

EY DigiTDS

Helping transform the withholding tax function

Your Digital World. Realized.



Why are withholding tax (WHT) processes critical?

- ▶ Expanding scope such as WHT on dividends and purchase of goods
- ▶ Onerous compliance, reconciliation and disclosure requirements
- ▶ Sharper audits and assessments by tax authorities
- ▶ Increasing reputational and financial risks for perceived noncompliance

What are the concerns voiced by Industry?

- ▶ Handling high volume of transactions
- ▶ Lack of system-based controls and validations
- ▶ Heavy reliance on spreadsheets due to non-sensitization of enterprise resource planning (ERP) or system
- ▶ Sub-optimal readiness for audit and assessments
- ▶ Uncertainty of 100% compliance

Benefits of EY DigiTDS

- ▶ Handling large volume of transactions including dividend and purchase of goods
- ▶ Automation-driven processing of all WHT compliances i.e. monthly/ quarterly/ annual
- ▶ Secondary validation of WHT section or rate to ensure appropriate compliance
- ▶ System-based controls, validations, audit trail, etc.
- ▶ Supporting audit-readiness

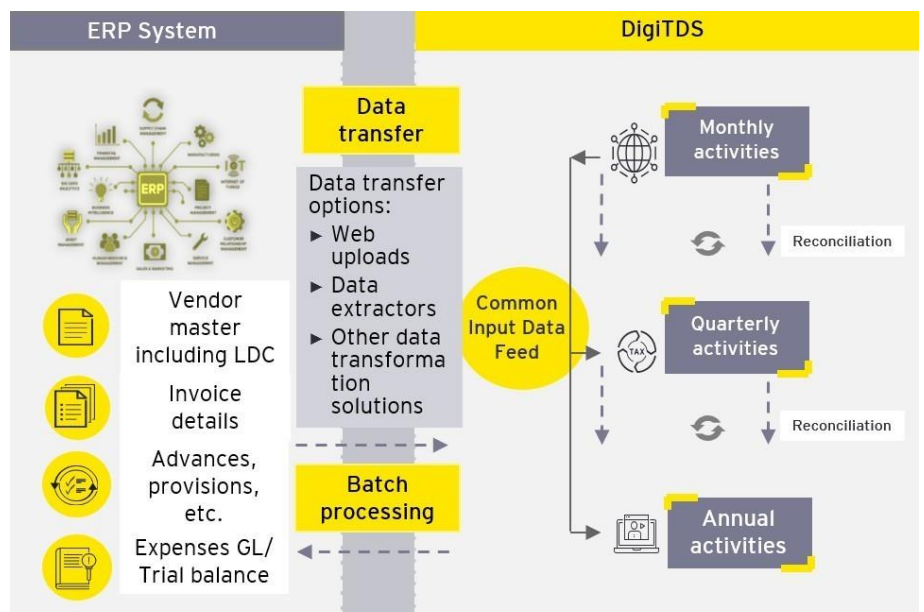
WHT process transformation, supported by EY DigiTDS

EY DigiTDS is a broad cloud-based withholding tax payable solution, with automation-driven state-of-the-art technology.

It supports transformation of the WHT function across various facets of an organization i.e., people, process, data and technology elements.

Key functionalities

- ▶ Pro-active validation of PAN and lower deduction certificate (LDC) details in vendor master with TRACES portal
- ▶ Undertaking of following compliances:
 - ▶ **Monthly:** Validation of monthly WHT liability including secondary validation of TDS rates, tracking of LDC, TDS on year-end provisions, advances, handling credit note adjustments and preparation of form 15CA/ CB
 - ▶ **Quarterly:** Generation of WHT return (form 26/ 27Q), e-mailing of TDS certificates (form 16A) and preparation of form 15G/15H statement
 - ▶ **Annual:** Reconciliation of expenses with TDS and generation of clause 34(a) report as per tax audit report format
- ▶ System-based controls and validations, dashboards/reports, audit trail, etc



Customer success story

ABC Inc. is a company which is engaged in providing an online freelancing platform for individuals and enterprises to connect and conduct business. During FY 2020-21, WHT provisions under the Income Tax law were amended to cover e-commerce transactions. Considering that ABC Ltd qualified as an 'ecommerce operator' as per these new provisions, it was required to undertake various WHT compliances. In this regard, a demo of the EY DigiTDS application was provided to ABC Inc. to demonstrate the ability of EY to undertake WHT compliances for these newly introduced provisions. Considering the various functionalities of DigiTDS application, ABC Inc. awarded the WHT compliance mandate to EY.

Client challenges

Being an ecommerce operator, ABC Inc. was required to undertake the following WHT compliances:

- ▶ On a monthly basis – Deduct and deposit WHT on e-commerce transactions
- ▶ On a quarterly basis – File withholding tax returns and email form 16A certificate to vendors

Undertaking the above compliances manually was practically challenging considering the large volume of e-commerce transactions (approx. 4.5 lakh transactions per quarter) and the complexity involved.

Client benefits

EY DigiTDS application assisted ABC Inc. in successfully undertaking the following WHT compliances :

- ▶ Monthly compliances- Determination of WHT liability including verification of PANs with TRACES
- ▶ Quarterly compliances: Filing of WHT return

Use of DigiTDS application assisted ABC Inc. in undertaking the above WHT compliances in an automated, faster and efficient manner.

EY and Microsoft: Your Digital World. Realized.

The digital technologies that are impacting your business today – social, mobile, analytics and cloud – are rapidly expanding to create new employee and customer experiences, fundamentally changing how your organization works, interacts and competes. The EY and Microsoft alliance combines EY's deep insights and experience in disruptive industry trends, new business models and evolving processes with Microsoft's scalable, enterprise cloud platform and digital technologies. EY and Microsoft can help accelerate digital transformation with advanced solutions that support enterprise strategy, transform customer and workforce experiences, create new, data-driven business models, build intelligent, automated operations and bring confidence that these innovative solutions are secure, compliant and trusted. Together, we can help accelerate digital strategy and amplify your business performance to thrive in a digital world.

For more information, visit: ey.com/microsoft.com

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EYG no. 004456-21Gb1

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