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D.O.No FD/Res/CSS/TDS/292
-227
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All Drawing and Disbursing Officers,
Government of Jammu & Kashmir.

Subject: -Proper compliance of TDS provision - Regarding –

It is brought to your notice that the tax deduction at source is applicable in all the Government Department under different provisions of the Income Tax Act, 1961 as per details (enclosed as Table I & II).

Some of the salient heads under which the TDS/TCS is to be deducted is as per the table below:

Sr. No.	Nature of payment	Section under which tax to be deducted	Rate of TDS
1	Salary	192	As per income slab rate
2	Payments to contractors for civil works etc.	194C	For HUF/Indl. - 1% Others - 2%
3	Rent	1941A 1941B	Plant and machinery - 2% Land/building - 10%
4	Interest	194A	10%

Apart from the above, TCS has to be collected on the items mentioned below at the following rates:-

Sr. No.	Nature of payment	Section under which tax to be deducted	Rate of TCS
1	Liquor of alcoholic nature, made for consumption by humans	206C	1%
2	Timber wood under a forest leased		2.50%
3	Tehdu Leaves		5%
4	Timber wood by any other mode than forest leased		2.50%
5	A forest produce other than tendu leaves and timber		2.50%
6	Scrap		1%
7	Parking lot, Toll Plaza and mining and quarrying		2%
8	Minerals like lignite, coal and iron ore		1%
9	Bullion that exceeds over Rs.2 lakhs/ Jewellery that exceeds over Rs.5 lakhs		1%
10	Purchase of motor vehicle exceeding Rs.10 lakhs		1%

The above deductions have to be made at the time of the credit/payment of the said amount to the deductee. The amount so deducted during one month has to be deposited into the Government account by the 7th of the next month. Along with this, to account for all the deductions made in one quarter under various heads, quarterly returns in different forms have to be submitted online on the TAN of the deductor i.e. the DDO, as per the schedule below:

Sr. No.	Type of Return	Nature of Payments to be included in the return	Due date of filing of return
1	24Q	Salary	Q1 – 31 st July Q2 – 31 st October
2	26Q	Payments other than salary	Q3 – 31 st January Q4 – 31 st May

It is observed that there is marked difference between the TDS reported to have been deducted by the Government department in comparison with the information available with the records of the Income Tax Departments as per OLTAS (On-Line Tax Accounting System). This results in discrepancies and creation of demand due to mismatch owing to Short deduction of tax, Short payment of Tax and Late Payment of Tax into the credit of Central Government.

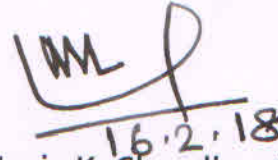
2. It is observed that many departments have not corrected the defaults outstanding against their TANs and huge demands are outstanding against them. As result they have become assessee – in – defaults and liable for action as per the Income Tax Act, 1961.

In the light of the above facts the following advisory is issued to all the Drawing and Disbursing Officers (DDOs) for strict compliance:-

1. DDO should ensure timely deduction on above rates for all the payments made by them and timely deposition of the deducted TDS in the Government account. Timely filling of the TDS returns as per the schedule above by quoting their correct TAN and PANs of the deductees.
2. Corrections of prior outstanding demands: - huge demands are outstanding against the TANs of the deductors. You are advised to nullify outstanding TDS default by either paying the amounts due or by filling of correction statement as the case may be. The corrections statements can be filed with the help of digital signature of a DDO, which gives access to the online data/record of all the returns filed previously by the said deductor.
3. In many cases there is short deduction of TDS by the deductor and late filling of return of TDS which attracts levy of penalty u/s 234E @ 200/- per day alongwith other penal action as per the Income Tax Act, 1961. The DDO's

must ensure to deposit the outstanding demand and late payment alongwith interest to avoid coercive or penal action against the Person Responsible at the earliest.

4. Please note that during the current financial year in case TDS has been deducted but not deposited in Government A/c, the same may immediately be deposited alongwith interest payable for late deposit of TDS.
5. In case TDS has been deducted and deposited but e-TDS returns for 1st, 2nd and 3rd quarter for the current financial year not filed yet, the same may immediately be filed alongwith late fee levy chargeable u/s 234E. Please note that failure to make proper compliance in time results in penal action against the Person Responsible i.e. DDO's.
6. **It may be ensured that TDS for the month of February, 2018 may duly be deposited in Central Account by 07-03-2018.**
7. **Preponement:-** DDO's are further advised to crystallize TDS deductible for the month of March, 2018 on estimate basis, based on the trend of payments during the current year with immediate proceeding year 2016-17 by 15-03-2018 on provisional basis and may be deposited in Central Government A/C within March itself by 30-03-2018.


16.2.18

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