

**TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED  
(ACCOUNTS BRANCH)**

From  
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Director/Finance,  
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To  
All Superintending Engineers  
All Financial Controllers  
All Drawing&Disbursing Officers/HQs.

**Circular No.CFC/GL/FC/ACCTS/ DFC/AO/TAXATION/F.Misc/D.119/2020,  
dt.13.02.2020**

Sir,

Sub: TANGEDCO – Financial Year 2019-20 – TDS on payment of SLS, Pay arrears, Double wages etc. on payment basis and allowing HRA exemption to employees – Clarification issued – Reg.

- Ref: 1. Circular Letter No.CFC/GL/FC/ACCTS/DFC/AO/TAXATION/D.146/2019, dt.22.03.2019.  
2. Circular Letter No.CFC/GL/FC/ACCTS/DFC/AO/TAXATION/D.53/2019, dt.19.09.2019.  
3.Circular Lr.No.CFC/GL/FC/ACCTS/DFC/TAX/F.20B/D.166/2020, dt.28.01.2020.  
4.Lr.No.CE/NCTPS-II/SE/P&A/EA/F.1/2020/D.03/dt.24.01.2020.

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In the reference (1) cited above, instructions/guidelines have been issued for calculation/deduction of TDS on estimated salary during the Financial Year 2019-20, rates of Income Tax to be deducted at source from Salaries, recovery, remittance to Government, return filing, issue of TDS certificates, TDS amendments, charts for TDS etc. and copy of CBDT circular for deduction of TDS on salary have been communicated vide references above.

**1. TDS DEDUCTION ON PAYMENT OF SLS, PAY ARREARS etc.:**

1) Many of the Circles/Offices/Unions have requested clarification whether the TDS has to be deducted based on sanctioned amount/ on actual payment of SLS, Pay arrears, Double Wages, Additional charge allowance etc.

In this regard, the following are furnished:-

(a) As per the TDS Provisions for Salary, the Drawing and Disbursing Officers have to deduct income tax on the estimated salary income for a financial year after allowing the permissible deductions under the Income Tax Act at the rates applicable for that financial year and TDS shall be deducted in equal installments **at the time of each payment.** Any

excess or deficit can be increased or decreased in subsequent deduction during the financial year.

(b) It may be noted that where the SLS, Arrears, Double Wages, Additional charge allowance etc. has been included in the estimated salary but it is **not paid in the same financial year, such amount should not be taken into account for Income Tax calculation purpose**, the same should be taken only in the financial year in which the payment is made. However, if such SLS, arrears etc. are paid in March 2020, applicable TDS may be deducted at the time of payment itself.

## **2. HRA EXEMPTION & DOCUMENTATION REG:**

AG Audit has pointed out that while computing the Income Tax of the employees, the Drawing and Disbursing Officer of few circles had not obtained PAN of Landlord from the employees where the aggregate rent paid during the financial year exceeded Rs.1,00,000/- and the quantum of HRA exemption is not worked out as per the provisions of Income Tax Act.

Further, with regard to the above, it is stated that it is obligatory for the DDO to obtain the details/evidence viz. (i) Rent paid to the landlord (ii) Name of the land lord (iii) Address of the landlord and PAN of the landlord where the aggregate rent paid during the financial year exceeds one lakh before allowing exemption for HRA. As per the provisions of section 10(13A) HRA exemption shall be the least of the following:

- a) the actual amount of such allowance received by the assessee in respect of the relevant period i.e., the period during which the accommodation was occupied by the assessee during the financial year

or

- b) the actual expenditure incurred in payment of rent in excess of one-tenth of the salary due for the relevant period

or

- c) where such accommodation is situated in Bombay, Calcutta, Delhi or Madras, 50% of the salary due to the employee for the relevant period or where such

accommodation is situated in any other places, 40 % of the salary due to the employee for the relevant period.

In this regard, instructions have already been issued vide reference(2) for furnishing Form 12BB by employees along with supporting documents for deduction of HRA, Interest under income from House property and Deduction under Chapter VIA to the concerned Drawing and Disbursing Officers as evidence for the purpose of estimating income for computing TDS.

**Hence, for the Financial Year 2019-2020, proper instructions has to be given to the officers/ staff concerned for promptly complying with the TDS provisions viz. calculation of Income Tax liability on salary, supporting documents for deduction in order to avoid such AG audit comments in future, besides penal provision under the Income Tax Act 1961.**

Therefore, it is instructed that the estimated salary income of employees during the Financial Year 2019-20 may be revised based on actual release of salary and other benefits as well as HRA taxability and exemption limit as per Income Tax TDS provisions and revise the TDS on salary, before finalizing the pay bill of February 2020 to be paid in March 2020.



**DIRECTOR/FINANCE**

Copy to all the Chief Engineers – for perusal.