

Preface

1. ***Author*** has felt when he ***qualified*** as Chartered Accountant (CA) in Year 1985 that ***legal provisions' interpretations*** are ***big challenge*** for legal professionals, govts' officials and public at large ***in India and outside India***.
 2. ***Author*** has ***realized*** that ***something*** should ***be developed to resolve this challenge*** in India and outside India.
 3. ***Author*** has ***started compiling*** Frequently Asked Questions (FAQs) on many subjects where his 100% ***answers are precisely based on Yes or No i.e. white or black nothing is grey***
 4. ***Author*** has ***compiled approximately 150 +(plus) research papers / books with 25 thousand + (plus) pages*** on many prevailing subjects / acts in India and outside India.
 5. ***Author's 1st paper book*** is now ***being published*** under head FAQs on Enforcement Directorate (ED) ***where 571 FAQs are replied*** based on Yes or No i.e. white or black nothing is grey
 6. This ***book*** is also ***containing***
 - (i) Foreign Exchange Management Act (***FEMA***) 1999 and rules / regulations
 - (ii) Prevention of Money Laundering Act (***PMLA***) 2002 and rules / regulations
 - (iii) Fugitive Economic Offenders Act (***FEOA***) 2018 and rules / regulations
 7. This ***book*** is ***published with Sai Kripa and dedicated*** to my father (late) ***Mr. M.R. Agarwal***, Mother ***Mrs. R.D. Agarwal***, wife ***Mrs. Snigdha Agarwal***, daughter ***Ms. Soumya Agarwal***, daughter ***Ms. Sanya Agarwal*** and dedicated team headed by ***Rajat Kumar***
- ***I trust that you will be enriched by reading this book***

With best wishes,
CA. Satish Agarwal
B. Com (Hons.) FCA

satishagarwal307@yahoo.com
+91-9811081957
www.femainindia.com

Author's Profile

Mr. Satish Agarwal (FCA) is heading M/s Satish S Agarwal & Co. Chartered Accountants since 1985 with a team of dynamic young professionals serving clients from various business sectors including public listed companies and government undertakings. Firm was also registered with PCAOB (USA) for undertaking audits and other work of US GAAP.

He is regularly advising on several matters to Institute of Chartered Accountant of India (ICAI) and also to Ministry of Commerce (MoC) for Foreign Trade Agreements (FTAs) and World Trade Organization (WTO) for securing India's best interests.

He is continuously advising on Foreign Investments (FIs) in India and also on Overseas Direct Investments (ODIs) outside India.

He is known for his expertise in incorporating companies in most of countries across the world.

He has written around 150 +(plus) Research papers / books containing 25 thousand +(plus) pages available "freely" on certain portals like:

https://taxguru.in/author/satishagarwal307_1957

Or

www.femainindia.com

Few out of abovementioned Research papers / books are as under:

- 1. Book on Enforcement Directorate (ED) in India- (Book with 617 pages)***
- 2. Director of Revenue Intelligence (DRI) in India***
- 3. Central Bureau of Investigation (CBI) in India***
- 4. National Investigation Agency (NIA) in India***
- 5. Serious Fraud Investigation Office (SFIO) in India***
- 6. Financial Intelligence Unit (FIU-IND) in India***
- 7. Central Vigilance Commission (CVC) in India***
- 8. Narcotics Control Bureau (NCB) in India***
- 9. Research & Analysis Wing (R&AW) in India***
- 10. Economic Offence Wing (EOW) in India***
- 11. Intelligence Bureau (IB) in India***
- 12. Director General of Income Tax Criminal Investigation (DGITCI) in India***
- 13. National Company Law Tribunal (NCLT) in India***
- 14. Security Exchange Board of India (SEBI) in India***
- 15. Prevention of Corruption (PC) Act, 1988 in India***

16. *Foreign Assets Investigation Unit (FAIU) in India*
17. *Book on International Financial Services Center (IFSC) in India (Book with 290 pages)*
18. *Replacement of Indian Penal Code (IPC) Criminal Procedure (CP) & Evidence Act (EA) in India*
19. *Undisclosed Foreign Income & Asset (UFIA)-Black Money Act, 2015*
20. *Statutory provisions for General Anti Avoidance Rule (GAAR) in India*
21. *Reserve Bank of India (RBI) Act, 1934*
22. *Foreign Exchange Management Act (FEMA) 1999 in India*
23. *Benami Transactions (Prohibition) Amendment Act, 2016 in India*
24. *Advance Pricing Agreements (APAs) in India*
25. *Annual Performance Report (APR) for Investments outside India*
26. *Foreign Trade Agreements (FTAs) executed by India*
27. *Statutory Obligations for Companies Operating in India*
28. *Significant Beneficial Owners (SBO) in India*
29. *Significant Economic Presence (SEP) in India*
30. *Place of Effective Management (POEM) in India*
31. *Liberalized Remittance Scheme (LRS) for residents of India*
32. *Foreign Liability and Asset (FLA) return in India*
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36. *Corporate Frauds (CFs) in India*
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44. *Annual Information Statement (AIS) in India*
45. *Investments by Non-Residents (NRIs) in India*
46. *Guidance for Doing Business in United States of America (USA)*
47. *Corporate Tax (CT) Law in UAE*
48. *Acquisition & Transfer for Immovable Properties by Non-Residents (NRs) in India*
49. *Foreign Company's Registration in India*
50. *Auditor Checks and Reporting for Indian Companies in India*
51. *Companies Auditor Report Order (CARO) 2020 in India*
52. *Tax Audit Report (TAR) + Accounting Standard (ASs) in India*
53. *World Trade Organisation (WTO) & Benefits for India*
54. *Deposits by Corporate in India*
55. *Expatriates + Foreign Citizens in India*
56. *Book on Foreign Investments (FIs) by Non-Residents of India (Non-RoI) (Book with 346 pages)*



Annual Information Statement (AIS) System in India

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Annual Information Statement (AIS) System in India

(A) Introduction on AIS System

- (i) Now CBDT has introduced **new AIS system** by replacing of **existing 26AS** statement commencing from year ending **March 31, 2021** and onward
- (ii) Existing **26AS** statement is continuing in operation till new AIS system is **100%** in operation.
- (iii) New AIS system will provide the **comprehensive information's** relating to **50** and more financial transactions year wise as significantly useful at the time of preparing the Income tax return by the taxpayer
- (iv) New AIS system will provide the information's **after removing duplicate** and wrong information's.
- (v) The taxpayers can download such information's in **PDF, JSON, CSV formats**.
- (vi) The taxpayer is permitted to **submit online feedback** where the information's are erroneous or refers to another person or year or is duplicate.
- (vii) **Role of CBDT**
 - (a) CBDT is monitoring AIS through Computerized Processing Centre (CPC) as existed at Bangalore.
 - (b) CBDT is collecting information's from Statement of Financial Transactions SFT- **61A** and quarterly and monthly TDS returns.



(B) List of financial transactions and source of information's for AIS

1. Under the head Salaries (Section 15 to 17)

- (i) Through deductors (employer) of TDS those are required to provide breakup of all payments made to the deductees (employee) under head salaries, perquisites, profits in lieu of salary etc. in Part B (Annexure) of Form 16 and to issue form no. 16 quarterly to the deductees (employees) from the TRACE.
- (ii) Through deductors (employers) of TDS those are also required to file Annexure II of the TDS statement (return) 24Q quarterly along with the last quarter statement as on March 31st every year with the TRACE

2. Under the head Income from House Property (Section 22 to 27)

- (i) Through deductors (Tenants) those are required to deduct TDS against the payments to deductees (landlords) where tenants are making payments under the head rent on house property exceeding Rs. 5 lac in a financial year.
- (ii) Through tenants (Individuals/HUFs) those are required to file quarterly return in Form 26Q with the TRACE against the income from house property.
- (iii) Through deductors those are also required to issue Form no. 16A quarterly from the TRACE to the deductees against the TDS deducted and deposited.

● Under the head Income from Other Sources (Section 56 to 59)

3. Under the head Dividends

- (i) Through dividend paying corporates (deductors) those are required to file a form SFT – 61A quarterly with the CPC Bangalore against the distribution of dividend to the shareholders.
- (ii) Through deductors those are required to file a quarterly return in Form no. 26Q with the TRACE against the distribution of dividend to the shareholders



(iii) Through deductors those are also required to issue Form no. **16A** quarterly from the TRACE to the deductees against the TDS deducted and deposited.

4. Under the head Interest on saving bank accounts

(i) Through Interest paying banks and post offices (deductor) those are required to file a Form SFT-**61A** **quarterly** with the CPC Bangalore.

(ii) Deductors are **not required** to file quarterly return of TDS as deductors are not required for TDS under the head Interest on saving bank accounts.

5. Under the head Interest on term deposits/fixed deposits with banks

(i) Through Interest paying banks (deductor) those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against Interest on saving bank accounts

(ii) Through deductors those are also required to issue Form no. **16A** quarterly from the TRACE to the deductees against TDS deducted and deposited.

6. Under the head Interest with non banks (others)

(i) Through interest paying non banks/others (deductor) those are required to file a Form SFT-**61A** **quarterly** with the CPC, Bangalore.

(ii) Through deductors those are required to file a quarterly return in Form no. **26Q** with the **TRACE** against interest with non banks.

(iii) Through deductors those are also required to issue Form no. **16A** quarterly from the TRACE to the deductees against the TDS deducted and deposited.



7. Interest from income tax refund

- (i) CPC is providing details of interest paid or Income tax refund in a financial year which is taxable under the head Income from other sources.
- (ii) Hence SFT-61A and TDS return is **not required** to be filed separately by the CPC.

8. Rent on plant and machinery

- (i) Through tenants (deductors) those are also required to file a **quarterly** return in Form no. 26Q with the **TRACE** against rent on plant and machinery.
- (ii) Through deductors those are also required to issue Form no. 16A quarterly from the TRACE to the deductees against TDS deducted and deposited.

9. Winnings from lottery or crossword puzzle

- (i) Through deductors those are required to file a **quarterly** return in Form no. 26Q with the **TRACE** against winning from lottery or crossword puzzle.
- (ii) Through deductors those are also required to issue Form no. 16A quarterly from the TRACE to the deductees against TDS deducted and deposited.

10. Winnings from horse race

- (i) Through deductors those are also required to file a **quarterly** return in Form no. 26Q with the **TRACE** against payments for winnings from horse race.
- (ii) Through deductors those are also required to issue Form no. 16A quarterly from the TRACE to the deductees against TDS deducted and deposited.

11. Receipt of accumulated balance of PF from employer - Section 111

- (i) Through deductors those are required to file a **quarterly** return in Form no. 26Q with the **TRACE** against receipt of accumulated balance of PF from employer



- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the TRACE quarterly to the deductees against TDS deducted and deposited.

12. Interest from infrastructure debt fund

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against Interest from Infrastructure debt fund
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the TRACE to the deductees against TDS deducted and deposited.

13. Interest from specified company by a non-resident - Section 115A(1)(a)(iiaa)

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against interest from specified company by a non-resident.
- (ii) Through deductor those are also required to issue Form no. **16A** quarterly from the TRACE to the deductees against TDS deducted and deposited.

14. Interest on bonds and government securities

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against interest on bonds and government securities.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the TRACE to the deductees against TDS deducted and deposited.

15. Income in respect of units of non-resident - Section 115A(1)(a)(iiab)

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against income in respect of units of non-resident.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the TRACE to the deductees against TDS deducted and deposited.



16. Income and long-term capital gain from units by an offshore fund - Section 115AB(1)(b)

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against income and long-term capital gain from units by an offshore fund.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited

17. Income and long-term capital gain from foreign currency bonds or shares of Indian companies - Section 115AC

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against income and long-term capital gain from foreign currency bonds or shares of Indian companies
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.

18. Income of foreign institutional investors from securities - Section 115AD(1)(i)

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against Income of foreign institutional investors from securities.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.

19. Insurance commission

- (i) Through deductors those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against insurance commission.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.



20. Receipts from life insurance policy – Section 194DA

- (i) Through deductors those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against receipts from life insurance policy.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.
- (iii) However most of life insurance policies are **exempted** under section **10 (10D)** subject to satisfactions of certain conditions. Hence **no TDS** is required to be deducted by insurance company where certain conditions of section **10(10D)** are satisfied.

21. Withdrawal of deposits under national savings scheme

- (i) Through deductors those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against withdrawal of deposits under national savings scheme.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.

22. Receipt of commission etc. on sale of lottery tickets- Section 194G

- (i) Through deductors those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against receipt of commission etc. on sale of lottery tickets
- (ii) Through deductors are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.



23. Income from investment in securitization trust

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against income from investment in securitization trust.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.

24. Income on account of repurchase of units by MF/UTI – Section 194F

- (i) Through deductors those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against income on account of repurchase of units by MF/UTI.
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.

25. Interest or dividend or other sums payable to government

- (i) Through deductors those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against Interest or dividend or other sums payable to government
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.



● **Under the head miscellaneous financial transactions**

26. Payment to non-resident sportsmen or sports association - Section 115BBA

- (i) Through deductors those are required to file a **quarterly** return in Form no. **27Q** with the **TRACE** against payment to non-resident sportsmen or sports association
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.

27. Sale of land or building

- (i) Through deductors those are required to file a return in Form no. **26QB** with the **TRACE** where sales considerations is exceeding Rs. **50** lacs
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees against TDS deducted and deposited.
- (iii) Through registrars those are required to file **SFT-61A** quarterly with the **CPC, Bangalore** for sales considerations of all immovable property transferred by him.
- (iv) Through registrars those are also required to file **SFT-61** quarterly with the **CPC, Bangalore** where **PAN is not provided** by the seller and buyer (both).

28. Receipts from transfer of immovable property

- (i) Through deductors those are required to file **one time TDS return** in Form no. **26QB** with the **TRACE** against receipts from transfer of immovable property.
- (ii) Through deductors those are also required to issue Form no. **16B** one time from the **TRACE** to the deductees against TDS deducted and deposited.



29. *Sale of vehicle*

- Through regional Transport Offices (RTO) those required to file SFT-61 quarterly with the CPC, Bangalore where PAN are not furnished by seller and buyer (both).

30. *Sale of securities and units of mutual fund*

- (i) Through depositories like NSDL and CDSL those are required to file a Form SFT-61A quarterly with the CPC, Bangalore against the **estimated sales considerations** against the debit transactions.
- (ii) Tax payers are **permitted to modify** the estimated sales considerations as reported by depository **before filling of his Income tax return**.

31. *Off market debit transactions*

- (i) Through depositories like NSDL and CDSL those are required to file a Form SFT-61A quarterly with the CPC, Bangalore against the **estimated sales considerations** relating to debit **off market transactions**.
- (ii) Tax payers are **permitted to modify** the estimated sales considerations relating to debit **off market transactions** as reported by depository **before filling of his Income tax return**.

32. *Off market credit transactions*

- (i) Through depositories like NSDL and CDSL those are required to file a Form SFT-61A quarterly with the CPC, Bangalore against the **estimated purchase considerations** relating to credit **off market transactions**.
- (ii) Tax payers are **permitted to modify** the estimated purchase considerations relating to credit **off market transactions** as reported by depository **before filling of his Income tax return**.



33. Business receipts

- (i) Through deductors (contractor) those are required to file a **quarterly** return in Form no. **26Q** with the **TRACE** against business receipts
- (ii) Through deductors those are also required to issue Form no. **16A** quarterly from the **TRACE** to the deductees (contractee) against TDS deducted and deposited

34. Business expenses

- (i) Through tax collectors those are required to file a **quarterly** return in Form no. **27EQ** with the **TRACE** against business expenses.
- (ii) Through tax collectors those are also required to issue Form no. **27D** **quarterly** to the tax collectees against TCS collected and deposited relating to purchase of alcoholic liquor
- (iii) Tax collectors are **not required** to file **SFT-61A** quarterly as tax collectors are required to collect TCS under the head business expenses

35. Rent payments

- (i) Through deductors those are required to file a **quarterly** return in Form no. **26QC** with the **TRACE** against rent payments.
- (ii) Through deductors those are also required to issue Form no. **16C** quarterly from the **TRACE** to the deductees against TDS deducted and deposited

36. Miscellaneous payments

- (i) Through **Collectors** (Banks) those are required to file a **quarterly** return in Form no. **26QD** with the **TRACE** for issue of bank draft or pay order by the bank to the taxpayer
- (ii) Through banks those are also required to issue Form no. **16D** quarterly from the **TRACE** to the **collectees** (purchaser) against **TCS collected** and deposited



- (iii) Through **Collectors** those are also required to file SFT-61 quarterly with the CPC, Bangalore where **PAN are not provided** by the collectees

37. Cash deposits

- (i) Through banks those are required to file Form SFT-61A quarterly with the CPC, Bangalore for receiving cash deposit in any bank account **except in current account**.
- (ii) Through banks those are required to file Form SFT-61A quarterly with the CPC, Bangalore for receiving cash in **current account**.
- (iii) Bank account holders are required to confirm about the cash deposit into his bank account.

38. Cash withdrawals

- (i) Through banks those are required to file Form SFT-004 quarterly with the CPC, Bangalore for receiving cash deposit in any bank account **except in current account**.
- (ii) Through banks those are required to file Form SFT-61A quarterly with the CPC, Bangalore for receiving cash in **current account**.
- (iii) Bank account holders are required to confirm about the cash deposit into his bank account.
- (iv) Through deductors (banks) those are required to file a quarterly return in Form no. 26Q with the **TRACE** against deduction of TDS where TDS provisions are applicable on the bank.
- (v) Through banks those are also required to issue Form no. 16A quarterly from the TRACE to the deductees against TDS deducted and deposited where TDS provisions are applicable on the bank.



39. Cash Payments

- (i) Through **Taxpayers** those are required to file Form SFT-61A quarterly with the CPC, Bangalore for making cash payments against the **purchase of goods and services**.
- (ii) Through **Banks** those are required to file Form SFT-61A quarterly with the CPC, Bangalore for receiving cash against **issue of bank draft or pay orders**.
- (iii) Through **Banks** those are required to file SFT-61A quarterly with the CPC, Bangalore for receiving cash in hand against **purchase of prepaid instruments**.

40. Outward foreign remittance/purchase of foreign currency- Section 206C(1G) and (1G(a))

- (i) Through authorized dealers (collectors) those are required to file a **quarterly** return in Form no. 27EQ with the **TRACE** against outward foreign remittance under LRS for education (under section 80E of Income tax act 1961) where TCS provisions are applicable on the authorized dealer.
- (ii) Through collectors those are required to issue TCS certificate **quarterly** to the taxpayers against outward foreign remittance under LRS for education and for overseas tour package.
- (iii) Through collectors those are required to issue Form no. 16D quarterly from the TRACE to the collectees against TCS collected and deposited.

41. Payments of royalty or fee for Technical services etc.

- (i) Through deductors of TDS (under section 195 of Income tax act, 1961) are required to file a **quarterly** return in Form no. 27Q with the **TRACE** against payment of royalty or fee for technical service etc as paid to the non residents
- (ii) Through deductors those are also required to issue Form no. 16A quarterly from the TRACE to the deductees against TDS deducted and deposited.



- (iii) Through authorized dealers those are required to file return in Form **15CC** **quarterly** against the foreign remittances.

42. Foreign travel

- (i) Through authorized dealers (collectors) those are required to file a **quarterly** return in Form no. **27EQ** with the **TRACE** against payments for overseas travel where TCS provisions are applicable.
- (ii) Through collectors those are required to issue Form no. **16D** quarterly from the **TRACE** to the collectees against TCS collected and deposited.
- (iii) Through collectors those are also **required** to file SFT-61 quarterly with the CPC, Bangalore where PAN number of collectees are not provided.

43. Purchase of immovable property

- (i) Through deductors (purchasers) those are required to file a **monthly** return cum challan in Form no. **26QB** with the **TRACE** where TDS provisions are applicable.
- (ii) Through purchasers those are required to issue Form no. **16A** monthly from the **TRACE** to the deductees (sellers) against TDS deducted and deposited.
- (iii) Through property registrars those are required to file SFT-**61** quarterly with the CPC, Bangalore where buyer or seller has not provided his PAN number.

44. Purchase of Motor Vehicle

- (i) Through collectors (Sellers) of TCS those are required to file a **quarterly** return in Form no. **27EQ** with the **TRACE** against sale of motor vehicle
- (ii) Through sellers those are required to issue Form no. **16D** quarterly from the **TRACE** to the collectees against TCS collected and deposited.
- (iii) Through sellers those are required to file SFT-**61** quarterly with the CPC, Bangalore where collectees have not provided their PAN.



45. Purchase of Time deposits (Fixed deposits) from banks

- Through banks those are required to file a SFT – 61 quarterly with the CPC, Bangalore where buyers of time deposits have not their PAN.

46. Purchase of securities and units of mutual funds

- Through sellers of securities (including share application money) and units of mutual funds those are required to file a Form no. SFT – 61A quarterly with the CPC, Bangalore against sale of securities and units of mutual funds.

47. Credit/Debit card

- Through credit / debit card issuing entities those are required to file a SFT – 61 quarterly with the CPC, Bangalore where the tax payers have not provided their PAN.

48. Balance in account

- Through banks those are required to file a Form no. SFT – 61A quarterly with the CPC, Bangalore against opening of **any new bank account** except saving and time deposits accounts.

49. Income distributed by business trust

- Through payers those are required to file a **quarterly** return in Form no. 27Q with the **TRACE** against payment of incomes from units of a business trusts where Income tax is chargeable to tax @ special rates.

50. Income distributed by investment fund

- (i) Through deductors of TDS those are required to file a **quarterly** return in Form no. 26Q with the **TRACE** against payments of incomes as distrusted by the investment funds
- (ii) Through deductors those are required to issue Form no. 16A quarterly from the **TRACE** to the deductee against TDS deducted and deposited.



Published By



CA. Satish Agarwal

B.com (Hons) FCA

+919811081957

9/14 (First Floor) East Patel Nagar, New Delhi- 110008

Email: satishagarwal307@yahoo.com

Website: www.femainindia.com

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May - 2022