

December 27, 2004

The Chairman/Managing Director
All Agency Banks (As per list)

Dear Sir,

On-line Tax Accounting System (OLTAS) - Discrepancy in the Challan Data Transmitted to Tax Information Network (TIN) and Physical Challan Sent to Zonal Accounts Office (ZAO)

As you are aware, On-line Tax Accounting System (OLTAS) has been introduced with effect from June 1, 2004. Under the system, CBDT dues collection data are sent by Agency banks on-line to Income Tax Department's TIN and physical copy (scroll and challan) to the respective ZAOs. We have been monitoring the quality of data uploaded and pointing out the lacunae noticed from time to time to your bank's notice for rectification. In this connection, a reference is also invited to our Circular Nos. DGBA.GAD.No.H-69 & 169/42.01.034/2004-05 dated July 28, 2004 and September 4, 2004 respectively.

2. Recently, a Sub-group appointed by the High Powered Committee on OLTAS made a spot study in one of the Zonal Accounting Offices (ZAOs) to study the challan data transmitted to TIN by Nodal Branches and the physical scrolls and challans made over to the concerned ZAOs. The study revealed that there were variations between the data received online by the Regional Computer Centre (Income-tax Department) from TIN and those reported in the physical scroll and challan received at the ZAO from the Nodal Branches of the authorized banks. The Sub-group found the following reasons for such a mismatch:

- i) Non uploading of data by all the branches of the banks.
- ii) Not following procedure laid down in para 6 of "Accounting Procedure Relating to On-line Tax Accounting System (OLTAS)" by Nodal Branches particularly the procedure laid down for validations and veracity check of the data.
- iii) Possibility of incomplete data transmitted to TIN by some of the collecting branches whereas full data in scroll with challans submitted by the Nodal Branch to Zonal Accounts Office (ZAO).

3. The "Accounting Procedure Relating to Online Tax Accounting System (OLTAS)" entrusts the following specific functions to **Nodal Branches** to be carried out on day to day basis (Para 6.2) :

a. It (Nodal Branch) will collate the challan data on its computer system and transmit the data in the format prescribed by the Income Tax Department to its Link Cell for onward transmission to the Department's TIN on the same day after giving a common Nodal Branch scroll number and date to all the challan records being transmitted on that day.

b. It will also generate a copy of the summary and main scroll based on the computer data in a floppy or other media (as informed by ZAO) and transmit it to the ZAO on the next working day.

C. On receipt of the hard copy of the computer-generated Branch scrolls from the collecting branch, the Nodal branch will validate that these computer-generated branch scrolls exactly match the data transmitted earlier by the collecting branches. It will consolidate these computer printed Branch scrolls (with challans) received from all the branches including its own along with the main scroll by stitching the scrolls together Major head-wise. It will also generate a computer printout of the Major head-wise Main scrolls and Summary. **It will then forward these (with challans) to the ZAO concerned on a daily basis.**

4. It was also advised in our circulars dated July 28, 2004 and September 4, 2004 referred to above that the Branch Manager of Nodal Branch must ensure that Major headwise collection shown in Nodal Branch Scroll of a particular date submitted to the ZAO tallies with the corresponding totals for those in the data transmitted on OLTAS to the Link Cell for ultimate submission to TIN. It was reiterated in para 2(e) of the circular dated September 4, 2004 that the **collection data being sent to ZAO and to TIN for a particular day must match both in respect of number of challans and Major heads on day to day basis.**

5. In spite of repeated instructions as above from us, the compliance by banks is not satisfactory leading to innumerable complaints by assesseees and other stakeholders. **Government has also brought to our notice that there are significant variations between the collection figures reported online to TIN and those on physical scroll/challan sent to ZAOs resulting in large amount remaining outstanding in Suspense Account.**

6. A doubt has been expressed that since para 6.2(a) of the Accounting Procedure requires transmission of on line data to Link Cell on the same day while paper challans reach the Nodal Branches later, such a verification is not possible. **The matter has been considered by us in consultation with Government and it is clarified that in the first place the collecting branches must ensure that there is no mismatch between the data being transmitted by them online (or on floppies) to the Nodal Branch and the physical scroll (with physical challan) of the branch sent to the Nodal Branch for the day.** It shall be the duty of Nodal Branch to reconcile the data received on-line (or floppy) and the physical challans of a particular date for each collecting branch before sending the same to Link Cell and ZAO. **Nodal Branches should transmit the collection data on-line to Link Cell only on the day on which the Nodal Bank scroll is sent to ZAO and after ensuring that there is no mismatch between the two sets of data.**

7. It is reiterated that all collecting branches must ensure that no challan remains unreported on OLTAS and that Nodal Branches must **ensure that there is no mismatch between the data transmitted to Link Cell online and scroll (with challans) sent to ZAO on a day to day basis both in respect of major headwise collection and the number of challans.**

8. As you are aware, in the OLTAS scenario, if the challan data are not uploaded to the TIN accurately, the Tax Authorities would treat the tax payer as "assessee in default" resulting in large scale complaints and litigations. With a view to preempt such a situation, we advise your bank to take appropriate steps to put in place the guidelines issued by us from time to time.

9. Please arrange accordingly.

Yours faithfully,
Sd/-
(Prabal Sen)
Chief General Manager in-Charge