

DigiTDS

Withholding tax payable solution

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The better the world works.



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with confidence



Microsoft

Business drivers

Companies are facing increasing challenges when trying to comply with TDS (Tax Deducted at Source) and TCS (Tax Collected at Source) requirements. They are experiencing:

- High transaction volumes and complex data extraction and transformation
- Difficulty implementing system-based controls and maintaining audit readiness
- Uncertainty about achieving 100% compliance
- Difficulty managing scenarios requiring business adjustments

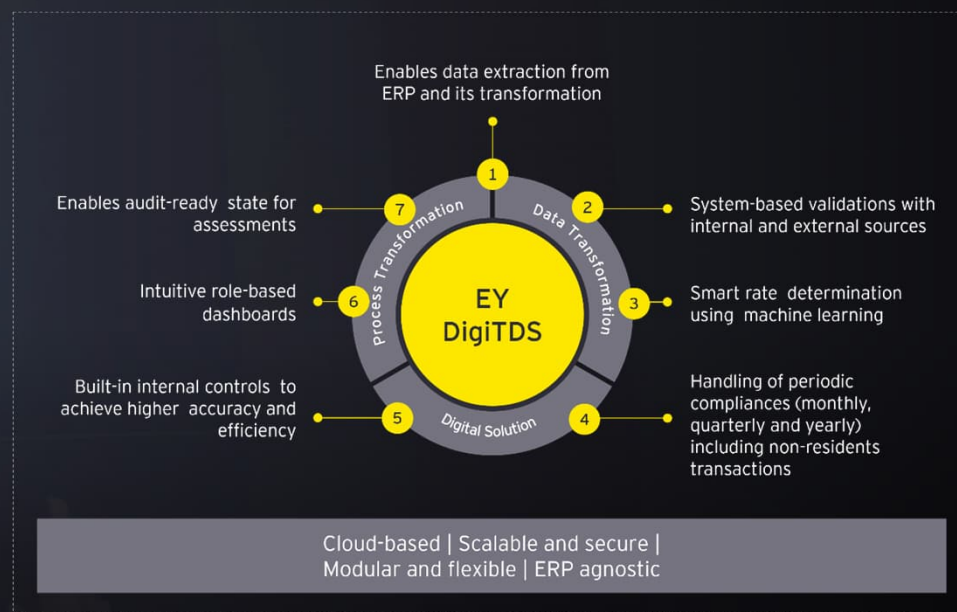
Solution overview

DigiTDS (Tax Deducted at Source) is an extensive enterprise-grade application, fully integrated and hosted on the Azure cloud platform. DigiTDS is designed to streamline the entire lifecycle of TDS (Tax Deducted at Source) and TCS (Tax Collected at Source) compliances through its integrated modules, each tailored for specific functions:

- Withholding tax compliance and return filing module
- Income reconciliation module
- Expense reconciliation module
- Additional modules like Form 26AS reconciliation, Cl. 34(a) reconciliation, Cl.

Solution benefits

- Validates master data proactively
- Employs automated processing for efficiency
- Confirms rate accuracy with secondary checks
- Includes system controls for monitoring Lower Deduction Certificates (LDCs)
- Simplifies management of withholding tax obligations
- Reduces effort required for Clause 34(a) compliance reporting
- Saves time in compliance-related tasks



Joint value proposition

- By leveraging this solution and teaming with Microsoft, clients can be confident that they are implementing a proven approach to managing withholding tax (WHT) compliances built on the Microsoft platform. Through our work with clients across multiple sectors we have helped address various concerns voiced by the industry in staying compliant with respect to WHT provisions.
- EY teams all over the world have unlocked long-term value and exponential results for clients by combining innovative solutions powered by Microsoft technologies with business ingenuity and industry experience.
- Hosting EY DigiTDS on Microsoft Azure Cloud ensures top - tier security compliance, system high availability, and seamless scalability, helping clients to manage their TDS processes efficiently while safeguarding their data.

Solution differentiators

- Unified cloud-based application for overseeing TDS compliance for both expenditures and income
- Interoperable with all types of Enterprise Resource Planning (ERP) systems such as SAP, Oracle, MS Dynamics, etc.
- Designed to scale and manage high transaction volumes and intricate business situations
- Proven track record in managing compliance and reconciliation for more than 150 entities, encompassing major conglomerates

Case study

The client is a US-based company, which provides an online freelancing platform where individuals and enterprises can connect to conduct business.

Client challenge

With effect from 1st October 2020, WHT provisions under the Income Tax law were amended to cover e-commerce transactions. The client qualifies as an "ecommerce operator" as per these new provisions and hence, it is required to undertake following WHT compliances:

- Deduct and deposit WHT on e-commerce transactions on monthly basis
- File withholding tax returns and email Form 16A certificates on a quarterly basis

Considering that the provisions were newly introduced and covered significantly large volume of transactions, The client was facing practical challenges in undertaking WHT compliances. Hence, it was evaluating various automated WHT solutions for undertaking these compliances.

Engagement summary

EY DigiTDS application assisted the client in undertaking the various WHT compliances for e-commerce transactions. Following WHT compliances for Q3 of FY 2020-21 were successfully delivered using EY DigiTDS:

- Monthly compliances – Verification of customers' PANs with TRACES and determination of WHT for three months by processing all transactions (invoices and credit note adjustments)
- Quarterly compliances: Filing of WHT returns

Value delivered

- Bulk PAN verification with TRACES for a large number of ecommerce participants
- Automated processing of large volume of transactions (~0.45 mn) while undertaking monthly and quarterly compliances

Contacts

EY



Ridhi J Keniya
Partner,
Ernst & Young LLP
Phone: +91 22 61921619
ridhi.gangar@in.ey.com

Microsoft



Jodi Lustgarten
Microsoft Alliance Director
Microsoft Corporation
jodise@microsoft.com

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

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