

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