



CIRCULAR NO.#37

Sub: Restriction on Cash Payments exceeding Rs 10,000 at Regional Offices & Warehouses (Including CFS/ICD/ICPs)

1. For meeting the day-to-day expenditure needs of the warehouses (including CFS/ICD/ICP), imprest / temporary advances are given to the warehouse managers in the form of Bank Transfer, Cash Cards or through bearer cheques by the Regional offices. The amount so provided to them are utilized for making payments in cash for meeting expenditure incurred on day to day and miscellaneous payments. Thereafter, all the bills along with the supporting documents are submitted by the warehouse managers to the Regional Office for settlement and recoupment of imprest.
2. Every year as part of Tax Audit Guidelines, it is clearly stated that as per the Provisions of Income Tax Act , wherever CWC incurs any expenditure in cash exceeding Rs 10000 , no tax deduction shall be allowed in respect of such expenditure. As a result of which, the Corporation losses about 34% of the amount so paid by way of extra tax liability.
3. Accordingly, it is advised that the imprest / temporary advances given to the warehouse managers should not be utilized by them for making any cash payments exceeding Rs 10000/- in a single day to a single party or aggregating more than Rs 10000 to a single person in a single day.
4. Payment or aggregate of payments exceeding Rs 10000 , if required to be made to a person in a single day can be made by any of the following mode:
 - an account payee cheque
 - bank draft
 - or through use of any electronic clearance system or any other electronic mode i.e by ECS or NEFT or RTGS
5. If the warehouse manager, faces any issue, the payment can also be released directly to the vendor by the Regional Office through banking Channel.

6. Expenditure met by cash payment after withdrawal from Cash Cards issued by the Regional Offices shall also fall under the ambit of the above provision of law as stated herein above.
7. The above is required to be complied with as per the provisions of the Income Tax Act and any non-compliance of this provision of law shall result in financial loss to the Corporation as explained above. In such an event, the amount of such loss shall be recovered from the employee(s) responsible for such cash payment.
8. All ROs are advised to submit a quarterly declaration/certificate to the Taxation Cell, C.O. in the format enclosed certifying that no cash payments exceeding Rs 10000/- or aggregating more than Rs 10000 has been made to any person in a single day.
9. The above may be brought to the notice of all concerned for strict compliance.

(Amit Puri)
General Manager (Tax & A/cs)

Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers in-charge of the Finance, Accounts & Internal Audit Wings of all ROs.

Copies for information to:

1. Sr. PA to Managing Director, CWC, CO, New Delhi, SAM to Director (Fin), CWC, CO, New Delhi, PS to Dir.(Pers.), CWC, CO, New Delhi
 2. PPS to CVO/PPS to GGM (F&A), CWC, CO, New Delhi.
 3. All HoDs at CWC, CO, New Delhi
 4. PPS to GGM (Systems), CWC, CO, New Delhi with a request to place this Circular on CWC's Website.
 5. Manager (Rajbhasha), CWC, CO, New Delhi with a request to arrange Hindi Version of this Circular.
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Declaration / Certificate with respect to payment or aggregate of payments made to a person in a day, exceeding ten thousand rupees

It is Certified that no cash payment or aggregate of payments exceeding ten thousand rupees have been made to a person in a day in any of our Warehouse or at our Regional Office.

The certificate is for the Quarter ended _____

(Accounts Incharge)

(Regional Manager)

Name of the Region -

Date -