

## F & A CORPORATE TAX CELL

### CIRCULAR

F&A/CTC/2016-17/1

April 06, 2016.

Sub: Compliances of income tax provisions in respect of Tax Deducted at Source (TDS) on various payments.

It has been observed that there has been a lot of discrepancies in statutory compliances of Tax deducted at sources viz defaults in deducting of tax at source, late deduction, short deductions, non-deduction, late remittances of TDS, short remittances, non remittances, non-payment of applicable interest on late remittances, short payment of interest on late remittances, defective TDS challans, non-filing of TDS return within stipulated period etc., timely issue of TDS certificates, non-furnishing the correct/accurate information of Deductor and deductee in the TDS returns. These issues result in various complications at later stage and need to be rectified for proper compliances.

Provisions of Income Tax Act are very stringent in this regard. The entire process is dealt through electronic mode digitally and monitored by the Income Tax Department automatically through centralized processing system. Defaults list is generated and issued by department for such defaults. This has to be resolved/rectified by the assesses on immediate basis through system electronically. Notice of defaults is issued to assesses on TAN No. wise OR PAN No. wise where a specific PAN comprises various TANs for separate branches /units.

Accordingly, STC has also received notices from Income Tax Department for defaults in tax deducted at source (TDS) for the financial year 2007-08 to 2014-15 in respect of branches and accounting units at C.O. Year wise defaults had already been intimated vide message dated 19.01.2016 to the respective branches for immediate corrective action and ensuring nil defaults outstanding up to the financial year 2014-15 furnishing the snapshot to this effect to Corporate Tax Cell. The same is however yet to be complied by the branches.

In order to streamline the system and avoid defaults for the financial year 2015-16 onwards the following is to be ensured by Branches/Divisional head at C.O. :-

- 1) Tax is deducted at source correctly while effecting payments, where ever applicable, as per the income Tax Act 1961.
- 2) Rates of TDS are applied correctly.
- 3) TDS is remitted within stipulated time prescribed in the Income Tax Act.

- 4) Correct information of Deductor and deductee i.e. PAN No. and TAN No. etc. are correctly and positively filled.
- 5) Information required in challans of TDS is furnished accurately.
- 6) Quarterly returns are filed within prescribed time limit.
- 7) TDS certificates are issued within stipulated time framed by the Income Tax Act.
- 8) Non-recurrence of short deductions, non-deductions, late remittances and late filing of TDS are avoided.
- 9) Defaults list is viewed every month and corrective action taken where ever required.
- 10) There should not be any defaults un- resolved for more than a quarter.
- 11) Quarter wise Status of defaults of the branch is intimated to Corporate Tax Cell with snap shot of outstanding defaults.

The above be strictly complied with.

This issue is with the approval of the Director (F).

  
(C.S.KARKI)  
JGM-F

**All concerned.**

CC to - HOD-F, All Branches  
HOD-F, C.O. Divisions

## FINANCE & ACCOUNTS DIVISION

F&A/Corp Tax Cell/2015-16/3

Date: 21/03/2016

### CIRCULAR

#### Sub : Tax Deducted at Source

It has been observed that branches and accounting units at C.O. are issuing TMs to Corporate Tax Cell at C.O. pertaining to Tax Deducted at Source against Income without enclosing related TDS certificate (Form 16A). In some of the cases, the amount of TDS is directly transferred to Corporate Tax Cell, C.O. through HOR account without routing the transaction in the appropriate Head of Account i.e. Tax Deducted At Source under Loans & Advances. As a result TDS certificates are either not submitted to Corporate Tax Cell, C.O. or there is abnormal delay in this respect which results in delay of refund from Income Tax Department.

In order to streamline the system, the following may be ensured by the branches and accounting units at C.O. from F.Y. 2015-16 onwards:

1. The income received/receivable, against which TDS has been deducted by the party is to be booked on gross basis. As per the provision of Income Tax Act, no claim of TDS can be availed if related income is not accounted for in the books of account.
2. Amount of TDS deducted by the party is to be classified under the head Tax Deducted at Source under "Loans and Advances".
3. The original TDS certificate (Form 16A) valid in all respect i.e. PAN of STC, amount of Income and TDS, Financial Year etc. must be collected from the party within stipulated time.
4. After ensuring the validity of TDS certificate, necessary TM may be issued to Corporate Tax Cell by crediting Tax Deducted at Source account. The TDS certificate in original to be enclosed with TM.
5. Collection of TDS certificates and issue of Transfer TMs should be ensured on quarterly basis.
6. No TM will be accepted without valid TDS certificates.

This may strictly be complied with from F.Y. 2015-16 onwards. The concerned Heads of Finance shall ensure strict compliance of the above instructions.

This issue with the approval of Director (Finance).

  
(C.S. KARKI) 21/3/16  
JGM-F

All Concerned