



# केन्द्रीय भण्डारण निगम

(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जनकेलिएभण्डारण/Warehousing for Everyone



No. CWC/FD-Taxation/Misc.

21.09.2020

## TAXATION CIRCULAR NO.#39

### Sub: Guidelines for Deduction of Tax at Source to avoid short deduction/ short deposit of TDS on the payments made/ expense booked in the books

- 1.0 While reviewing the Tax Audit Reports for FY 2019-20 and the books of accounts along with the tax auditors' observations, it was noticed that units are not clear on as to when they are liable to deduct tax at source on the expenditure booked/payments made. Though, the errors noticed during the tax audit have been rectified, the same consumed a lot of time resulting in delayed finalization of tax audit at CO level. In some cases, corporation has to bear the avoidable liability of interest on the delayed deduction and deposit of TDS.
- 2.0 As CWC is following accrual system of accounting, we make provision for the expenses which are incurred whether their invoices are received or not. As per the provisions of tax deduction at source, tax has to be deducted at the time of credit of such sum to the account of the vendor/service provider/contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier. Hence, liability to deduct TDS arises when Liability of Expenses or provision for expenses is booked on the basis of estimates or bill received, even if the payment is not made to the vendor/ service provider.
- 3.0 It is advised to ensure that all bills for the work/services rendered during the month are received and accounted for in time. Even if the bill is not received, but details of the expenditure (based on the service/work order) and the work done by the vendor is available and also certified by the concerned divisional head, necessary liability for expenses with party name/PAN and amount be booked in the accounts and TDS thereon be discharged before the due dates on monthly basis.



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- 4.0 No ad-hoc provision for expense is to be booked henceforth, especially at the year-end. Corporation loses tax on such ad-hoc provisions as same are not allowed while computing the Tax Liability of the corporation. Liability is to be necessary booked by crediting the concerned vendor account.
- 5.0 In order to bring more clarity, a table is annexed as Annex- I of this Circular which can be used for ready reference regarding the timing and applicability of TDS in different situations.

All concerned are advised to follow the above instructions without fail.

**(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 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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## Annexure I

### REVENUE EXPENSES

#### Treatment on 31.03(Year End)/Month end

Sr No	Nature	Milestones	Satisfactory Services	Bill	Bill Date	Payment Date	Timing of TDS deduction
a.	Continuous supply of services-Say Security/ H & T/ Manpower Supply/ Rent	Fortnightly/Monthly /Quarterly/ Half Yearly(Service period falling in say FY 2019-20)	Yes	Yes	31.0 3.20	15.05.202 0	Liability to be booked with amount of bill  TDS to be deducted & deposited within statutory dates
b.1	Continuous supply of services	Fortnightly/Monthly / Quarterly/ Half Yearly(Service period falling in say FY 2019-20)	Yes	No ( But Estimated bill amount is known/ certified by concerned division)	NA	NA	Liability to be booked with amount certified based on work completed by Division head  TDS to be deducted & deposited within statutory dates
b.2	Continuous supply of services	Fortnightly/Monthly / Quarterly/ Half Yearly(Service period falling in 2019-20)	No	Yes (Not certified by concerned division)	NA	NA	Liability not to be booked as work not-completed .Non-approved bills be returned.  TDS not to be deducted & deposited
b.3	Continuous supply of services	Fortnightly/Monthly / Quarterly/ Half Yearly(Service period falling in 2019-20)	No	No (Not certified by concerned division)	NA	NA	Liability not to be booked as work not-completed. TDS not to be deducted & deposited



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c.	Continuous supply of services	Fortnightly/Monthly / Quarterly/ Half Yearly(Service period falling in 2019-20)	No	Yes	31.0 3.20	Not made due to bills not passed for payment	No TDS if no provision made in books due to un-satisfactory work. Bills to be returned.
d.	Continuous supply of services	Fortnightly/Monthly / Quarterly/ Half Yearly(Service period falling in 2020-21)-satisfactory services rendered now against c	Yes	Yes	31.0 3.20	15.05.2020	- As satisfactory services rendered in 2020-21,Fresh bill to be raised by vendor with its date falling in FY 2020-21. -Liability as on 31.03 not to be booked. Bills dt 31.03.2020 to be returned.
e.	One time render of service( say One time Valuation service )	Service period falling in 2019-20	<u>Yes</u>	Yes	31.0 3.20	15.05.2020	Liability to be booked with amount of bill  TDS to be deducted & deposited within statutory dates
f.1	One time render of service( say One time Valuation service )	Service period falling in 2019-20	<u>No</u>	Yes	31.0 3.20	Not made due to bills not passed for payment	Liability not to be booked as work not-completed Non-approved bills be returned.  TDS not to be deducted & deposited

निगमितकार्यालय: 4/1, सीरीइंस्टीट्यूशनलएरिया,अगस्तक्रांतिमार्ग, हौज़खास,नईदिल्ली-110016.

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g.	One time render of service( say One time Valuation service )	Service period falling in 2020-21)-satisfactory services rendered now against f	<u>Yes</u>	Yes	31.0 3.20	Not made due to bills not passed for payment	As satisfactory services rendered in 2020-21, Fresh bill to be raised by vendor with its date falling in FY 2020-21.  -Liability as on 31.03 – not be booked. Bills dt 31.03.2020 to be returned.
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## CAPITAL EXPENDITURE

### Treatment on 31.03( Year End)/ Month end

Sr No	Nature	Milestones	Satisfactory Services	Bill	Bill Date	Payment Date	Timing of TDS deduction
a.	Continuous supply of service	RA Bill	<u>Yes</u>	Yes	31.03.20	15.05.2020	Liability to be booked with amount of bill  TDS to be deducted & deposited within statutory dates
b.	Continuous supply of services	RA Bill	<u>Yes</u>	No( But Estimated bill amount is known/ certified by concerned division)	<u>NA</u>	<u>NA</u>	Liability to be booked with amount certified to be completed by Division head  TDS to be deducted & deposited within statutory dates
c.	Continuous supply of services	RA Bill	No	Yes	31.03.20	Not made due to bills not passed for payment	Liability not to be booked as work not- completed as per Division head. Non- approved bills be returned.  TDS not to be deducted & deposited
d.	Continuous supply of	RA Bill(Service	Yes	Yes	31.03.20	15.05.2020	As satisfactory services rendered in 2020-21,

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	services	period falling in 2020-21)-satisfactory services rendered now against c					Fresh bill to be raised by vendor with its date falling in FY 2020-21.  Liability as on 31.03 – not be booked. Bills dt 31.03.2020 to be returned.
e.	Continuous supply of services	Liability booked on the basis of site- engineer certificate	<u>Yes</u>	<u>No</u>	<u>NA</u>	<u>NA</u>	Liability to be booked with amount certified to be completed by Division head  TDS to be deducted & deposited within statutory dates