



Case Study - TDS Compliance (Quarterly 24Q/26Q/27EQ) Work Outsource

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History Of The Case

The company had many Tax Defaults (TDS) in previous 10 years with demands exceeding Rs.10 CR. The department was sending regular notices for asking the company to either file correction returns or deposit the pending demands.

There was an In-house team which was being paid high salary to manage TDS compliance, but without much success. The In-house team was unable to file any such correction returns due to sheer ***volume of records*** and ***continuous changes in TDS utility*** of Income Tax Department. In order to understand the changes in utility and compliance there was a ***need for regular liasoning*** with the department officials and ***expertise*** for filing different kind of correction return.

The Challenges

There were different challenges faced by the organization in getting this mess sorted out. Some of the major challenges were:

Risk of personal dependency of staff:

Assigning Tax Compliance work to an In-house resource have its own pros and cons, but the major drawback is that the work starts depending on an individual and the organization's dependency on an individual becomes a negative even if the person is highly efficient and capable.

Data Security:

Organization's tax data are very sensitive. Every organization follows to secure such data within the organization without exposing the data to an outside organization/person, therefore the handling of the tax data should not be left in the hands of individuals.

Data Volume:

As the organisation grows the employees' data volume also grows manifold, it is therefore very important that the software used for tax compliance is capable enough to handle extra large volume of data to ensure scalability.

Professional liasoning with ITD:

Dealing with ITD is very tricky in many ways. In our experience the officials in the ITD tend to respect and listen to experts and not to the newbies. It is therefore important the liasoning with ITD is done by the experts having 100% confidence with dealing with high ranking ITD officials.

Tax Expertise:

While dealing with Tax matter, we have learnt that unless you are a seasoned expert in tax matters, we cannot put our case on a strong footing before the ITD. There has to be a very strong Tax expertise while dealing with complicated tax scenarios and technicalities involved in the interpretations of the provisions of the tax laws.

The Risk

For any reason, if this messy situation was allowed to continue, it would have been a major disaster in terms of the following consequences:

Payment As Per Demands:

Dragging these pending cases would have resulted in demands being upheld at various stages and the company would have no option but to pay as per the Demand Notices.

Continuity of A Faulty Way Of Handling Tax Matters:

Inefficiency breeds inefficiency. The way these procedures were handled by the In-house team, which resulted in piling-up of these past cases spanning a long period of 10 years shows that if it was allowed to continue, even after paying the pending demands the future cases were bound to be similar.

A Risk Of Being Labelled As A Non-compliant Company:

The public scrutiny of any Public company turns to be very harsh if the economic world comes to know that such irregularities are common in cases of Tax Matters. Therefore, the things needed to be handled very urgently and sensibly so that the public image and goodwill were not compromised at any cost.

Our Approach

Our approach was very straight forward: Holding the bull by the horn.

Deployed A Team Of Tax Experts:

For the cancellation of demand we immediately deployed our tax experts to identify the nature of demand by submitting the request of Justification Report.

Root Cause Analysis:

After getting the Justification Report our team checked the main reasons of defaults and ask the required requested data to rectify the demands.

Filing Rectification:

Once our team had the requested data/information from the company we filed the rectification in each of the cases. It was a our Tax Experts job to make sure that the rectifications were as per the provisions of the TDS rules and share the final amount if pending for deposit to nullify the demand.

Getting The Tax Demands Nullified:

With the Initial Tax Demands exceeding Rs.10cr, we were able to get it reduced to just Rs.6-7lacs and we have charged only 4 lacs as our professional fee.

Conclusions & Results

After getting the tax demands nullified the company decided to outsource its regular return filing work to us, not just because we showed our capability and capacity as a Tax Experts Team but many other reasons such as:

Built-in Validation:

Taxspanner software have inbuilt process to check the invalid pan with the traces as we have directly link with traces.

Challans Matching:

Our software also pulls the challan from the oltas and matches it with the return data if it finds any mismatch it shows error to rectify before filing, hence avoiding future notices on account of data mismatch.

High Volume of Employees Tax Data:

Earlier company is using software of desktop version and that was not handling the volume of data. Now we are taking care of employee strength of 1.70 lacs.

System Integration with our Software:

We are also verifying the data of 24q extracted from the SAP with the salary register/NPS perquisites and if any variances found informed to vendor to check and share the correct data to us for filing of correct return.

Value Addition:

We not only displayed our strength in terms of Tax Expertise, Specialized Tax Compliance Software and Strong Liaisoning Skills with ITD, but also gave immense Value Additions like:

1. Automatic Submission:

After filing the TDS returns successfully we also submit the form 16 /16A request on traces;

2. Digitally Signed Returns:

Once form 16 request available we have generated /converted form 16/16A with the traces utility with digitally signature;

3. Script for Form-16/16A Issuance:

For compliance we also issue form 16 /form 16A to the employees on their email id by a script;

4. Hyperlink in Form-16/16A to Facilitate direct E-filing:

We also create hyperlink of form 16 to upload the form 16 to file hassle free return with TaxSpanner and its support system;

5. Proximity & Strong Goodwill with ITD:

We have been dealing with ITD's TDS/CPC at their Vaishali Office since very long, TaxSpanner has build a strong goodwill as an Tax Compliance Service provider. We have earned this goodwill with our professional approach to our work and being on the right side of the law. Additionally since we are operate out of Delhi NCR, and TDS/CPC is also in Vaishali (Ghaziabad) which is quite helpful to liasioning with the department and we have healthy relation with the department.