accepted by Taxpayer	Accepted by Taxpayer is the value which is updated after considering the feedback if any provided by you in AIS. In case the feedback is not provided in AIS, then the value Processed by System & value accepted by taxpayer will be the same	Provide Feedback if required Feedback can be furnished when taxpayer disagree with the value Processed by System. If feedback is provided, the same shall be taken up with the source of the information for confirmation.	XXXXXX

FILE RECONCILIATION FOR MISMATCH

Particulars	Meaning	Action Required	Values
(C) ITR Value	ITR value means the amount declared in ITR for the Information category. In cases where ITR is not filed, this value will be equal to zero.		XXXXXX

FILE RECONCILIATION FOR MISMATCH

Particulars	Meaning	Action Required	Values
(D)Difference/Mismatch	Difference represents the difference between the Accepted by Taxpayer as available in TIS and the value declared in ITR. In case where the ITR is not filed, then the difference value shall be equal to Value Accepted by Taxpayer.		XXXXXX

FILE RECONCILIATION FOR MISMATCH

Particulars	Meaning	Action Required	Values
(E) Explanation for difference	You can provide explanation by selecting the relevant option(s) to reconcile the difference between Accepted by Taxpayer & ITR Value	Provide Feedback if required Feedback can be furnished when taxpayer disagree with the value Processed by System. If feedback is provided, the same shall be taken up with the source of the information for confirmation.	XXXXXX

FILE RECONCILIATION FOR MISMATCH

Particulars	Meaning	Action Required	Values
(F) Difference value for which updated ITR under section 139(8A) of the IT Act, 1961 need to be filed to avoid multiple compliances, if eligible	The amount of difference which remains unexplained after providing the feedback in AIS and explanation at point-E above will be reflected here and for which an updated ITR u/s 139(8A) will be expected.		XXXXXX

Submit Response for Reconciliation

Steps for submitting Responses to the Reconciliation:

- Following are the response options available for you to reconcile the difference shown above.
 - Provide Feedback in AIS
 - Provide Explanation.
- Submit the updated ITR under section 139(8A) of the IT Act, 1961, if eligible.

Submit Response for Reconciliation

Steps for submitting Responses to the Reconciliation:

- Feedback in AIS can be provided by clicking on the “Provide feedback, if required” hyperlink provided against the “(B) Accepted by Taxpayer”. Once the feedback is provided in AIS the Value Accepted by Taxpayer and the difference value will get updated automatically.
- Explanation can be provided by clicking on the “Provide Explanation, if required” hyperlink provided against the “(E) Explanation for difference”. Upon providing the explanation the difference value will get updated automatically.

Submit Response for Reconciliation

Steps for submitting Responses to the Reconciliation:

- In case the response is submitted with some values against “(F) Difference value for which updated ITR under section 139(8A) of the IT Act, 1961 need to be filed to avoid multiple compliances, if eligible”, then you are expected to furnish an updated return of income under section 139(8A) for the difference value.

If the transaction has already been shown in Return, then enter explanation for difference. If you have not shown income under any head then you have to file Updated Return. Provide expected date of filing Updated Return and click on Submit Button to submit response.

PROPERTY BUYER MAY END UP PAYING 19% TDS OUT OF HIS OWN POCKET FOR THIS PAN RELATED ISSUE

- Every buyer of property worth Rs 50 lakh and above needs to deduct TDS typically at 1% of property value before making payment to any seller. However, there is an exception to this rule which may require you to deduct higher tax deducted at source (TDS) and it is linked to the status of the PAN of the seller.
- Before buying property, you need to check the status of PAN-Aadhaar linkage of the property seller. This needs to be checked both at the time of paying token money and at the time of making the final payment for the property.

EXAMPLE

□ "In one of cases, the seller of the property was a senior citizen, and he was not aware that his PAN was inoperative. The buyer paid token money and deducted 1% TDS without checking the seller's PAN status. Nonetheless, the Income Tax Department issued notice to the buyer for short deduction of TDS (20% for inoperative PAN less 1% deduction actually deducted) along with interest @1% per month for short deduction of TDS on token money. Although the seller made his PAN operative again by linking it with his Aadhaar and paying the fee, this happened after the token money date. So, when the buyer paid the token money and deducted TDS and filed Form 26QB, the date of transaction was recorded as the date when the token money was paid. And on this date the PAN of the seller was inoperative,"

EXAMPLE

❑ The lesson property buyers must learn from this incident. He says, "Even at the time of payment of token money, the buyer should check if the PAN of the seller is active. The seller claimed to not have information about his PAN's inoperative status, and our firm came to know about this at the time of registration of the property, hence we made him pay the applicable fee and link his PAN with Aadhaar, however by that time, the damage was already done."

WOMAN GETS 6-MONTH JAIL FOR NOT FILING ITR

- A woman in Delhi was sentenced to six months in jail for failing to file a tax return on an income of Rs.2 crore. The decision came after a complaint from the Income Tax Office (ITO), which claimed that Rs. 2 lakh was deducted as TDS (tax deducted at source) from the receipt of Rs 2 crore received by the accused during the fiscal year 2013-14, according to a Times of India news report. Despite this, no income tax return was filed by the accused for the assessment year 2014–15.

WOMAN GETS 6-MONTH JAIL FOR NOT FILING ITR

- The court of additional chief metropolitan magistrate Mayank Mittal sentenced the woman, Savitri, after hearing submissions and considering the facts of the case, as per the Time of India news report. “The convict is awarded a sentence of simple imprisonment for six months with a fine of Rs 5,000 in default to undergo simple imprisonment for one month,” the judge said in the order dated March 4. However, the court granted her 30 days’ bail to challenge the order after considering her application.

WHO HAS TO FILE INCOME TAX RETURN MANDATORILY

- The government requires people to file income tax returns (ITRs) to get information about their income and to check if tax on the income earned has been correctly paid. The last date to file ITR is July 31 of the relevant financial year (unless extended). There are certain instances where ITR filing is mandatory for individual taxpayers. The income tax laws mandate the situations in which ITR must be filed mandatorily. ITR filing is mandatory if gross total income of an individual taxpayer exceeds the basic exemption limit. If an individual opts for the new, concessional income tax regime for FY 2022-23 (AY 2023-24), then the basic exemption limit will be Rs 2.5 lakh, irrespective of the age of the individual taxpayer. Senior citizens and super senior citizens do not get any benefit of higher exemption limit. On the other hand, if an individual continues with the old, existing income tax regime, then the basic exemption limit will depend on the individual's age.

The background is a dark purple gradient. On the right side, there are several technical diagrams. One is a large circular gauge with a scale from 80 to 210 and a needle pointing to approximately 190. Another is a smaller circular diagram with concentric circles and arrows. There are also some faint, larger-scale circular patterns in the upper left and lower left corners.

THANK YOU

ANY QUESTIONS ?