



Global Employer Services Alert

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**Tax authorities extend
timeline to issue Form
16 till 15 June 2017**

Issue no: GES/17/2017

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Background

An employer who, at the time of paying any income chargeable under the head salaries, deducts¹ any income-tax, the employer has to furnish² a certificate in Form 16 to its employees on or before the specified date detailing the taxes that have been deducted on such salary along with other prescribed particulars.

Where an employer fails to furnish a certificate in Form No. 16 before the due date, he has to pay a penalty³ of INR 100 for every day during which the failure continues.

Last year, the tax authorities notified⁴ changes in the due dates for filing quarterly withholding tax returns (Form No. 24Q) whereby the due date to file the last quarter return was extended to 31 May, from 15 May. Please refer our alert dated 16 May 2016 for further details on [this](#).

Post filing of withholding tax returns (Form No. 24Q), it is mandatory for employers to download Part A of Form 16 through "TDS Reconciliation Analysis and Correction Enabling System (TRACES)" or www.tdscpc.gov.in portal. Further, this has to be authenticated and verified before it can be issued to the employees together with Part B and Form 12BA.

Since the due date to furnish Form No. 16 was unchanged, at 31 May, employers did not have sufficient time to obtain Part A of Form 16. To mitigate this, the tax authorities have now extended the due date for issuing Form 16 by 15 days.

¹ Section 192(1) of the Income-tax Act, 1961 ("the Act")

² Section 203(1) of the Act read with Rule 31 of the Income-tax Rules, 1962 ("the Rules")

³ Section 272A of the Act read with Section 203 of the Act

⁴ CBDT notification dated 29 April 2016

Key Changes

The key change as per the Notification is provided below:

Furnishing of Form No. 16

The due date to furnish Form No. 16 to employees has been extended from 31 May 2017 to 15 June 2017.

Comments

The extension of due date will give employers additional time to download part A and issue signed Form No. 16 to their employees.

Source: Notification No. G.S.R. 546(E) dated 2 June 2017

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