

ANDHRA PRADESH POWER GENERATION CORPORATION LIMITED
VIDYUT SOUDHA: : GUNADALA

Memo.No.JS(Per)/DS(Estt)/AS(Reg)/PO-Reg/F.No.15/2017-3, Date:21.12.2017.

Sub:- Estt-APGENCO-Income Tax Act-Applicability of TDS on retirement
benefits-Instructions-Issued

Ref:- D.O. No. PAG(Audit)/ES-II(Power)/TDS/PDP-4/ TDS/ 2017-18/ 53, dtd:
02.11.2017.

-: O :-

In the letter cited (Copy enclosed), Senior Deputy Accountant General (ES), Office of Principal Accountant General (Audit) , Andhra Pradesh, Hyderabad has stated that “ As per the provisions of Income Tax Act, 1961 and specific circulars issued by the Central Board of Direct Taxes from time to time for the benefit of DDOs, retirement benefits viz. gratuity, pension commutation amount and earned leave encashment are liable for TDS subject to the exemption limits specified. Since the company is a State PSU, gratuity exemption limit is Rs.10 lakh, earned leave encashment exemption limit is Rs.3 lakh and 1/3rd of the pension commutation amount is exempted. During the recent audits of some of power sector companies, it was observed that the companies are exempting entire retirement benefits amount from income tax purview. This is clear violation of the provisions of Income Tax Act which is a matter of serious concern. In this connection it is requested that concerned officers may be directed to confirm whether TDS has been made from the retirement benefits paid to the retired officials as specified in the Income Tax Act from time to time. Concerned officers may also be directed to furnish the details of retirement benefits paid to all the officials retired in the company from April 2013 to till date for further examination of the issue.”

02) The issue was placed before the Board in its 157th Board Meeting held on 13.12.2017. The Board had directed to deduct the taxes as per the provisions of the Income Tax Act,1961.

03) Therefore all the Pay disbursing Officers are hereby instructed to deduct the taxes as per the provisions of the Income Tax Act, 1961 without fail.

Encl:- As above

V.USHA
JOINT SECRETARY (PERSONNEL)

To
All the Pay Disbursing Officers/APGENCO
All the Chief Engineers/Superintending Engineers/APGENCO
The FA & CCA (A&T)/APGENCO/VS.

Contd...2

-: 02 :-

Copy to:-

PS to Managing Director/APGENCO
SAO to Director (Finance & Commercial)/APGENCO
ADE(T) to Director (HR&IR)/APGENCO
ADE(T) to Director (Thermal)/APGENCO
ADE(T) to Director (Hydel)/APGENCO
PO to Chief General Manager (ADM,IS&ERP)/APGENCO
PA to Joint Secretary (Per)/APGENCO
Pay Officer||Accounts Officer(CPR)/APGENCO
Divisional Engineer/MPP/APGENCO
Stock file.

//FORWARDED :: BY ORDER//


PERSONNEL OFFICER



प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय
आन्ध्र प्रदेश, हैदराबाद - 500 004.

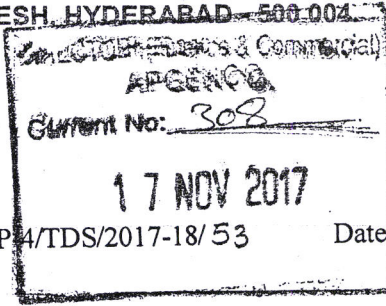
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)

ANDHRA PRADESH, HYDERABAD - 500 004

T.MADAN MOHAN, IA&AS
Sr. Deputy Accountant General (ES)

D.O.No.PAG (Audit)/ES-II (Power)/TDS/PDP 4/TDS/2017-18/53

Date: 02.11.2017



Dear Sir,

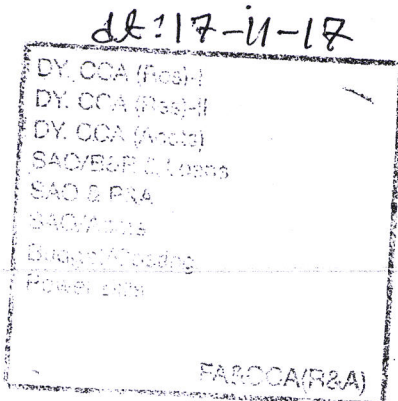
As per the provisions of Income Tax Act, 1961 and specific circulars issued by the Central Board of Direct Taxes from time to time for the benefit of DDOs, retirement benefits viz. gratuity, pension commutation amount and earned leave encashment are liable for TDS subject to the exemption limits specified. Since the company is a State PSU, gratuity exemption limit is ₹ 10 lakh, earned leave encashment exemption limit is ₹ 3 lakh and 1/3rd of the pension commutation amount is exempted.

During the recent audits of some of the power sector companies it was observed that the companies are exempting entire retirement benefits amount from income tax purview. This is clear violation of the provisions of Income Tax Act which is a matter of serious concern. In this connection it is requested that concerned officers may be directed to confirm whether TDS has been made from the retirement benefits paid to the retired officials as specified in the Income Tax Act from time to time. Concerned officers may also be directed to furnish the details of retirement benefits paid to all the officials retired in the company (corporate office and all circles/ unit offices) from April 2013 to till date in the proforma enclosed for further examination of the issue.

Yours sincerely,

Medhamohan
2/11/2017

Shri K Vijayanand, IAS,
Managing Director,
Andhra Pradesh Power Generation Corporation Limited,
Vijayawada.



Proforma

Statement showing the details of retirement benefits paid to the officials retired from April 2013 onwards.

(Amount in Rupees)

Sl. No.	Name of the official	Designation	Date of retirement	Office/ Unit from which retired	Gratuity paid including arrears	Pension commutation amount paid including arrears	Leave encashment amount paid including arrears	Details of retirement benefits on which TDS was made

* Arrears paid on account of increase of DA rates, revision of pay scales, etc.