



सत्यमेव ज्यते

CBDT

Accounts Manual

Principal Chief Controller of Accounts
Central Board of Direct Taxes
2015

अरुण जेटली
वित्त, कार्पोरेट कार्य
एवं सूचना व प्रसारण मंत्री
भारत



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Minister of Finance, Corporate Affairs
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India

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FOREWORD

I am pleased to know that the Office of the Principal Chief Controller of Accounts, CBDT has brought out a Manual titled “CBDT Accounts Manual” for the first time dealing with the procedures of Direct Tax collections and other relevant accounting functions of CBDT.

Major developments have taken place in the field of tax collection, payment and reporting system with the application of information technology in the banking sector and Government. In the fields of finance, payments, and accounting procedures, “e-payments” and computerized accounts has brought in a lot of transparency and accountability in Government. However, these changes have also necessitated to codify all in a manual.

I am sure that the “CBDT Accounts Manual” will greatly benefit all stakeholders associated with it. I would like to appreciate the efforts of Principal Chief Controller of Accounts, CBDT, in bringing out this Manual.



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राजस्व सचिव

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Revenue Secretary

FOREWORD

I am pleased to know that the Office of Principal Chief Controller of Accounts, Central Board of Direct Taxes has brought out this revised Manual of Accounting of Direct Taxes. The Manual presents major changes introduced in the last three decades in the accounting of direct tax receipts.

Changes in work procedures are inevitable which necessitates periodical revision of our Manuals. In this direction, various departments have taken steps over the years to computerize and simplify their respective procedures. These changes need to be codified from time to time in our Manuals which can serve as a ready reckoner for day to day usage.

Major developments have occurred in the procedures of remittance, reporting, reconciliation, refunds and accounting of direct taxes. I am sure the revised Manual of Accounting of Direct Taxes will greatly benefit all stakeholder agencies, such as Income Tax Department, Banks, RBI and the various Zonal Accounts Offices including tax payers.

I would like to compliment the Office of Principal Chief Controller of Accounts, CBDT for their efforts to bring out this useful document.

(Shaktikanta Das)

PREFACE

It is with great pleasure that I present this revised Accounting Manual relating to direct tax revenue collections administered by the Central Board of Direct Taxes (CBDT). The Manual is intended to serve as a guide and reference not only for officials working in the Zonal Accounts Offices of CBDT, but equally for the use of officials of public and private sector banks, other CBDT officials dealing with the system of banking arrangements and payment and accounting of direct tax revenues, as well as for tax payers.

Many changes have occurred in the business processes, rules and procedures adopted by CBDT departmental authorities, authorized collecting banks, and the accounting authorities relating to the collection, collation, reporting, settlement and accounting of direct tax revenues, including the system of payments of refunds since the first edition of the manual. Of particular significance, are changes necessitated by the adoption of Information Technology and notifications/circulars issued from time to time under the rules and procedures governing the system of direct tax collections and their related reporting and accounting. Consequently, the need was felt to revise the Manual.

This revised Manual defines, inter alia, the banking arrangements for physical and e-payment collections, in addition to prescribing the duties and responsibilities of the Zonal Accounts Officers and the Office of the Principal Chief Controller of Accounts, CBDT. An effort has been made to present all procedures in a simple and easy to comprehend manner.

Any error and omissions, detected in the Manual may be brought to the notice of the Principal Chief Controller of Accounts, CBDT, New Delhi.

I would like to thank the Financial Management Research and Resource Society (FMRRS), for their support in bringing out this Manual.

Handwritten signature in blue ink, reading "A. Lianzuala" followed by the date "20/7/2015".

New Delhi
July 20, 2015

(ANTHONY LIANZUALA)
Principal Chief Controller of Accounts

CBDT Accounts Manual

Abbreviations used in the Manual

A/cs	Accounts
AG	Accountant General
AG (CR)	Accountant General (Central Revenues)
ATM	Automated Teller Machine
CAM	Civil Accounts Manual
C.B.D.T.	Central Board of Direct Taxes
C.I.T	Commissioner of Income Tax
C.C.I.T	Chief Commissioner of Income Tax
CGA	Controller General of Accounts
CGA (R&P) Rules	Central Government Account (Receipts & Payments) Rules, 1983
Min. /Depts	Ministries /Departments
NSDL	National Securities Depositories Limited
TIN	Tax Information Network
Pr. CCA	Principal Chief Controller of Accounts
Pr. A.O.	Principal Accounts Office
ZAO	Zonal Accounts Office
P.D. Account	Personal Deposit Account
RBI	Reserve Bank of India
RBI (CAS)	Reserve Bank of India, (Central Accounts Section) , Nagpur
SBI	State Bank of India
PSB	Public Sector Bank
Pvt bank(s)	Private bank(s)

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Chapter 1

Introduction

- **Central Board of Direct Taxes (CBDT)** is responsible for formulation, levy and collection of Direct Taxes and administration of the matters relating to these taxes.
- **Income Tax Commissionerates** which are subordinate to CBDT have been entrusted with the responsibility of collection of taxes and making refunds.
- Taxes are collected through the Reserve Bank of India, State Bank of India and all Public Sector Banks, three authorized private banks and a special status bank.
- At present, 1040 Focal Point branches and about 17580 authorized branches of thirty authorised banks (including 3 private sector banks and the special status bank) are involved in the collection of direct taxes.
- Taxes are payable in cash or by cheque or bank draft or through internet banking or by using Debit Cards.
- Tax refunds are made by the State Bank of India either through cheques or by direct credit to bank account of the tax payers.
- Tax receipts and also the tax refunds are accounted for in the Government books by the Zonal Accounts Offices under the Pr.CCA, CBDT.

1.1 The Central Board of Direct Taxes (CBDT) under the Ministry of Finance, Department of Revenue is the apex authority that administers the direct taxes. At present, the Board consists of a Chairman and six Members. CBDT administers the Acts such as Income Tax Act, Wealth Tax Act (abolished from 2015-16), Expenditure Tax Act, Interest Tax etc. and the rules such as Income Tax Rules and other Direct Tax Rules.

1.2 Income Tax Commissionerates located throughout the country are entrusted with the task of (i) collection of tax revenue by way of taxes, surcharge, cess etc. and other charges such as fine and penalties and (ii) making refunds of taxes and payment of interest. Each Commissioner of Income Tax is assigned jurisdiction either over a territory or over a specified group of cases under the Income Tax Act and is entrusted with the above functions within his jurisdiction.

1.3 Revenue Secretary (RS) is the Chief Accounting Authority of CBDT and the Pr. Chief Controller of Accounts (Pr.CCA, CBDT) is the head of the Accounting Organisation of CBDT. The Pr.CCA, CBDT is responsible for making payments, accounting of all payments and receipts of the Department, authorisations of banks for collection of taxes and internal audit of all Drawing and Disbursing Officers (DDOs) of CBDT, banks and other auditee units. Pr. CCA is assisted by one Chief Controller of Accounts (CCA) (at Hqrs) i.e. New Delhi, two Controller of Accounts (CAs) (one at Hqrs i.e. New Delhi and one at Mumbai) and four Deputy Controller of Accounts (Dy.CAs) (one each at Hqrs i.e. New Delhi, Kanpur, Chennai, and Kolkata). Field level payments, accounting and internal audit is handled through 52 Zonal Accounts Offices (ZAOs) located at different places in the country. In addition, 42 Field Pay Units handle payments and submit compiled accounts to the respective Zonal Accounts Office under whose accounting jurisdiction they are placed.

1.4 With the separation of accounts of the Central Ministries/ departments from the Indian Audit and Accounts Department in the year 1976, the state treasuries/ sub-treasuries were relieved from the responsibility of collecting direct taxes on behalf of the Government of India. The task of collection of taxes, cess, surcharge etc. is now handled by the offices of Reserve Bank of India (RBI), all Public Sector Banks (PSB), including IDBI Bank and a few specified private banks. At present, a total of 17580 branches of different banks are involved in collection of direct taxes. With a view to expediting the process of reporting the transactions and settlement of funds by the banks with the Reserve Bank of India, the procedure of Online Tax Accounting System (OLTAS) was introduced in 2004. Income Tax Department of India (ITD) took the initiative to set up the Tax Information Network (TIN) for the modernization of the system for collection, processing, monitoring and accounting of direct taxes using information technology.

1.5 With the advent of technological advancements and modernization in the banking sector, development of computerization and network and other value added services, the system of collection of taxes through electronic media was also introduced in the year 2005. Now, direct taxes can be paid by the tax payers either in cash by bank draft or cheque at the bank counters or through internet banking or through debit cards.

1.6 The procedure of making Income tax refunds has also undergone change with the introduction of Electronic Refund system. Tax refunds are now made either through direct credit to the bank accounts of the tax payers or by issuing cheques in their favour.

1.7 The system of accounting tax receipts has also seen changes. Earlier the Income Tax Department (ITD) was responsible for detailed classification of tax receipts on the basis of bank challans. From September, 2011 the Pr. CCA, CBDT has taken over this responsibility; Now, ZAOs of CBDT are receiving the challan data from the banks with the help of a new web server CFMS (<http://cfms.nic.in>) which is an interface between all authorized banks and ZAOs and the latter are directly classifying the tax receipts under the final heads of accounts on the basis of such challan information using the software 'RAMS' (REVENUE ACCOUNTING MANAGEMENT SYSTEM). As regards the TDS credits arising in the books of other ministries/ departments they are classified under the final heads of account by the PAOs of the Central Ministries/ Departments in their books and no monetary settlement is effected between those ministries/ departments and ZAOs of CBDT and reconciliation is electronically being carried out to ensure that the data relating to all credits recovered by PAOs are correctly passed on to IT Department.

1.8 Different Direct Taxes collected by the Income Tax Department

Different taxes administered / levied and collected by the CBDT.

- **Corporation Tax**
- **Income Tax**
- **Commodity Transaction Tax (introduced with effect from 2013-14)**
- **Securities Transactions Tax**

The following taxes which were levied earlier have since been abolished by the Government.

- **Wealth Tax (abolished with effect from FY 15-16 as announced in the Union Budget Speech).**
- **Gift Tax (It does not exist with effect from 1-4-2005)**
- **Fringe Benefit Tax (abolished with effect from the assessment Year 2010-11).**
- **Interest Tax (no longer applicable on the interest accruing or arising after 31st March, 2000)**
- **Hotel Receipt Tax**
- **Banking Cash Transaction Tax (withdrawn with effect from 1st April, 2009)**
- **Estate Duty (abolished in 1985)**

1.9 In a general sense, a direct tax is one imposed upon an individual person /companies and business organizations etc. or property (i.e. real and personal property, rental profits, wages, etc.) as distinct from a tax imposed upon a transaction.

1.10 Some of the direct taxes levied by the Government of India are as follows:-

- Corporation Tax:** Corporation tax is a tax which is levied on the incomes of registered companies and corporations. Any institution, association, or body, whether incorporated or not and whether Indian or Non-Indian, which is declared by a general or special order of the Central Board of Direct Taxes to be a company is liable to be taxed.
- Income Tax:** Income Tax Act, 1961 imposes tax on the income of the individuals or Hindu undivided families or firms or co-operative societies (other than companies) and trusts (identified as bodies of individuals associations of persons) or every artificial juridical person. This Act imposes a tax on income under the following heads:
 - Income from house and property,
 - Income from business and profession,
 - Income from salaries,

- Income in the form of Capital gains, and
 - Income from other sources
- (iii) **Securities Transaction Tax (STT):** STT is a tax being levied on the value of securities transacted through a recognized stock exchange. STT is applicable on purchase or sale of equity shares, derivatives, equity oriented funds and equity oriented Mutual Funds.
- (iv) **Commodity Transaction Tax:** Commodities Transaction Tax (CTT) is a tax similar to Securities Transaction Tax (STT), levied in India, on transactions done on the domestic commodity derivatives exchanges.
- (v) **Wealth Tax:** Any individual, Hindu Undivided family (HUF) and a company whose net wealth on the valuation date i.e. 31st March exceeds Rs. Thirty lakhs is liable for wealth Tax. Wealth Tax is levied @1% on the net wealth in excess of Rs.30,00,000/. No cess or surcharge is levied on Wealth Tax. There are various assets which are considered to be assets under the Wealth Tax Act. These are gold, property, land etc. So the underlying measure for tax under the income-tax act is income & in case of wealth tax Act it is assets possessed. **In February 2015, abolition of the tax from FY15-16 was announced in the Union Budget.**
- (vi) **Gift Tax:**-A separate Gift Tax Act no longer exists, but if a person receives a 'gift' or even wins a lottery, it should be included in the gross total income and becomes taxable. Under the I-T law, any sum of money, movable or immovable property received by a person without consideration (without a quid pro quo) is chargeable to tax as 'Income from other sources' -even winnings from lotteries, interest income, to name a few, fall under this head. For this purpose, a new provision was introduced in the Income Tax Act 1961 under section 56 (2) with effect from 1-4-2005 vide Finance Act, 2004. According to it, the gifts received by any individual or Hindu Undivided Family (HUF) in excess of Rs. 50,000 in a year is presently taxable.
- (vii) **Interest Tax:** The Interest Tax is a special tax levied under the provisions of the Interest Tax, 1974 on chargeable interest, in specified cases. The Act is no longer applicable with regard to chargeable interest accruing or arising after 31st March, 2000.

Chapter 2

Definitions

The following expressions have the meaning as hereby assigned to them.

- (i) **“Assessee”** means a person by whom any taxes or any other sum of money is payable under the Income Tax, 1961 Act, and includes—
 - (a) every person in respect of whom any proceeding under this Act has been taken for the assessment of his income or of the income of any other person in respect of which he is assessable, or of the loss sustained by him or by such other person, or of the amount of refund due to him or to such other person;
 - (b) every person who is deemed to be an assessee under any provision of this Act ;
 - (c) every person who is deemed to be an assessee in default under any provision of this Act.
- (ii) **“Assessing Officer”** means an officer of Income Tax Department who has been given jurisdiction over a particular geographical area in a city/town or over a class of persons to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under the Income Tax Act.
- (iii) **“Assessment”** means determination of income tax on the taxable income, at the rates prescribed in the Income Tax Act and it includes reassessment.
- (iv) **“Assessment year”** means the period of twelve months commencing on the 1st day of April every year.
- (v) **“Bank Scroll”** means a statement, in the prescribed format, giving names and amounts of tax paid by the assessee. This would be prepared daily by the bank branch at which tax payments are received in cash or draft or cheque or through on-line.
- (vi) **“Bank”** means any branch of the State Bank of India acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act , 1934 (2 of 1934), any branch of a subsidiary bank as defined in Section 2 of the State Bank of India (Subsidiary Banks) Act, 1959) which is authorized to transact Government business as agent of the State Bank of India, or any branch of a bank (either Nationalized bank or Private Sector bank) as may be appointed by the

Reserve Bank as its agent under the provisions of sub-section (1) of Section 45 of the Reserve Bank of India act, 1934 (2 of 1934).

- (vii) **“Competent Authority”** means the Government or any other authority to which the relevant power has been delegated by that Government.
- (viii) **“Challan”** means a memorandum in the prescribed form (GAR-7) or a format based on GAR-7 for depositing money into a bank concerned as defined under Rule 26 of CGA (R&P) Rules, 1983.
- (ix) **“COMPACT”** means the comprehensive Financial Management Information System software developed by NIC for the computerization of various payment and accounting functions of Pay and Accounts Offices.
- (x) **“Consolidated Fund”** means the Consolidated Fund of India referred to in Article 266(1) of the Constitution.
- (xi) **“Contingency Fund”** means the Contingency Fund of India established under the Contingency Fund of India Act, 1950 in terms of Article 267(1) of the Constitution.
- (xii) **“CAG”** means the Comptroller & Auditor General of India appointed under Article 148 of the Constitution of India.
- (xiii) **“CBDT”** means the Central Board of Direct Taxes under the Ministry of Finance, Department of Revenue which is the apex authority that administers the direct taxes.
- (xiv) **“CGA”** means the Controller General of Accounts in the Ministry of Finance, (Department of Expenditure) who is responsible for establishing and maintaining a technically sound payment–cum-accounting system in the departmentalized accounts offices and for prescribing the rules for regulating the custody, payment into and withdrawal of money from the Government account.
- (xv) **“Designated Officer”** means the officer nominated by the concerned Commissioner of Income tax to receive bank scrolls and challans from the nodal branches to a particular station.
- (xvi) **“EOD”** means the end of the day process initiated by the banks at the time upto which e-payment of direct taxes are allowed for a particular day.
- (xvii) **“Drawing & Disbursing Officer”** means a Head of Office and also any other Gazetted officer so designated by a Department or an Administrator, to draw bills and make payments on behalf of the Central Government.
- (xviii) **“e-lekha”** means the web based application, developed by NIC, which provides a system of core accounting with integration of daily, monthly and annual accounting processes for reporting and financial monitoring and control.

- (xix) **“Financial Year”** means the year beginning on the 1st of April and ending on the 31st March following.
- (xx) **“Government”** means the Government of India.
- (xxi) **“Government Account”** means the account relating to the Consolidated Fund of India, the Contingency Fund of India and the Public Account of India.
- (xxii) **“Head of Department”** in relation to an office or offices means (a) an authority specified in Schedule I of the Delegation of Financial Powers Rules, 1978 and (b) any other authority declared as such under any general or special orders of the Competent authority.
- (xxiii) **“Head of Office”** means (a) a Gazetted officer declared as such under Rule 14 of the Delegation of Financial Powers Rules, 1978, and (b) any other authority declared as such under any general or special orders of the competent authority.
- (xxiv) **“Link Cell”** - Each Public Sector Bank except State Bank of India has a Link Cell at Nagpur which receives Daily Advices from various Focal Point Branches of nominated banks. The Link Cell is responsible for daily adjustment to Government accounts through the Central Accounts Section (CAS) of RBI, Nagpur. In the case of State Bank of India, the Government Accounts Department (GAD), SBI, Mumbai functions as the Link Cell. On receipt of daily memoranda of transactions received from various Focal Point Branches this cell reports the consolidated figures to CAS, RBI, Nagpur for settlement.
- (xxv) **“Main Scroll”** means a consolidated statement of Bank scrolls relating to tax payments made on a particular day in all the branches of the authorized banks located within the specified area. Main scroll should be prepared separately in respect of each Major Head; Similarly payment scroll (Main) shall be sent by the Nodal Banks in respect of tax refunds made Major head wise. However, this provision is not applicable to the non-tax transactions (payments and receipts) in which case there will be only one main Scroll for each day for the payments and receipts separately.
- (xxvi) **“Nodal branch”** - Each of the banks authorized to collect payments of direct taxes will have a Nodal branch at the Zonal Accounts Officer’s centre. In addition to acting as a pooling point, it will also act as a receiving branch. The receiving branches of that bank in a particular Zone will report the transactions as well as submit the sets of documents (scrolls/ challans) meant for the ZAO direct to the respective Nodal Branch at the concerned ZAO centre. The Nodal Branch will in turn consolidate and report the transactions, including its own, to the Link Cell of the same bank at Nagpur for monetary settlement with RBI, Nagpur. The Nodal Branch will also be responsible for sending the documents to the ZAO concerned.
- (xxvii) **“Payment scroll”** means a statement in the prescribed form that indicates the name of the Drawing Officer, particulars of cheque, e-payment advices, amount etc., prepared by each paying branch of the Focal Point Branch. A separate payment scroll is prepared for of refunds pertaining to each Major Head of account.

- (xxviii) **“Permanent Account Number (PAN)”** is a ten-digit alphanumeric number, issued by the Income Tax Department of India to any “person” to facilitate him in making tax payments filing, returns and claiming refunds. The number, along with other relevant details, is printed on a card called PAN card.
- (xxix) **“Pr. A.O.”** means the Principal Accounts Office, C.B.D.T under the administrative control of Principal Chief Controller of Accounts and is located at New Delhi.
- (xxx) **“Pr.CCA”** means the Principal Chief Controller of Accounts who is the Head of the accounting organization of C.B.D.T.
- (xxxi) **“Public Account”** means the Public Account referred in Article 266(2) of the Constitution of India.
- (xxxii) **“Receipt scroll”** means a statement in the prescribed form that indicates the name of the assessee and amount of tax etc. deposited into Government account. The scroll is prepared by each receiving branch of the bank and sent to the Focal Point Branch along with the underlying challans. The receiving branch prepares the daily receipt scroll Major –Head wise scrolls.
- (xxxiii) **“Refunds”** - If an assessee satisfies the Assessing Officer that the amount of tax paid by him or on his behalf or treated as paid by him or on his behalf for any assessment year exceeds the amount with which he is properly chargeable under this Act for that year, he shall be entitled to a refund of the excess.
- (xxxiv) **“Reserve Bank”** means the Reserve Bank of India or any office or branch of the banking Department of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act, 1934 (ACT II of 1934).
- (xxxv) **“Tax”** in relation to the assessment year commencing on the 1st day of April, 1965, and any subsequent assessment year means income-tax chargeable under the provisions of this Act, and in relation to any other assessment year income-tax and super-tax chargeable under the provisions of this Act prior to the aforesaid date.
- (xxxvi) **“TAN”** means Tax Deduction Account Number (TAN) is an alphanumeric number issued to individuals who are required to deduct tax on payments made by them under the Indian Income Tax Act, 1961. The Tax Deducted at Source on payments made by assesseees has to be deposited under this number to enable the assesseees who have received the payments to claim the tax deducted in their income tax return.
- (xxxvii) **“Zone”** means a specified area for which accounts of the revenue receipts are required to be kept separately.
- (xxxviii) **“Z.A.O.”** means the Zonal Accounts Office which is responsible for payment and accounting of the transactions of a particular Zone or any other kind of transactions allotted to it.

Chapter 3

Organisation of CBDT and Accounting Set Up

- C.B.D.T. under the Ministry of Finance, Department of Revenue is in charge of the overall administration of the Direct Taxes.
- CBDT is headed by a Chairman and has six Members.
- The Commissioners of Income-tax are entrusted with the task of collection as well as refund of Income-tax, Corporation Tax, etc. under the Income Tax Act, 1961.

(A) C.B.D.T.

3.1 Organization of Central Board of Direct Taxes

The overall control for administration of Direct Taxes lies with the Ministry of Finance, Department of Revenue of Government of India. Central Board of Direct Taxes (CBDT) is a statutory authority functioning under the Ministry of Finance, Department of Revenue.

3.2 Historical Background of C.B.D.T.

The Central Board of Revenue as the apex body, entrusted with the administration of taxes, came into existence as a result of the Central Board of Revenue Act, 1924. Initially the Board was in charge of both direct and indirect taxes. Subsequently, under the Central Board of Revenue Act, 1963 the Board was split up into two bodies, namely (i) Central Board of Direct Taxes and (ii) Central Board of Excise and Customs with effect from 1.1.1964. Matters relating to the levy and collection of all Direct taxes are looked after by the CBDT whereas those relating to levy and collection of Customs and Central Excise duties, Service Tax and other Indirect taxes fall within the purview of the CBEC.

3.3 Composition and Functions of CBDT

CBDT is headed by a Chairman, who is the *ex-officio* Special Secretary to the Government of India and has six Members who are *ex-officio* Additional Secretaries to the Government of India.

1. Chairman
 2. Member (Income-tax)
 3. Member (Legislation & Computerisation)
 4. Member (Personnel & Administration)
 5. Member (Investigation)
 6. Member (Revenue & Vigilance)
 7. Member (Audit & Judicial)
- (See Diagram 3.1)

3.4 CBDT has the following attached offices viz,

- (i) Settlement Commission
- (ii) Competent Authority (SAFEM/FOPA)
- (iii) Director General, Investigations
- (iv) Statistician, RSP & PR
- (v) Directorate of Organisation and Management Services

3.5 Commissioners of Income Tax

CBDT provides essential inputs for policy and planning for direct taxes in India; it is also responsible for levy and collection of direct taxes through the Income Tax Department with the Commissioners of Income-tax located in different parts of the country. The Commissioners of Income-tax are entrusted with the task of collection as well as refund of Income-tax and Corporation Tax, etc. under the Income Tax Act, 1961.

3.6 Each Commissioner of Income Tax is assigned a specific jurisdiction either over a territory or over a specified group of cases under the Income Tax Act, and is entrusted with the responsibility of administering the Income Tax Act with his respective jurisdiction. The Commissioners of Income Tax in states have been placed under the charge of Chief Commissioner of Income Tax, who controls the cadre and budget of CITs under their respective charge. The Deputy Commissioners, Assistant Commissioners, and Income-Tax Officers, who are in charge of assessment work, are referred to as Assessing Officers.

(B) ACCOUNTING ORGANIZATION OF CBDT

- **The Principal Chief Controller of Accounts (Pr. CCA), CBDT is the apex authority of the accounting organization of the Central Board of Direct Taxes.**
- **Under the Departmentalized Accounts set up, he has been assigned the following functions:-**
 - **accounting of all receipts and refunds pertaining to the Direct Taxes.**
 - **expenditure relating to Income Tax Department**
 - **conducting internal audit for the Income Tax Department, its attached offices and the Banks engaged in the collection of direct taxes.**
 - **Preparation of Monthly accounts and Annual Accounts.**
- **Pr.CCA, CBDT also oversees and monitors the overall banking operations in regard to collection and refund of direct taxes and their reconciliation and remittance to the Government account.**
- **He also renders financial and technical advice to the CBDT on matters relating to collection, accounting, remittance and reconciliation of direct taxes and also other accounting matters.**

3.7 For any Government / organization to perform its functions well, it is necessary to have in place a strong system of collecting its revenues and making payments; Besides, it would also be necessary to have a well-built accounting system which is capable of accounting for the revenues /payments and to ensure that they are properly classified under the relevant heads of accounts for presenting it to the Parliament. The data furnished by the accounting organisation helps the Government in cash management and policy making. The Principal Chief Controller of Accounts, CBDT is the apex authority of the accounting organization of CBDT.

3.8 Payment and accounting system that was prevalent prior to the Departmentalization of Accounts i. e. 1st October, 1976.

Under the system that existed prior to the departmentalization of accounts, payments pertaining to the Department were made by the treasuries/ RBI/ SBI. The receipts pertaining to the Department were deposited with the RBI or SBI or the treasuries / sub-treasuries or the specified branches of a few selected nationalized banks. After making payments or collecting receipts, the treasuries prepared the initial accounts and submitted to the AG concerned under whose accounting jurisdiction they functioned. AGs compiled the accounts and rendered accounts to AG (CR) for consolidation of the accounts for the Department as a whole and inclusion in the Union Civil accounts of the Government.

With the Departmentalization of Accounts the CAG was relieved from the responsibility of compiling the accounts as follows:-

- (i) In respect of payments (with effect from 1-10-76 vide Ministry of Finance (Department of Economic Affairs) Order No. 1(15)-B(A/cs) 76 dated 8-9-1976 and

- (ii) relating to taxes, duties and other receipts and deposits realized or refunded under any law for the time being in force and administered by the Department of Revenue and Banking including the Central Board of Direct Taxes with effect from 1-4-1977 -vide Ministry of Finance, Department of Economic Affairs, Order No. 1(15)-B(A/cs)76 dated 15-3-1977.

3.9 Features of the Departmentalized Accounting Organization

3.9.1 Under the Departmentalized Accounting set up of CBDT, the Revenue Secretary is the Chief Accounting Authority. The Principal Chief Controller of Accounts (Pr.CCA) heads the accounting organization of the Central Board of Direct Taxes. He is responsible for payment, accounting, receipt accounting and book keeping, authorisation of banks for collection of taxes and internal audit of all DDOs of CBDT, banks and other auditee units. Pr. CCA is assisted by one Chief Controller of Accounts (at Hqs), two Controller of Accounts (one at Hqs and one at Mumbai) and four Deputy Controller of Accounts (one each at Hqs, Kanpur, Chennai, and Kolkata). Field level payments, accounting and internal audit is handled through 52 Zonal Accounts Offices spread across the country. (vide Annexure). There is an Internal Audit Organization under the control of Pr. CCA, CBDT. In addition, 42 Field Pay Units located at various places also make payments and submit compiled accounts to the respective ZAO under whose jurisdiction they are placed.

3.9.2 Office of Pr. CCA is responsible for receipts and expenditure as well as accounting in respect of the following offices:-

1. Director General of Income Tax (Administration)

- o Directorate of Income Tax (PR, PP & OL)
- o Directorate of Income Tax (Inspection & Examination)
- o Directorate of Income Tax (Audit)
- o Directorate of Income Tax (Recovery)
- o Directorate of Income Tax (TDS)

2. Director General of Income Tax (Systems)

- o Directorate of Income Tax (Systems)
- o Directorate of Income Tax (Organization & Management Services)
- o Directorate of Income Tax (Infrastructure)

3. Director General of Income Tax (Logistics)

4. Director General of Income Tax (HRD)

- o Directorate of Income Tax (HRD)

5. Director General of Income Tax (Legal & Research)

- 6. Director General of Income Tax (Vigilance)**
 - o Directorate of Income Tax (Vigilance) (North), Delhi
 - o Directorate of Income Tax (Vigilance) (South), Chennai
 - o Directorate of Income Tax (Vigilance) (East), Kolkata
 - o Directorate of Income Tax (Vigilance) (West), Mumbai
- 7. DGIT (International Taxation)**
- 8. DGIT (Exemption)**
- 9. Director General of Income Tax (Intelligence & Criminal Investigation)**
- 10. Director General of Income Tax (Training)**
 - o National Academy of Direct Taxes (NADT)
 - o Regional Training Institutes (RTIs)
 - o Ministerial Staff Training Units (MSTUs)
- 11. All cadre controlling Chief Commissioners of Income Tax**
- 12. Director General of Income Tax (Business Process Re-engineering)**
- 13. ITAT-Income Tax Appellate Tribunal**
- 14. Income Tax Settlement Commission (ITSC)**
- 15. Authority for Advance Ruling**
- 16. Directorate of Income Tax (Expenditure Budget)**

3.10 The functions of Pr. CCA, CBDT are as follows:-

- (i) Payments of the Department i.e. Chief Commissionerates /Commissionerates/ Directorates and Tribunal of the Income Tax through the ZAOs and Field Pay Units located at various places;
- (ii) Accounting of both receipt and payment transactions and their consolidation of monthly accounts received from field offices and submission of consolidated accounts to Controller General of Accounts;
- (iii) Reconciliation of both receipts and payments with the authorized banks and rectification of errors;
- (iv) Settlement of personal claims including the retirement benefits of the employees of the Departments;
- (v) Preparation of Annual Head-wise Appropriation Accounts and Finance Accounts of the Department;

- (vi) Authorization of banks to undertake tax collection and refund of tax and deauthorization of banks in the event of their not performing to the required level;
- (vii) Monitoring of the Direct tax collection made through the nominated banks and ensuring their timely remittance into Government Account;
- (viii) Imposition of interest at the approved rates on the belated remittances of receipts by banks to Government Account;
- (ix) Processing of cases for opening Personal Deposit Accounts and obtaining the approval of CGA;
- (x) Conducting internal Audit / inspection of the formations under the Income Tax Department and the nominated / accredited banks;
- (xi) Rendering advice on the financial and accounting matters relating to CBDT.

3.11 The Principal Accounts Office functions under the Pr.CCA., CBDT and is responsible for:

- (a) Consolidation of the accounts of the Ministry/Department in the manner prescribed by CGA;
- (b) Preparation of Annual Appropriation Accounts of the Demands for Grants controlled by that Ministry/ Department, submission of Statement of Central Transactions and material for the Finance Account of the Union Government (Civil) to be sent to the Controller General of Accounts;
- (c) Payment of loans and grants to State Governments through Reserve Bank of India, and wherever it has a drawing account, payment from it to Union Territory Governments/ Administrations;
- (d) Preparation of manuals keeping in view the objective of management accounting system if any, and rendition of technical advice to Pay and Accounts Offices. It also maintains necessary liaison with CGA's Office for overall coordination and control in accounting matters;
- (e) Maintaining Appropriation Audit Registers for the Ministry/Department as a whole, in order to watch the progress of expenditure under the various Grants operated on by the Ministry/Department.

The Pr. CCA, CBDT has 52 Zonal Accounts Offices (ZAOs) all over the country to discharge the aforesaid responsibilities.

No. of DDOs1383

No. of CDDOs.....40

3.12 Functions of Zonal Accounts Office

Zonal Accounts Offices are responsible for making payments of the CITs/organizations to which they are attached. They are also responsible for compiling the accounts of receipts and payments of the Department including the personal claims of the employees of the Department through 'COMPACT' and

uploading the booked figures to 'e-lekha' and also submitting the monthly accounts to their Principal Accounts Office; in certain cases payments will be made by the departmental Drawing and Disbursing Officers (DDOs) authorized in terms of Chapter 3 of CAM to draw funds by means of Payment advices or cheques drawn on the branches of the particular bank that may be accredited for handling the payments of the Department. All receipts of the Department are finally accounted for in the books of the concerned Zonal Accounts Office.

The Zonal Accounts Office is also responsible for reconciliation of receipts/payments with the bank and also with Department. The functions of ZAO also include maintenance of General Provident accounts and settlement of the retirement benefits of the employees under their accounting jurisdiction who had joined service under the Central Government prior to 1-1-2004 and recovery/remittance of contributions (both government servant's and government's contributions) towards DCPS in respect of the Government servants who have joined service on or after 1-1-2004.

3.13 Creation of New Zonal Accounts Office

The specific approval of the C.G.A., Ministry of Finance, Department of Expenditure is required to be obtained by Pr.CCA, CBDT for creation of a new ZAO or re-organization of the existing ZAOs or granting/withdrawing cheque drawing powers to any DDO.

3.14 In several stations Field Pay Units are authorized to make payments of the Department and submit the compiled accounts to the ZAO under whose accounting jurisdiction they are placed.

ZAO/D.C. / Field Pay Units: There are two types of field Pay Units. One is Field Pay Unit at each office of the ITO /AC/Addl.CIT located at the headquarters of C.I.T. and the other Field Pay Unit at the headquarters of C.I.T. The Field Pay Unit, ITO /AC/DC/Addl.CIT is responsible for arranging payments relating to the officers and staff in the office falling within the territorial jurisdiction of the ITO.

3.15 Non-Cheque Drawing DDOs:

- The DDOs which have not been vested with cheque drawing powers are known as Non-cheque drawing DDOs.
- These DDOs prepare and submit their bills for payments to their accredited ZAO/Cheque Drawing DDO.
- Except in the case of payments by direct credit to the bank accounts of the payees made by ZAOs, the non-cheque drawing DDOs obtain the cheques from the ZAO/Cheque Drawing DDO. These DDOs handover the cheques to the concerned party/official or disburse the amount to the concerned officers after obtaining the cash from banks

Note: The difference between a Non-cheque Drawing DDO and Cheque Drawing DDO is that the former submits the bill to ZAO/another Cheque Drawing DDO for pre-check and payment, whereas the latter is delegated with the powers to pass certain types of bills and draw payments. Then they are required to submit the paid vouchers to PAO for post-check.

Diagram 3.1

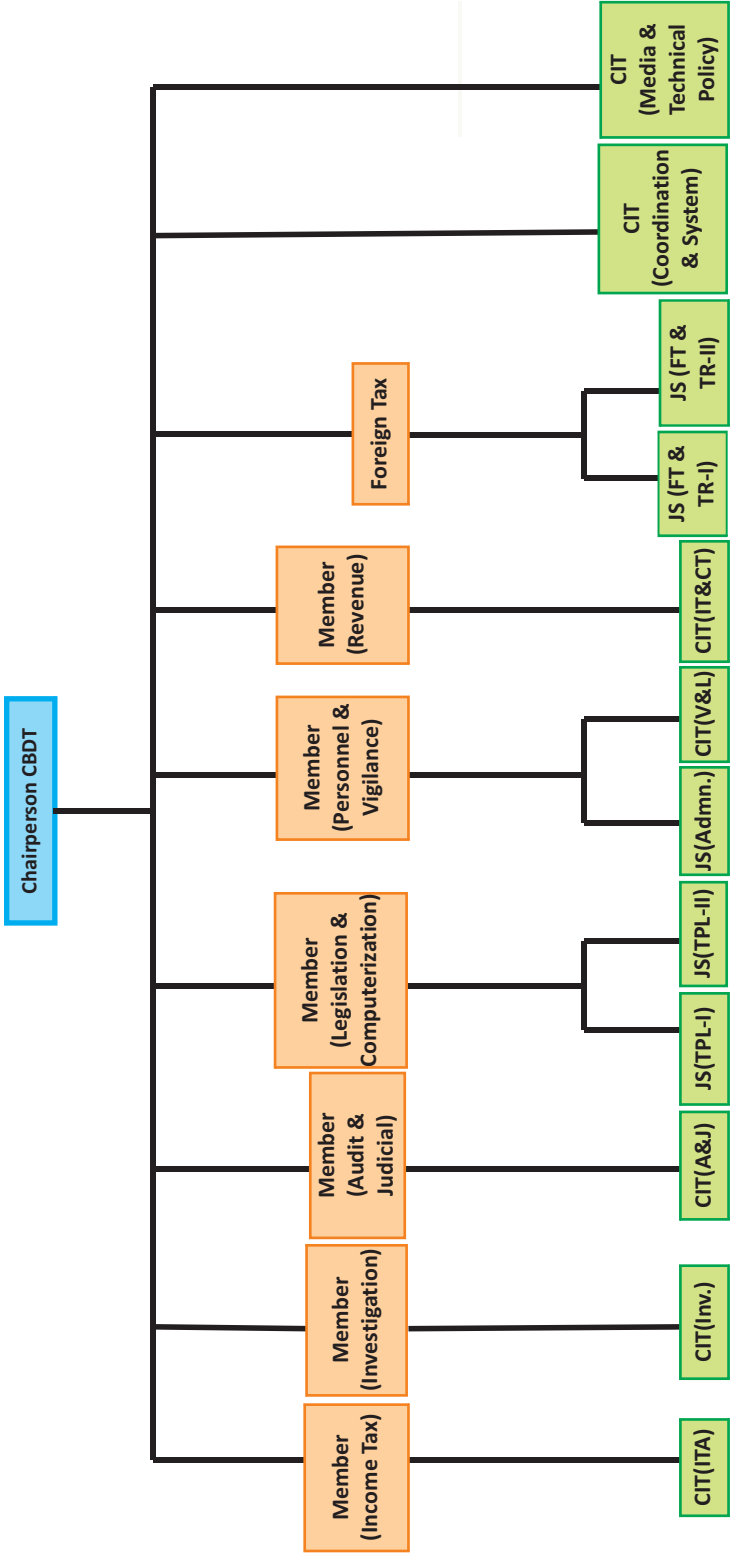


Diagram 3.2



3.16 Different sections in O/o Principal Accounts Office, CBDT and their functions section-wise, in brief to be mentioned here.

(i) Personnel and Budget section

1. Recruitment of Gr. 'C' & 'D' staffs, Screening Committee,
2. Preparation of Roster, Staff position register, Compassionate appointment, Promotion of Group 'D' to LDC, LDC to Accountant.
3. Promotion of Sr. Acctt./Acctt. to AAO, AAO to PAO and their posting and transfer under inter-ministry transfer scheme.
4. Confirmation, probation clearance, absorption, deputation, Gradation list.
5. Allocation of Budget to ZAOs, preparation of BE /RE,
6. Compassionate Appointments and ad- hoc promotion.
7. Delegation of financial powers, declaration of Head of Office.
8. Outsourcing of DEO/Casual Labour etc.

(ii) Examination, Pay & Promotion Section

1. Communication of information to O/o CGA, related to Exams i.e. AAO(C) Exam, Departmental confirmatory Exam, Gr. 'D' to LDC, LDC to Accountant etc.
2. Furnishing information regarding Typing Test for LDCs (on Compassionate ground) to Staff Selection Commission and vice-versa.
3. Forwarding the circulars/orders/information received from O/o CGA to all ZAOs and providing back O/o CGA with the required information/data after consolidating the same received from all ZAOs.
4. MACP & Promotions.
5. Grant of Remuneration for performing Invigilation duties in Exams.
6. Maintenance of CR Dossiers in r/o entire staff of CBDT upto the rank of AAO.
7. Fixation of pay on promotion in r/o ICAS/Sr.AOs/AOs.
8. Fixation of pay of AAOs/AOs/Sr.AOs on promotion and cases related to MACP in respect of all 52 ZAOs.

(iii) Bill Section

1. To prepare monthly Salary & others bills of the Officers/ officials (HQ).
2. To prepare Form 16 & Income Tax Return of employees and Contractors (Quarterly and Annually) to be submitted to Department of Income Tax.

3. Upkeep and maintenance of various Registers related to Head of Expenditure and Budgetary Grants Viz Head – Salaries, OTA, etc.)
4. Upkeep and maintenance of Service Book of officer (upto AAO level)/officials of this office.
5. Drawing and Disbursement of cash and remittance thereof.
6. Maintenance of Cash Book.
7. Preparation of Annual Budget of HQr. and maintenance of Budget through Expenditure Control Registers (ECR).

(iv) Pension Co-ordination Section

1. Clarification relating to Pension Cases and Pay fixation Cases, Cases of anomaly in respect of officials working in the Income Tax Department in respect of their different cadres and also of the categories cropped up after the restructuring of I.T. Department Correspondences relating to arrear claim of pension, family pension and commuted the same.
2. Grievances cases
3. Vetting and scrutiny of para-wise reply submitted by ZAOs in connection with the CAT/Court Cases relating to the officials working in Income Tax Deptt.
4. Persuasion of the orders of the CAT Judgment Implementation/Challenge with the Board, New Delhi for seeking concurrence from DOPT, M/o Law.
5. Monitoring of the implementation and progress of the New Pension Scheme.
6. Circulation of orders, Circulars, O.M. received from the various offices viz O/o CGA, DOPT, D/o Expenditure, Board, Pensions & Pensioners' Welfare etc.
7. Monitoring of Finalization of Pre-2006 pension cases.
8. Monitoring of Finalizations of Post-2006 pension cases.
9. Technical Advice sought by the different ZAOs of CBDT as experienced by them in their day to day working.

(v) Legal Co-ordination Section

1. Court cases pertaining to Accounts Cadre staff covering HQ and all the 24 ZAOs.
2. Disciplinary/Vigilance cases pertaining to Accounts Cadre covering HQ and all the ZAOs.
3. Issuance of vigilance certificate for staff of HQ and all the 24 ZAOs.
4. Review of disciplinary/vigilance/court/ legal cases on six monthly basis and updating Office of the CGA with the same.
5. Monthly D.O (MIS Report) to CGA: Consolidation of reports from 24 ZAOs, RBR section and Expenditure section at HQ.

6. RTI cases of this office including 1st appeal with CCA, CBDT & 2nd appeal with CIC for all ZAOs of this office.
7. Preparation of Agenda items for Annual Zonal Accounts Office's Workshop.
8. Issue regarding creations of Field Pay Unit (FPU).
9. Regarding Technical clarification & correspondence in respect of delegation of Financial Powers Rules thereof.

(vi) Computer Section

1. Procurement of Computer Hardware/Software at H Qrs and providing necessary approval to North Zone ZAOs for procurement.
2. AMC of Computer hardware at HQr and that of COMPACT & RAMS Servers of North Zone.
3. To provide Vendor Technical Support (VTS) at North Zone ZAOs (as and when required) after obtaining approval of the competent authority.
4. Providing of Data Entry Operators at HQr and ZAO, New Delhi.
5. Issues related to resolving of technical problems in COMPACT and e-lekha with ITD Section and NIC.
6. Allotment of DDO code.
7. Implementation of e-payment in 52 ZAOs and providing 'i-key'.

(vii) Establishment-I Section

1. Housekeeping work of Office
2. A.M.C. of Air Conditioners, Fax, Intercom, Invertors, batteries including installations of new equipments & shifting thereof as per orders of higher authorities.
3. Purchase of Air Tickets for officials through M/S Balmer Lawrie & Co.
4. Payments of telephone bills, procurement of stationary for official use, hiring of Taxi, Scrutiny of petrol /Diesel bills of staff car & auto.
5. Preparation of permanent identity card & temporary identity card from Ministry of Home Affairs.
6. Dealing with the cases of uniform for Gr.D employees for Head quarter & for departmental canteen.

(viii) Establishment-II Section

1. TA advance/adjustment/Transfer TA/TA on retirement of all officers/officials of HQ and all the ZAOs.

2. LTC advance/adjustment of all officers/officials of HQ and all ZAOs.
3. Leave Encashment cases of all officers/officials of HQ and all ZAOs.
4. Sanction of CGEGIS all officers/officials of HQ and all ZAOs.
5. Maintenance of Service Books of all , A.O, Sr.A.O of HQ and all ZAOs.
6. Maintenance of Service Books of all Group 'A' officers at HQ.
7. Personal claims viz. TA/LTC/Medical/Leave/GPF Advance/Withdrawal of Officers / Officials of H.Qrs and 52 ZAOs

(ix) Expenditure Section

1. Preparation of Flash Figures, Monthly Account, Object Head wise Expenditure Statement.
2. Preparation of SCT, Appropriation Account, Finance Account and Non-Tax Revenue Budget
3. Preparation of Budget Controlling Authority Wise Expenditure Report with reference to budget allocated to BCAs
4. Issuance and Monitoring of Authorizations issued to M/o UDPA , M/o I&B and M/o Commerce, D/o Supply to incur expenditure on behalf of CBDT
5. Statement of Minor Losses, irrecoverable amount, ex-gratia payments etc.
6. Annual progress report of balances adopted/dropped on proforma basis.
7. Material for Accounts at a Glance related to Expenditure Section.
8. Opening of new head of accounts (related to expenditure Account)
9. Reconciliation of accounts with regard to ZAOs
10. Settlement of Audit Memos related to Audit of Appropriation Accounts and Finance Accounts
11. Submission of expenditure statements to other ministries

(x) Internal Audit Section

1. Conduct of Internal Audit of IT Department, Banks authorized to collect direct taxes and all ZAOs;
2. Administering internal audit manual of the Department;
3. Preparation of quarterly and annual performance review of the working of Internal Audit wing and forward the same to JS & FA, M/o Finance and Jt. CGA.
4. Co-ordination with office of CGA regarding Internal Audit procedures
5. To prepare annual forecast of Internal Audit of all the ZAOs and to plan and approve audit accordingly.

(xi) RBR Section

1. Preparation of Broadsheet of PAO Susp/Susp A/c (Civil)/ PSB/ONB/RBD (on monthly basis) and sending it to all concerned ZAOs for reconciliation and clearance.
2. Preparation of Clearance Report (Statement 'A') on the basis of figures received from Revenue Accounts Section, Expenditure Accounts Section and RBI in r/o PAO(Susp.)/Suspense Accounts (Civil)/PF suspense /PSB/ONB/ RBD and submission to CGA's office through CDN section.
3. Preparation of Comparative Statement (every month) showing Major Head wise collection as per Accounts Figures as well as RBI Figures & sending the same to CGA's Office through CDN Section.
4. Preparation of DMA II, Transfer Entry and submission to ZAO-New Delhi for incorporation in Monthly Account (Expenditure A/c and Revenue A/c).
5. All work related to cheque indents i.e. compilation of indents received from ZAOs and forwarding of cheque books to concerned ZAOs as received from CSD, Nasik.

(xii) Receipt Co-ordination Section

1. Authorisation / deauthorisation of banks / branches for collection of direct taxes.
2. Co-ordinating new schemes for development in tax collection and implementation across all agency banks
3. Assessing performances of all agency banks / branches
4. Matters relating to P.D. Accounts (i.e. opening & operation; reconciliation; related correspondence with O/o CGA/CBDT Board/ZAO)
5. Quarterly report for Penal Interest
6. Preparation of "Agenda" for Monitoring Committee meetings, High Level meetings, Standing Committee meetings and any other meetings with Banks, approval of minutes and follow-up action thereof
7. "Accounts at a Glance" published annually - compilation

(xiii) Receipt Accounts Section

1. Compilation/preparation of 'flash figures' of Direct Tax collection for submission to various quarters for MIS.
2. Due reporting of flash figures – fortnightly (every month) & on daily basis at the end of each quarter (from 15th to end of the month)
3. Compilation/consolidation/reconciliation of revenue accounts through COMPACT (RAMS)
4. Uploading/submission of reconciled (with figures of physical DMS reported by Banks) revenue accounts on 'e-lekha'

5. Furnishing replies to Parliament Questions/RTIs related to Direct Tax collection
6. Submission of figures of education cess; 'other taxes' to the concerned quarters at due intervals

(xiv) Field Pay Unit (HQ)

1. FPU, HQ is functioning as a part of ZAO, New Delhi.
2. Bills are being passed and processed for payment by accessing the same server placed at ZAO, New Delhi.

Chapter 4

(A) Banking Arrangements

Direct taxes levied by CBDT are collected by the following banks

- Reserve Bank of India
- State Bank of India
- Public Sector Banks
- ICICI Bank, HDFC Bank and Axis Bank
- Jammu & Kashmir Bank

4.1 Collection of Direct Taxes

As mentioned in the previous Chapter, Direct Taxes are levied by the Central Government. Direct Taxes administered by CBDT are payable by the tax payers at the authorized banks as notified by the special orders by the Department from time to time. Tax Deducted at Source (TDS) is recovered / deducted from the source of payment. TDS recovery made by the deductors other than those belonging to Government sector and the other direct taxes are remitted to the authorized banks. It is the duty of these authorized banks to collect the money deposited as taxes, forward the particulars of tax collections to the Accounts Officer and the Department and credit the amounts collected to the Government account.

4.2 Earlier Procedure

Prior to 1st April 1976, Income Tax and other Direct taxes were accepted only by (i) the Offices of Reserve Bank of India (RBI), (ii) the branches of State Bank of India (SBI) and its associates conducting Government business and (iii) Government treasuries and sub-treasuries.

4.3 Collection of taxes through Public Sector Banks / Private Banks

4.3.1 With the departmentalization of accounts in the Central ministries/ departments, tax collection at treasuries /sub-treasuries was discontinued. The Reserve Bank who is the banker of the Central

Government appointed the Public Sector Banks as their agents to handle Government transactions. As a sequel thereto, a scheme for collection of income tax and other direct taxes through the branches of Public Sector Banks was introduced with effect from 1st April 1976 and selected branches of the all Public Sector Banks were authorized to collect taxes and the number of centres at which payments could be made by assesses to Government account through banks was increased in a phased manner. In the year 2002, four Private Sector banks viz. ICICI Bank, Axis Bank and HDFC Bank and IDBI Bank (then a private bank and now a Public Sector bank) were also authorized to collect taxes.

4.3.2 As on date, Direct taxes are collected at all centres of the RBI (list of RBI Centres is at Annexure 4.1) and through more than 17500 authorized branches of the State Bank of India, 25 other Public Sector Banks (incl. IDBI Bank), the Jammu and Kashmir Bank Ltd. and three Private Sector Banks viz. Axis Bank, ICICI Bank and HDFC Bank. A list of the banks authorized for collection of direct taxes is given in Annexure 4.2.

4.3.3 While all branches of selected banks existing prior to 1st April, 1977 were authorized to undertake the collection of direct taxes, branches opened after 1st April, 1977 could undertake the work only with specific approval from the Pr.CCA, CBDT and RBI.

4.3.4 In addition to the conventional method of receiving tax amounts at the bank counters, the procedure of payments through online was also introduced in the year 2005. All the banks authorized for tax collection are now offering this facility to tax payers.

4.3.5 The Refund work of Direct Taxes is handled by RBI, the State Bank of India and its associate Banks (where SBI branches are not present). The detailed procedure with regard to refunds and accounting thereof is given in Chapter 9.

4.3.6 Payments of the Department (other than tax collections and refunds)

State Bank of India has been nominated as the accredited bank for making all payments of the Income Tax Department including the personal claims like salaries, etc. of the employees of the Department. All such payments of the Department are made by the authorized branches of the State Bank of India on the basis of electronic payment advices or cheques issued by the ZAOs and CDDOs. Non-tax revenue of the Department is also received by these branches.

4.4 Procedure for authorization of banks

4.4.1 RBI is the banker to the Government of India. It maintains the cash balance of the Government and provides banking facilities to the Ministries and subordinate or attached offices either directly through its own offices or through its agent banks. For this purpose, RBI shall, in consultation with the Controller General of Accounts, has nominated a bank to function as the accredited bank of a ministry or department. Pay & Accounts offices/ ZAOs and Cheque Drawing and Disbursing Officer shall have assignment accounts with the identified branches of the accredited bank of the ministry. All payments shall be made through these identified bank branches. These branches shall also collect departmental and other receipts. Tax revenues of the Government shall be collected by the RBI through its own offices or through the nominated branches of its agent banks as explained in Para 4.3.2 above.

4.4.2 In terms of Para 1.4.1 of CAM, any proposal for changing the accredited bank or accrediting a new bank for handling the transactions of the Department shall require the approval of CGA and RBI. In cases where a new branch is being identified as a Focal Point/Nodal branch or any change of existing Focal Point Branch is involved, the Ministry/Department will have to seek prior permission of RBI, DGBA, Central Office, Mumbai through CGA. Para 1.4.1 of CAM also states, “ whenever (a) More than one bank is proposed to handle the transactions at the same station; and (b) the accredited bank is required to be changed, the proposal should be invariably referred to the Controller General of Accounts, Ministry of Finance who would process them further after necessary examination, and take suitable decision on the subject. However, in the following cases, the Pr. CCAs/CCAs/CAs of the Ministry/Department heading the accounting organization may directly approach the RBI, Department of Government and Bank Account, (Central Office), Mumbai for opening bank account: (i) In favour of any newly constituted PAO or the CDDO, as long as the account is to be opened in the accredited bank without any change involved in Focal Point Branch; and (ii) In a different branch of the accredited bank from a specified date with simultaneous closing of existing account in a branch, on account of administrative reasons like proximity of the branch etc. In such cases it should be ensured that the reference to the Reserve Bank of India, Mumbai contains full particulars of the Pay and Accounts Officer and/or cheque drawing DDO regarding the previous account number and location/address of branch bank etc. “

4.4.3 Procedure for de-authorisation of bank branches for collection of Direct Taxes

With a view to streamlining the procedure for delisting of authorised bank branches under OLTAS (OLTAS has been explained in Chapter 5), it has been decided in consultation with the office of Principal Chief Controller of Accounts (Pr CCA), CBDT, New Delhi that any proposal for de-authorisation of bank branches should be submitted by the Head Offices of the agency banks to RBI, Central Office keeping in view the following parameters/guidelines:

- (i) The existing branch has not received any Direct Tax in the previous year (April-March)
- (ii) The proposal for delisting of authorised branch has the approval of the Top Management of the concerned bank.

After the proposal is approved by RBI/Office of Pr.CCA, CBDT the concerned bank should give wide publicity to the effect that the specific branch will discontinue acceptance of taxes with effect from a specific prospective date and advise RBI accordingly.

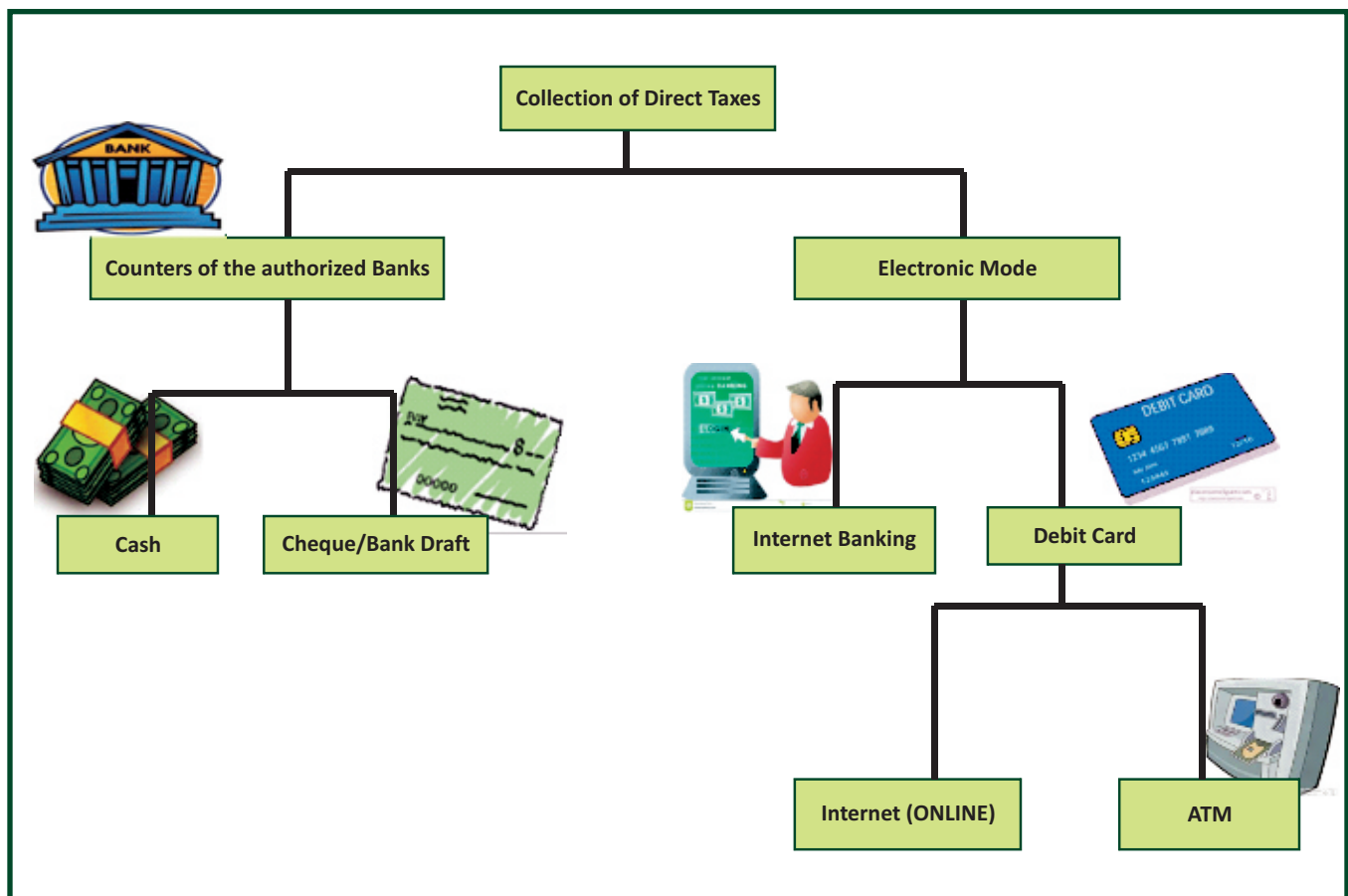
(RBI/2005/412 (DGBA.GAD.No.H.5318/42.01.034/2004-05) dated April 4, 2005)

(B) Different modes of payment of direct taxes by assesseees

- Direct taxes are payable at the counters of the authorized banks either in cash or by bank draft or cheque.
- Taxes can also be paid through internet banking or by using debit card at the website of the authorized banks or at ATMs of those banks.

4.5 In this part, we are explaining the different modes through which direct taxes can be paid.

Diagram 4.1



Now, Direct taxes can be paid by assesseees through any one of the following modes:-

- (a) At the counter of authorized bank.
- (b) by using the electronic mode

4.5.1 Payment at the counter of Bank

The taxes due can be paid in any branch of the Reserve Bank of India, any nominated branch of the State Bank of India and its subsidiaries, or in certain specified branches of nationalized banks and the authorized Private Banks as mentioned in Para 4.3.2 above. Tax can be paid at the counters of these banks in cash or by cheque/bank draft drawn on the same bank or another bank/branch at the same centre where the payment is made. The payment of tax by outstation cheques/drafts can also be made at any authorized branch; Amount deposited through cheques/drafts shall be credited to Government's account after realization of the instrument.

4.5.2 The detailed procedure of payment of tax at the bank counter is as follows:-

Tax payers will have to furnish a hard copy of the challan in the prescribed / relevant format (challan formats prescribed for various payments have been mentioned in Annexure 4.3) at the bank for making such payments. The tax payer shall fill up a single copy of challan - with the main challan at the top and the tax payer's counterfoil at the bottom thereof.

4.5.3 It will be mandatory for the tax payers to mention the relevant particulars in challan such as:

- PAN/TAN
- Name
- address of the tax payer
- Assessment year
- Major Head and Minor Head
- Type of payment etc.

4.5.4 According to the instructions issued to the banks by the Reserve Bank, the receiving clerk/ teller of the receiving branch will have to check up the following points while accepting the payment:-

- (a) Whether main portion of the challan and the counterfoil form have been filled in properly; and
- (b) the amount and major head of account to which the amount is to be accounted / credited is correctly recorded therein;
- (c) Whether details of the Permanent Account Number (PAN) or Tax Deduction Account Number (TAN) have been quoted in the challan at the prescribed place. (Detailed instructions to be followed by the banks in this regard have been mentioned in Chapter 5)

4.5.5 After scrutinizing the challan and satisfying himself that the amount of cash, cheque or draft tendered agrees with the amount shown in the challan, and also that the cheque/ bank draft is a valid one, the counter-clerk of the branch will issue a paper token to the tenderer to facilitate delivery of the counterfoil receipt to him. In the case of challans deposited with cheque or draft, the counterfoil receipt

will be issued only on realization of the amount of the same and hence the counter-clerk will indicate on the token, the date on which the same will be available.

4.5.6 In case the amount is paid in cash, the challan, if found in order after scrutiny, will be stamped 'CASH RECEIVED'. The bank will also stamp both the main portion and the tax payer's counterfoil of the challan with a stamp mentioning the name of the bank & branch, the BSR code the branch (7 digits), date of deposit (DDMMYY) of the amount and unique serial number of the tax payer's counterfoil of the challan.

4.5.7 An authorized official of the branch will sign in full the tax payer's counterfoil of the challan and initial the main copy of the challan having received the amount and the tax payer's counterfoil shall be handed over to him.

4.6 Payment using the Electronic Mode (Online payment)

4.6.1 On-Line payment of Direct Taxes by the assesseees was initiated and the necessary arrangements were made in the year 2005. In the electronic mode of payment there is no direct customer interaction at the bank counter and hence no payment challan is required from the tax payer. Again, there are different ways in which these payments can be made online; for the purpose of paying through internet banking the person making the payment should have online banking facility. Payments can also be made on line by means of debit cards.

Note : However, payment through credit cards has not been implemented so far.

4.6.2 Central Board of Direct Taxes vide their notification No.34/2008 dated 13.03.2008 (vide Annexure 4.4) had made online payment of Taxes mandatory for the following category of tax payers with effect from 01.04.2008:

- A Company ; and
- A person (other than a company), to whom provisions of Section 44AB are applicable.

A person not covered in the mandatory category can also voluntarily pay his tax by using the e-payment mode.

4.6.3 CBDT has subsequently clarified that an assessee can make electronic payment of taxes also from the account of any other person; however, the challan for making such payment must clearly indicate the Permanent Account Number (PAN) of the assessee on whose behalf the payment is made. – vide: Circular no. 5/2008, dated 14-7-2008.

4.6.4 Payments of the following direct taxes can be made by using electronic mode either through internet banking or by using Cards:-

- (1) Income tax (all forms of tax like advance tax, self assessment tax)
- (2) Corporate tax (i.e., income tax paid by a company)

- (3) Tax deducted at source (TDS)
- (4) Tax collected at source (TCS)
- (5) Securities Transaction Tax (STT)
- (6) Wealth tax and other direct taxes like gift tax, expenditure tax, etc.

4.7 Payments through internet banking

The detailed procedure of payment of tax through internet banking is as follows:-

The tax payer has to log on to the website www.incometaxindia.gov.in and click on 'pay taxes on-line'. Income Tax Department through Tax Information Network (TIN) provides a screen at its website for the tax payers to fill up electronic challan in the prescribed proforma. If necessary, the tax payer can take the help of FAQs, downloads etc. available on the screen. The taxpayer will select the relevant challan i.e. ITNS 280, ITNS 281, ITNS 282 or ITNS 283, as applicable. The tax payers are mandatorily required to quote PAN/ TAN. The system will validate the PAN/TAN against the data base of PANs/ TANs. If PAN/ TAN is valid, the taxpayer will be allowed to fill up other challan details like accounting head under which payment is made, name and address of tax payer, Assessment year, Major Head, Minor Head, Type of payment. Once the data is validated, a drop down menu will appear indicating the names of various authorized banks offering internet account.

The tax payer has to opt for any of those banks in which he has an internet banking account. A link will transfer the data to the website of the selected bank. After the tax payer has logged on to the net banking site of the bank using his login ID and password/PIN provided by the bank, he will be able to fill in the payment details and amount on the bank's website. After satisfying himself of the correctness of the particulars, the tax payer will complete the transaction using the internet username and password allotted to him by his bank.

On completion of the transaction, the tax payer will have an option to generate a printable acknowledgment indicating the Challan Identification Number (CIN) from the website of the bank. This will contain details that are usually given in the hard copy of the counterfoil, including Challan identification Number(CIN).The Challan Identification Number (CIN) on this acknowledgement should be quoted in Return of Income Tax submitted annually. He can also check if his / her payment has reached the Income Tax Department at <https://tin.tin.nsdl.com/oltas/servlet/QueryTaxpayer>.

4.8 Payments through Debit Card

4.8.1 The detailed procedure of payment through Debit Card by operating at the website of the bank is given below:-

Payment by using Debit Card issued for an account maintained with any of the branches of the authorized banks can be made in either of the following two ways :-

- by operating at the website of CBDT
- through ATM of the banks

4.8.2 Payment through Debit Card by using the CBDT's website

The following steps need to be adopted by a tax payer for making payment

- At the time when a tax payer wants to make payment of tax through Debit Card, he has to visit the CBDT website. This will require One Time Registration for getting a secure code (password) from the bank.
- The web page of the Tax Information Network (TIN) of the Income Tax Department will be displayed.
- The tax payer will have to click the challan number applicable and the relevant challan will appear on the screen. .
- He will have to furnish the required particulars such as the PAN, name, address, assessment year, major head, minor head under which the tax should be classified, type of payment etc.
- He has to select the name of the authorized bank through which he wants to make the payment from the list of banks. He will be redirected to the site of the bank chosen by the tax payer.
- On selecting the option for making Debit Card, options to pay through ATM cum Debit Cards will be displayed on the screen.
- The tax player will have to select ATM cum Debit Cards of the relevant bank and click the 'Submit' button.
- The tax payer will be redirected to payment gateway site. He will be required to enter the card details like card number, CVV / PIN number, expiry date, Card holder name etc. and submit.
- He will also be directed to enter his secure code password and click the 'Submit' button. He will be redirected to the bank with the details of his card number.
- He will also enter the actual tax amount to be paid by him. He will be displayed pre-confirmation page with the tax payment details. He will verify the details and click the 'confirm' button.
- Post confirmation page displays a link to print or download the receipt. He can also generate e-receipt any time subsequently.

4.8.3 Payment at ATM by using Debit Card

Payment of Direct Taxes (Income Tax, TDS etc) can be made using ATM-cum-Debit Card issued for an account maintained with any of the authorized branches. The tax payers intending to make payment of tax through ATM has to follow the steps given below:-

- The tax payer has to make a ONE TIME Registration with the bank where his account is maintained for getting a secure code (password) from them.
- The Debit Card holder has to submit an application at his account maintaining branch for enabling this facility.
- The applicant has to provide the details like his Card Number, photo copy of PAN card, Type of Payment of Tax, Major Head Code, Minor Head Code, Nature of payment, PAN number, Mobile Number, email ID etc., in the prescribed format.
- The facility will be enabled on ATM after submission of the application at the branch.
- After validation of the details furnished by the tax payer he receives a SMS and an e-mail confirmation after registration.
- A Debit Card holder can walk into the Bank ATM concerned.
- ATM displays a screen prompting the customer to insert his card.
- After inserting the card, the tax payer has to select the 'SERVICES' option for the facility.
- He will have to follow step by step, the instructions displayed on the screen and give options as required.
- After the tax payer confirms the information like PAN Number, Major and Minor heads, payee's name he is required to feed in the amount of tax payable by him.
- After the successful completion of the transaction, the screen displays this information.
- A Tax Payment Advice generated by the ATM could be collected by the tax payer.
- Confirmation with regard to payment will also be sent through e-mail.

4.9 Concept paper issued by Pr. CCA, CBDT to the banks on collection of direct taxes through Internet banking

Facility of payment of Direct Taxes over Internet

A system of payment of Direct Taxes by the assesseees over 'Internet' under the On-line Tax Accounting System (OLTAS) has been put in place. The Technical Committee constituted by the High Powered Committee on OLTAS to examine the issue of Direct Tax payments being made over the Internet has since finalized a Concept Paper on Electronic Payment of Taxes through Banks having Internet Banking facilities. As per the Concept Paper National Securities and Depositories Limited (NSDL) will provide the data screen for entry of challan details and validate the same against the PAN/ TAN database, codes of Major Heads/ Minor Heads, types of payments etc. NSDL will also provide a secured link between its website and the website of the participating Bank. NSDL has informed all the banks participating in OLTAS about the system becoming operational giving the technical document on Internet payment.

The main points as per the 'Concept Paper' that need to be kept in view by Zonal Accounts Offices receiving challans/ scrolls for collection through 'Internet' are summarized below:

- (a) The Banks authorized for direct tax collection will be eligible for tax collection through Internet. However, on case basis, depending on the availability of Infrastructure, each bank will be specifically authorized for this activity (tax collection through internet). All such authorized banks would identify one of their branches as the internet Collection Branch (ICB) for the entire country. This ICB would be reporting all transactions to the existing Nodal Branch in that particular Zone. Upon authorization of the ICB by Pr. CCA, CBDT, New Delhi, the concerned Zonal Accounts Office (ZAO) would be intimated.
- (b) Identification of Zonal Accounts Office and Regional Computer Centre for tax collections through internet.

The location of 'Internet Collection Branch' would decide the Zonal Accounts Office / Regional Computer Centre responsible for reconciliation and accounting of tax collection / receiving challans / scrolls data.
- (c) Printing of hard copy of challans

The internet Collection Branch would decide the Zonal Accounts / Regional Computer Centre responsible for reconciliation and accounting of tax collection / receiving challans/ scrolls data.
- (d) Remittances and Reporting

The ZAO, under whose jurisdiction the ICB of a particular Bank falls would be responsible for monitoring of timely remittance of collections to Government account. While reporting figures of collections to Head quarters, the collections but would be mentioned separately for proper identification.

Concept paper on Electronic Payment of Taxes through bank having Internet banking facilities

1. Income tax Department through Tax Information Network (TIN) provides a screen at its website for the tax payers to fill up electronic challan in the prescribed proforma. It will be mandatory for the tax payers to quote PAN/ TAN, Name and address of the tax payer, Assessment year, Major Head, Minor Head, Type of payment. The system will validate the PAN/TAN against the data base of PANs/ TANs and also ensure that other particulars are filled up properly with valid codes. Once the data is validated, a drop down menu will appear indicating the names of various banks offering internet account. The tax payers can opt for any of these banks in which he has an internet account. A link will transfer the data to the web of the selected bank. The tax payers will be able to fill in the payment details and amount on the bank's website. After satisfying himself of the correctness of the particulars, the tax payer will complete the transaction using the internet username and password allotted to him by his bank.
2. On completion of the transaction, the tax payer will have an option to download the counterfoil from the website of the bank. This will contain details available that are usually given in the hard copy of the counterfoil including Challan identification Number (CIN).

3. Role of TIN

NSDL will provide the data screen for entry of challan and validate the same against the PAN/ TAN database and codes of Major heads, Minor head, types of payment. It will provide a secure link from its website to the website to the different banks. The facility tax payment on the TIN website will be available 24 hours of the day every day (24x365).

4. Role of banks

- (i) Participating banks having net banking facilities will allocate one particular branch as the internet Collection branch for receiving / accounting tax payment made through internet. The website of participating banks will display the PAN/ TAN details, Name, Major/ Minor Head etc. of the challan form in non-modifiable format and allow only entry of payment details by the tax payer at their website in a secure mode. They will also ensure that on completion of the transaction, the tax payer is allotted a unique Challan Identification Number (CIN) comprising of BSR Code of the internet Collection branch, the date of receipt and serial number of the electronic challan in that branch on that day. Participating banks will also ensure that on completion of the payment, tax payer is able to download the tax payer's counterfoil containing all the details presently on the hard copy counterfoil including CIN. The banks will also print details of CIN in the customer's bank account statement / pass book so that the tax payer will have a permanent record of CIN details. The blackout period, during which the facility for tax payment over bank's website is disabled, will depend upon the bank's operational policies and will be bank specific. Such blackout timings will be displayed on the bank's site for the information of the tax payer.
- (ii) The banks will print a hard copy of the challan on behalf of the tax payer for including in the nodal branch scroll of the Internet Collection branch. (a separate scroll for internet collections) and forward the same to the concerned ZAO of the city where the internet collection is situated. The bank branch will be at liberty to sign the hard copy of the challans through facsimile signature of their authorized signatory. The same branch will also transmit the relevant data to TIN in the prescribed record structure and in the prescribed manner as other bank branches.

List of branches of Reserve Bank of India

Sl.No.	Branch name	Address
1.	RBI, Mumbai	Reserve Bank of India, Shahid Bhagat Singh Road, Mumbai 400 001
2.	RBI, Kolkata	15, Netaji Subhash Chandra Road, Kolkatta -700 001
3.	RBI, New Delhi	6,Sansad Marg, New Delhi 110 001
4.	RBI, Kanpur	P.B.No. 82 &142 Mahatma Gandhi Road, Kanpur-208 001, Uttar Pradesh
5.	RBI, Chennai	P.B.No. 40, Fort Glasis, 16 , Rajaji Salai, Chennai , 600 001
6.	RBI, Ahmedabad	P.B. No. 1 Ashram Road, Ahmedabad-380 014
7.	RBI, Bangalore	P.B. No. 5467, 10/3/08, Nrupatunga Road, Banglore-560 001
8.	RBI, Belapur	Plot no. 3, Sector 10, H.H.Nirmaladevi Marg, CBD, Belapur, Navi Mumbai, Thane, Maharashtra 400 614
9.	RBI, Nagpur	(1) Main office building, Dr. Raghavendra Rao Road, P.B. No.15, Civil lines, Nagpur 440 001, Maharashtra (2) Additional office building P.B. No.118, East High Court Road, Nagpur-440 001, Maharashtra (CAS)
10.	RBI, Patna	P.B.No.162, South Gandhi Maidan, Patna-800 001, Bihar
11.	RBI, Bhubaneswar	P. B. No. 16 &17 Pt. Jawaharlal Nehru Marg, Bhubaneshwar-751 001 Orissa
12.	RBI, Hyderabad	P.B.No. 1,6-1-56, Secretariat Road Saifabad, Hyderabad-500 004 Andhra Pradesh
13.	RBI, Jaipur	Rambag Circle, Tonk Road, P.B. No. 12, Jaipur-302 052 Rajasthan
14.	RBI, Guwahati	P.B. No.120, Station Road, Pan bazaar, Guwahati-781001 Assam
15.	RBI, Thiruvananthapuram	P.B. No. 6507, Bakery junction, Thiruvananthapuram - 695 033 Kerala
16.	RBI, Panaji	3A-3B, Sesa Ghor, 3rd Floor, P.B. No. 20, EDC Complex, Panaji - 403 001 (Goa)
17.	RBI, Kochi	Ernakulam North, P.B.No. 3065, Kochi - 682 018
18.	RBI, Lucknow	8-9, Vipin Khand, Gomti Nagar, Lucknow
19.	RBI, Jammu	Rail Head Complex, Jammu 180 012
20.	RBI, Chandigarh	Central Vista, Sector 17, Chandigarh 160 017
21.	RBI, Bhopal	Hoshangabad Road, P.B. No.32, Bhopal 462 011

I Public Sector Banks authorized to collect Direct Taxes on behalf of the Government

- | | |
|-------------------------------|------------------------------------|
| 1. Allahabad Bank | 14. Punjab & Sind Bank |
| 2. Andhra Bank | 15. Punjab National Bank |
| 3. Bank of Baroda | 16. State Bank of India |
| 4. Bank of India | 17. State Bank of Bikaner & Jaipur |
| 5. Bank of Maharashtra | 18. State Bank of Hyderabad |
| 6. Canara Bank | 19. State Bank of Mysore |
| 7. Central Bank of India | 20. State Bank of Patiala |
| 8. Corporation Bank | 21. Syndicate Banks |
| 9. Dena Bank | 22. United Commercial Bank |
| 10. IDBI Bank | 23. Union Bank of India |
| 11. Indian Bank | 24. United Bank of India |
| 12. Indian Overseas Bank | 25. Vijaya Bank |
| 13. Oriental Bank of Commerce | 26. State Bank of Travancore |

II Private Banks authorized to collect taxes

1. Axis Bank
2. HDFC Bank
3. ICICI Bank

III Special Status Bank authorized to collect taxes

1. Jammu & Kashmir Bank

Challan forms

Sl.No.	Challan No.	Description	Type Of Payment
1.	ITNS 280	for payment of Income Tax and Corporation Tax	<ul style="list-style-type: none"> • Advance Tax • Surtax • Self Assessment Tax • Tax on Distributed Profits of Domestic Companies • Tax on Regular Assessment • Tax on Distributed Income To Unit Holders
2.	ITNS 281	for depositing Tax Deducted at Source/Tax Collected at Source (TDS/TCS) from corporates or non-corporates	<ul style="list-style-type: none"> • TDS/TCS Payable By The Taxpayer • TDS/TCS Regular Assessment (Raised By IT Department)
3.	ITNS 282	for payment of Securities Transaction Tax Hotel Receipts Tax Estate Duty Wealth Tax Gift Tax Expenditure Tax and Other direct taxes	<ul style="list-style-type: none"> • Advance Tax • Tax on Regular Assessment • Self Assessment Tax
4.	ITNS 283	for payment of Banking Cash Transaction Tax and Fringe Benefits Tax**	<ul style="list-style-type: none"> • Advance Tax • Tax on Regular Assessment • Self Assessment Tax

CHALLAN NO. 283 **

Consequent to the abolishment of Fringe Benefit Tax with effect from assessment year 2010-11 and withdrawal of Banking Cash Transaction Tax with effect from April 1, 2009, this challan is presently not in use.

Mandatory electronic payment of tax by certain Categories of tax payers with effect from 1-4-2008

The Central Board of Direct Taxes vide their Notification No. 34/2008 dated 13-3-2008 (copy enclosed) have made electronic payment of taxes mandatory for the following categories of tax payers with effect from 1-4-2008:

- a. A company
- b. A person (other than a company), to whom provisions of Section 44AB are as applicable.

2. In this regard the following instructions may be kept in mind while implementing the Government Notification:

- (i) The status of corporate tax payers can be identified from the name itself. Further, the 4th digit of the PAN of all corporate assessee would necessary be "C" physical challans from such assessees shall not be accepted across the counter.
- (ii) In case of tax payers covered under Section 44AB, there should be no insistence of any proof of eligibility to pay tax through physical challans at the bank counters. The responsibility of making e- payment rests primarily with the tax payer. Hence, the word of tax payers should be taken as final.
- (iii) The acknowledgement for e-payment should be immediately on screen by the bank concerned.
- (iv) The acknowledgement for e-payment should be reflected in the bank's statement.
- (v) Each bank should prominently display on its e-payment gateway page, the officials to be contacted in case the tax payer faces any difficulty in making the payment, completing the e-transaction, generating the counterfoil etc.
- (vi) Each bank should give the ITD and NSDL a list of officials with contact particulars, to be contacted if required for any problems faced by ITD or tax payers.

Chapter 5

Tax Collection, Reporting by Banks to Departments/ ZAOs and Accounting and Reconciliation

- Direct taxes are collected by the branches of Reserve Bank of India, State Bank of India and its associate banks and the specified branches of all Public Sector Banks (including IDBI Bank).
- Direct taxes are also collected by the three authorized private banks viz. ICICI Bank, Axis Bank and HDFC Bank and the Jammu & Kashmir Bank.
- After the taxes are collected by banks, the particulars of remittance are reported to the Zonal Accounts Officer and to the Department.
- The amounts collected are credited to the Government account held with the RBI, CAS, Nagpur.
- The system of Online Transmission of Tax Accounting System (OLTAS) was introduced with effect from 1-6-2004 wherein the tax collections are reported online by receiving branches to nodal branches, by the nodal branches to Tax Information Network (TIN).

5.1 Direct taxes are collected by the branches of Reserve Bank of India, the specified branches of State Bank of India and all Public Sector Banks and some specifically authorized private banks, including special status bank. The banks that are authorized to receive the tax receipts of the Government shall report the collection data i.e. particulars of remittance both to the Zonal Accounts Officer and to the CBDT— to the former for booking the receipts in their accounts and to the latter for posting the credits to the respective accounts (PAN) of the tax payers. More important is that the banks should take immediate action for crediting the amounts collected to the credit of the Government account maintained by the RBI, CAS, Nagpur.

5.2 Delay was being experienced in the transmission of scrolls/ challans etc. by banks to ZAOs / Designated officers of the Income Tax Department in the original procedure that was in vogue immediately after the departmentalization of accounts. In order to avoid such delays, a few changes were made in the

reporting system by CGA with effect from 1.10.88, wherein several intermediary stages between the Receiving branch and RBI, CAS, Nagpur namely the roles played by Link branch, Focal point Branch, SBI, UMALO, New Delhi and RBI, New Delhi were all eliminated; instead, each of the authorized banks was to have a Nodal branch at the ZAO centre which would function as a Focal Point branch for all the authorized receiving branches of that bank at that centre. The Nodal branch in addition to acting as a pooling point would also function as a receiving branch. In the zones where a bank has less than five branches, no Nodal branch of that bank needs to be set up at ZAO Centre. In such cases the branches would function as sub-agent to SBI for reporting, remittance and reconciliation of direct taxes. The receiving branches of a bank in a particular zone would report the transactions and also submit the sets of documents (scrolls/challans) meant for ZAO and the Designated Officer in-charge of the Computer Centre/CTU of Income Tax Department directly to their respective Nodal branch at the concerned ZAO centre.

5.3 Another milestone was achieved in the Reporting system, with the introduction of 'OLTAS' with effect from 1-6-2004. Prior to 1-6-2004, tax payers were required to fill in four (4) copies of challan for remitting the amount of tax into the bank. The receiving banks after realization of the cheque / bank draft used to prepare scrolls and send physical /physical scrolls to the Focal Point branch for transmission to the ZAO and to the Department.

5.4 The following are the salient features of OLTAS:-

1. To simplify the procedure, submission of four copies of challan was dispensed with; In lieu thereof, the tax payer is required to submit only a single challan with tear-off of Tax payer's counterfoil;
2. At the very first interface of the tax receiving bank with the tax payer, all the information relating to remittance of tax shall be captured in the bank's system and subsequently transmitted online to the Nodal branch for onward transmission to the Tax Information Network (TIN) of the Department and also to RBI CAS, Nagpur for crediting the receipts to Government account. This has resulted in expeditious settlement of receipts with Government;
3. Generation of Challan Index Number (CIN) which enables tracking of realization of payment.
4. Before receiving the tax amounts the receiving banks exercise validation of PAN/TAN to see whether it is conformity with the valid PAN/TAN structure.

5.5 The detailed procedure of direct reporting tax receipts implemented by CBDT with the approval of CGA [vide their letter No. 1(1)/2003/Pt.I/TA/221-22 dated 8-4-2004] is as follows:-

5.5.1 A tax payer can pay direct taxes at any authorized branch of the authorized bank either in cash, direct debit to account or by a cheque / draft drawn on the same bank or another bank / branch at the same centre where the payment is made. The payment of tax by outstation cheques/ drafts can also be made at any authorized bank/ branch. For every payment there should be a challan in the prescribed format. The challan format is a single copy challan with the main challan at the top and the tax payer's counterfoil at the bottom of the challan.

5.5.2 Role of Receiving branches of the Bank

According to the instructions issued to banks by the Reserve Bank, the receiving clerk/ teller of the receiving branch will have to check the following points while accepting the payment:-

- (a) Whether main portion of the challan and the counterfoil form have been filled in properly and the amount and the major head of account to which the amount is to be credited is correctly recorded therein;
- (b) Whether details of the Permanent Account Number (PAN) or Tax Deduction Account Number (TAN), name and address of the taxpayer, assessment year and nature and type of payment are properly filled in. The amount should be written correctly both in words and figures.
- (c) Whether details of the Permanent Account Number (PAN) or Tax Deduction Account Number (TAN) has been quoted in the challan at the prescribed place. U/s 139 A (5) (b) of the Income Tax Act, quoting of PAN is mandatory. Similarly, u/s 203A of the Act, quoting of TAN is mandatory. This number, as quoted by the tax payer should be validated (checked to see whether it is conformity with the valid PAN/TAN structure) and the designated banks accepting tax payment should ensure that the challans for payment are accepted only when a valid PAN is quoted in the challan. However, where the tax payer indicated that he has already applied for allotment of PAN/ TAN but has not yet been allotted the same, the tax payment challans may be accepted by the bank provided the tax payer indicates PAN/ TAN application number in the challan. In such cases it should invariably ensured that the full address of the tax payer has been mentioned in the challan.

Note: It has been subsequently clarified by the Income Tax Department that the banks are required to ensure invariably that in the absence of PAN/TAN numbers the name and address of the payee on the challan is required to be entered. The collecting branches, therefore, need not insist for the PAN/TAN Application number to be entered.

5.5.3 After scrutinizing the challan and satisfying himself that the amount of cash, cheque or draft tendered agrees with the amount shown in the challan, and also that the cheque is not post dated/stale, the receiving teller or counter-clerk of the branch will issue a paper token to the tenderer to facilitate delivery of the counterfoil receipt to him. In the case of challans deposited with cheque or draft, the counterfoil receipt will be issued only on realization of the amount of the cheque or draft and hence the counter- clerk will indicate on the token, the date on which the same will be available.

5.5.4 A challan tendered with cash, if found in order after scrutiny, will be stamped 'CASH RECEIVED'. The bank will also stamp the main portion and the tax payer's counterfoil of the challan with a stamp mentioning the name of the bank and branch, the BSR code, the branch (7 digits), date of deposit (DDMMYY) of the amount and unique serial number of the tax payer's counterfoil of the challan. Care must be taken to ensure that the impression of the receipt stamp is clear and legible.

5.5.5 An authorized official of the branch will sign in full the tax payer's counterfoil of the challan and

initial the main copy of the challan having received the amount. In the tax payer's counterfoil the amount received will be indicated in both words and figures. The receipted tax payer's counterfoil will be returned to the tenderer and the main copy will thereafter be passed on for scrolling in the Receipt scroll.

5.5.6 A challan tendered with cheque /draft will be branded with a 'double date stamp' to indicate the date of tender of the instrument as well as the date of realization thereof. It may be possible that some branches might be following the practice of branding the challans with an inward date stamp as soon as the challans are tendered over the counter. In that case the double stamp may not be necessary. However, the inward stamp is invariably branded on both the main copy and the tax payer's counterfoil of the Challan.

5.5.7 The checking official will initially ensure that there is no difference between the amount of cheque/draft and the amount recorded in the challan by the tenderer. The cheque/draft will, thereafter, be sent for realization. Subsequently, on realization of the cheque/draft, the date of realization will be indicated on the double date stamp or in the space in the challan, as the case may be. The bank will also stamp both the main and the tax payer's counterfoil of the single copy challan with a stamp mentioning Challan Identification Number(CIN) comprising of the name of the bank & branch, the BSR code the branch (7 digits), date of deposit (DDMMYY) of the amount and unique serial number of the challan (5 digits). After signing the challan for having received the amount, the tax payer's counterfoil will be returned to the tenderer against the surrender of the token.

5.5.8 Counterfoil of the challans tendered along with cash/ cheque /draft payable at the same branch will be returned to the tenderer duly receipted at the counter. The challans tendered with cheques / drafts drawn on a different branch of the same bank or any other bank situated at the same center, will be returned duly receipted not later than the working day following the day fixed under the rules of 'Local Bankers House' for return of unpaid instruments of any day's clearing.

5.5.9 Numbering of challan: A running serial number will be given for all the challans (both paid by cash and by cheque/bank draft) for each day. It must be ensured that the serial number on each challan issued on a particular day should be unique to trace it subsequently. The bank must, therefore, ensure that the serial numbers given to the challans deposited with cash do not overlap with the serial numbers given to the challans against which cheques have been realized on that day.

5.5.10 RBI has also clarified that running serial number will have to be given for all the challans tendered with cash, transfer cheque as well as clearing cheques on a particular day across all types of direct taxes.

5.5.11 Challans submitted with clearing instruments: In case of challans tendered with cheque/ draft, the date of realization of the cheque will also be stamped on the main portion of the challan, which will be retained at the bank for onward transmission to ZAO along with the Receipt Scroll. Although as per the Income Tax Act the date of presentation of cheque/ demand draft realized will be treated as date of payment of tax, the cheque/ demand draft will be scrolled only after its realization.

5.5.12 Double date on Receipted challan: The main portion of the challan through which a cheque /draft is deposited will, therefore, have two dates as under:

- (i) Date of tender : DDMMYY (in the rubber stamp acknowledgement)
- (ii) Date of realization: DDMMYY (at the place indicated in the challan)

In case of cash payment the 'Date of tender' and 'Date of realization' will be the same.

5.5.13 The collecting bank will not issue receipt in any other format.

5.5.14 Preparation of Scrolls by the Collecting Branch (Receiving Branch)

A running serial number will be given to all the challans received at a branch counter on each day against which cash payments have been made or cheques/ drafts have been realized on that date.

5.5.15 All the challan fields such as name and PAN, the serial number, date of deposit and BSR code of the branch are required to be captured when the challan is deposited by the tax payer at the bank counter. The data structure of the fields of the challan for which data has to be captured and transmitted will be as informed to the banks by the income tax Department. Permanent Account Number (PAN) and the name of the tax payer will invariably be incorporated in the Receipt and Payment scrolls.

5.5.16 At the end of customer banking hours, the bank branch should identify all those challans against which payment has been received in cash for the day or for which payments by cheque/ draft have been realized for the day. As the details of all these challans are already in the bank's computer system, the bank should generate a file containing all the challan data for which payments have been realized for that day and transmit it to its Nodal branch for onward transmission to the Income Tax Department's TIN through the bank's Link Cell. However, the non-computerized /non-networked authorized branches should ensure that data is transmitted from its nearest computerized / networked branch to the nodal Branch. It should be ensured that no challan for which payment has been realized on that day is left out. A running Scroll Serial Number extending through a financial year (1st April to 31st March) will be given to the records relating to each type of tax (Major Head) which are transmitted on a particular day. The complete data structure of records and the file which is to be transmitted by the bank to the Department will be in the format prescribed by the Income Tax Department. The receiving branch will in no case alter the online data file at its end after it has been transmitted to the Income Tax Department. (i.e. TIN)

5.5.17 Treatment of Clearing Returns: The collecting branch should also identify all those challans against which instruments were returned unpaid. Such instruments along with related challan should be kept separately in the bank for taking further necessary action as deemed fit.

5.5.18 Preparation of scrolls: The receiving branch will also generate separate printouts of the scrolls in Form and summary in Form based on the type of tax (Major head-wise) on a daily basis from the challan data on its computer which has been transmitted to the Income Tax Department. The same running serial number extending through a financial year (1st April to 31st March), which was given to the scrolls transmitted for the relevant day, prefixed by the appropriate abbreviation of the type of tax (Major head) concerned, will be printed on the scroll. The collecting branch will in no case generate any printed scrolls or summary from data which is changed in any manner from the data earlier transmitted to the Department

(TIN). Thus, the scrolls generated by the branch will exactly match the scrolls generated by the RCC from the data transmitted to the Department's TIN online by the bank. Thereafter, the branch will prepare a set of computer printed summary and Receipts scrolls and attach with each scroll the physical challans arranged in the same serial order in which they are entered in the scrolls. At the beginning of the next working day, the receiving branch will forward the same to the Nodal branch for onward transmission to the ZAO.

5.5.19 Rectification of error: in case of any error by the receiving bank branch in reporting the amount of payment made by a tax payer or major head of payment, the bank will transmit the corrected information on-line to TIN through an error record, the format for which will be as prescribed by the income tax Department. Rectification of the errors in the amount and the head of account will also be reported to ZAO through 'Error scroll' to be sent through Nodal branch. Only the amount of tax payment as reported by the bank to the TIN will be accepted by the income tax Department as the payment made by the tax payer.

5.5.20 Cut off time for e-payment transactions pertaining to Government revenue: Banks authorized for e-payment of CBDT revenue were advised that payment under OLTAS received up to 8.00 p.m. may be treated as received on the same day and those received thereafter be treated as received on the same day and those received thereafter be received on next working day.

5.6 Preparation of Payment (Refund) Scrolls

5.6.1 The procedure for preparation of payment scrolls will be the same as the procedure applicable to receipts scrolls.

5.6.2 The scrolls will be made into set similar to the set relating to receipts except that instead of the challans, the paid Refund vouchers will accompany the scrolls. The entire data regarding the paid refund vouchers will be transmitted electronically by the paying bank to the Link Cell for onward transmission to the Department's TIN while the physical scrolls will be forwarded to the ZAO through the Nodal Branch. If the Nodal Branch is not locally situated, all the above documents (receipt / payment scrolls etc.) should invariably be sent by Registered Post.

5.6.3 In the case of ECS refunds, the data will be transmitted online to the Link Cell and subsequently to the Income Tax Department while the same ECS detail on electronic media will be sent to the local ZAO by paying Bank through the Nodal branch.

5.7 Loss of Counterfoil by the tax payer

5.7.1 In the event of loss of receipted challan counterfoil by the depositors, the bank branches may, on receipt of a specific request in writing for issue of a certificate of credit from assessee, issue the same to the depositor based on their record after satisfying themselves about the bonafides of the applicant in each case and may charge a nominal fee at its discretion. The certificate should mention the challan details i.e. amount, bank name and branch, BSR code and Date of Deposit of cheque/cash major head, challan serial number, date of realization of cheque/date of deposit of cash and controlling branch scroll number and date on which details of tax payment have been transmitted earlier.

5.8 Functions of Nodal Branch

5.8.1 Nodal Branch will be responsible for the prompt and accurate transmission accounting of the collections/refunds reported to it daily by all the receiving branches under its jurisdiction (including its own collections) linked to the Government account at RBI, CAS, Nagpur, it will also be responsible for reconciliation of figures with the ZAO.

5.8.2 On receiving of on-line data regarding all the challans realized for a particular day from the collecting Branches, the Nodal Branch will take the following action on day-to-day basis:

- (a) It will collate the challan data on its computer system and transmit the data in the format prescribed by the Income Tax Department to its Link Cell for onward transmission to the Departments TIN on the same day after giving a common Nodal Branch scroll number and date to all the challan records being transmitted on that day.
- (b) It will also generate a copy of the summary and main scroll based on the computer data in a floppy or other media (as informed by ZAO) and transmit it to the ZAO on the next working day.
- (c) On receipt of the hard copy of the computer-generated branch scrolls from the collecting branch, the Nodal branch will validate that these computer-generated branch scrolls exactly match the data transmitted earlier by the collecting branches. It will consolidate these computer printed Branch scrolls (with challans) received from all the branches including its own along with the main scroll by stitching the scrolls together Major head wise. It will also generate a computer print out of the Major head-wise Main scrolls and Summary. It will then forward these (with challans) to the ZAO concerned on a daily basis.
- (d) Second set of scroll prepared in the same manner without challans as discussed at (c) above will be retained by the Nodal branch for its record.
- (e) The Nodal branch will also similarly generate computer printed separate main scrolls for payments (i.e. refunds), and forward them along with the paid ITROs to the ZAO. It will also forward ECS refund details on electronic media to the local ZAO. The refund data (in respect of paper ITROs and ECS refund) will be transmitted on-line by the Nodal branch to TIN through the Link Cell. It will retain the advice/ advices of the paid ITROs.
- (f) During the first 15 days in April every year the nodal branches will transmit and prepare two separate sets of scrolls –one normal scroll pertaining to April transactions and the other one pertaining to March transactions (which means scrolls of cheques / drafts/ ITROs rendered and cleared upto 31st March by receiving branches and sent to the nodal branch subsequent to 31st March but before 15th April) these will be scrolled by nodal branch as 'March Residual Account'. The nodal branches will intimate the Link Cell at Nagpur for inclusion of these transactions as March transactions. The Nodal branches will send another scroll for April transactions prominently indicating the month of account. Any cheque /draft tendered on or before 31st March and realized on or after 1st April will be treated as part of the April transactions. However, in light of the instruction the data for all

challans for which payment has been realized on a given day should be transmitted online to the Income Tax Department on the same day, separate March residual scroll should only be needed in exceptional cases.

- (g) The nodal branch will pass on the consolidated amount accounted by it to its Link Cell on day-to-day basis.

For 'e-collection' one branch of each agency bank across pan-India is authorized for collection of direct taxes through internet and is accounted by the concerned ZAO of the zone in which it is located. For example, the entire tax collected by SBI across the country through 'e-mode' is accounted for by ZAO, Bangalore.

5.9 Crediting the tax collection to Government Account

5.9.1 The nodal branch acts as pooling centre for all the receiving branches coming under its control and it is responsible for reporting of the transactions (along with all the related documents i.e. Challans and scrolls) to the ZAO. It is also responsible for transmitting the challan data for all these transactions to its Link Cell at Nagpur for onward online transmission to the Income Tax Department as well as for crediting the amount collected to RBI (Central Accounts Section or CAS), Nagpur.

5.9.2 The Nodal branch will prepare a daily memo and send it on a daily basis to its Link Cell at Nagpur (GAD, Mumbai in case of SBI) which in turn will make a daily settlement with RBI, Nagpur.

5.9.3 The Link Cell of the bank at Nagpur will consolidate the challan data received from the Nodal Branch for transmission to the Department's Tax Information (TIN) and will also monitor the daily receipts and check the accuracy of the daily memos received from the Nodal Branches. The Link Cell will then transmit the daily memos to CAS, RBI, Nagpur.

5.9.4 The Nodal Branches of the banks will carry out monthly reconciliation with ZAOs of the amount settled by them with their Link Cell at Nagpur. On the basis of their records the ZAOs will verify the statements received from the Nodal branches both major head-wise and Nodal Bank wise. In case of any discrepancy, the Nodal Branch will carry out the corrections immediately and adjust the difference in the amount already credited / debited to the CBDT's account through its Link Cell at Nagpur under information to the ZAO.

5.9.5 For the purpose of final reconciliation of the transactions with ZAOs and the Link Cell, the CAS, RBI, Nagpur will generate a monthly statement and furnish the same to ZAO and the Link Cell of the banks. RBI, CAS, Nagpur will furnish by 20th of the following month, a monthly analysis indicating major-head wise receipts / refunds etc. to the CCA, CBDT.

5.9.6 Monitoring System for revenue receipts

The tax collections effected by the designated branches of the authorized banks have to be credited to the Government Account, promptly on day-to-day basis. Principal Chief Controller of Accounts, CBDT,

monitors the receipts and remittances of Direct Taxes. The monitoring process starts on forwarding of scrolls and challans from the Nodal Branches of the designated Banks.

ZAOs monitor the remittance of Direct Taxes from the date of its receipt in the Bank branch to the date of the final put through at Central Accounts Section, Reserve Bank of India, Nagpur. Time allowed to authorized banks for remitting tax receipts

The maximum number of days allowed for crediting tax collections to Government Account at CAS, Nagpur is as under:

Mode	Remittance period for Public Sector Banks		Remittance period for Private Sector Banks
Physical collections	Local Transactions	T+3 Working Days (excluding put-through date)	T+3 Days (including put-through date, Sundays and holidays)
	For Remote Locality, Deifficult and Hill Areas T+12 Working Days (excluding put-through date)		
e-Payment	T +1 Working Day (including put-through date) With effect from November 1, 2010		T+1 Working Day (including put-through date) with effect from. November 1, 2010

5.10 Payment of interest on delayed transfer of tax collections

If there is any delay in remittance the banks are liable to pay “Delayed Period interest” at bank rate (as notified by RBI from to time) + 2.00 %. The existing rate of interest on delayed remittances and double / excess reimbursements is 8% (i.e. Bank Rate 6% plus 2.00%)

5.11 Accounting of “March” transactions

5.11.1 Reserve Bank, Central Office, Mumbai will issue in the month of February each year special instructions to all banks collecting direct taxes regarding the procedure to be adopted in accounting the March transactions.

5.11.2 The nodal banks will be receiving scrolls relating to March of the previous Financial Year in April of the current year. In order to account for the entire collections of March in the same financial year the Nodal banks have to follow the following procedure during the month of April.

5.11.3 The nodal banks have to prepare two sets of separate scrolls-one pertaining to March residual collections (payments realized from taxpayer’s account before 31st March) and another for April transactions during the first 15 days in April. They should ensure that all the tax collections made by the receiving branches up to 31st March are accounted as “March Residual Transactions” and should not be

mixed up with the transactions of April which fall in the financial year. The main scrolls for March transactions prepared from 1st to 15th April are to be distinctly marked as “March Residual”.

5.11.4 All the cheques / amount realized on or before 31st March should be treated as transactions relating to the current financial year and should be accounted for as such under the head “March or March Residual Transactions” in the current financial year.

5.11.5 While reporting to their Link Cell in Nagpur, the Nodal banks should send two sets of figures distinctly showing March Residual and April Transactions separately up to 15th April.

5.11.6 The date-wise monthly statements should also be prepared in two sets, one preparing to March Residual Transactions and another relating to April Transactions.

5.11.7 Special arrangements during the quarters ending with March, June, September and December:

The branches should follow the procedure explained in the earlier paragraphs meticulously and ensure that the collection made towards direct taxes are passed on promptly for credit to Government Account through the Nodal branch / Link Cell. However, during the second fortnight of March every year, wherever the receiving branches and Nodal branch are situated locally, a special messenger system should be introduced by the receiving branches. All efforts may also be made to provide the collection figures on daily basis to the ZAO during the second fortnight of June, September and December every year, for onward transmission to the government for monitoring, estimates etc.

5.12 Monitoring Committee-holding of periodical meetings

For the smooth functioning of the revised scheme for collection and accounting of direct taxes by the Authorized banks, the Monitoring Committees consisting of officials from Nodal Banks/ local authorities of the banks, ZAO and I.T. Department will be formed at every Zonal Accounts Office centre. The Committee will meet half-yearly and discuss various issues connected with direct tax work such as accounting, scrolling, reporting, remittance and reconciliation etc. and make efforts to sort out the problems at its own level. Further, annually there will be a special Monitoring Committee meeting in which very senior officials from CBDT, RBI, I.T. Department and banks will participate and redress the various problems being faced by the banks, ZAOs and I.T. Department in the fields. Banks will ensure that the necessary follow-up actions are taken on the Minutes of such meetings.

5.13 Redressal of public grievances

Each Authorized Bank should have an effective procedure for dealing with public complaints at the branches rendering service to Government Departments or members of the public as prescribed, from time to time. In case the bank detects a mistake in reporting of a tax payment or the major head of tax payment, either *suo moto* or being brought to its notice by the tax payer, the bank will promptly transmit the error record (as described earlier at Para 5.5.19) to TIN. This is imperative as the Income Tax Department will give credit to a tax payer’s credit on the information transmitted by the bank to TIN.

5.14 Role of TIN

NSDL will provide the data screen for entry of challan and validate the same against the PAN/ TAN database and codes of Major heads, Minor head, and types of payment. It will provide a secure link from its website to the website to the different banks. The facility tax payment on the TIN website will be available 24 hours of the day every day (24x365).

5.15 Role of banks

- (i) Participating banks having net banking facilities will allocate one particular branch as the internet Collection branch for receiving / accounting tax payment made through internet. The website of participating banks will display the PAN/ TAN details, Name, Major/ Minor Head etc. of the challan form in non-modifiable format and allow only entry of payment details by the tax payer at their website in a secure mode. They will also ensure that on completion of the transaction, the tax payer is allotted a unique Challan Identification Number (CIN) comprising of BSR Code of the internet Collection branch, the date of receipt and serial number of the electronic challan in that branch on that day. Participating banks will also ensure that on completion of the payment, tax payer is able to download the tax payer's counterfoil containing all the details presently on the hard copy counterfoil including CIN. The banks will also print details of CIN in the customer's bank account statement / pass book so that the tax payer will have a permanent record of CIN details. The blackout period, during which the facility for tax payment over bank's website is disabled, will depend upon the bank's operational policies and will be bank specific. Such blackout timings will be displayed on the bank's site for the information of the tax payer.
- (ii) The banks will print a hard copy of the challan on behalf of the tax payer for including in the nodal branch scroll of the Internet Collection branch. (A separate scroll for internet collections) and forward the same to the concerned ZAO of the city where the internet collection is situated. The bank branch will be at liberty to sign the hard copy of the challans through facsimile signature of their authorized signatory. The same branch will also transmit the relevant data to TIN in the prescribed record structure and in the prescribed manner as other bank branches.

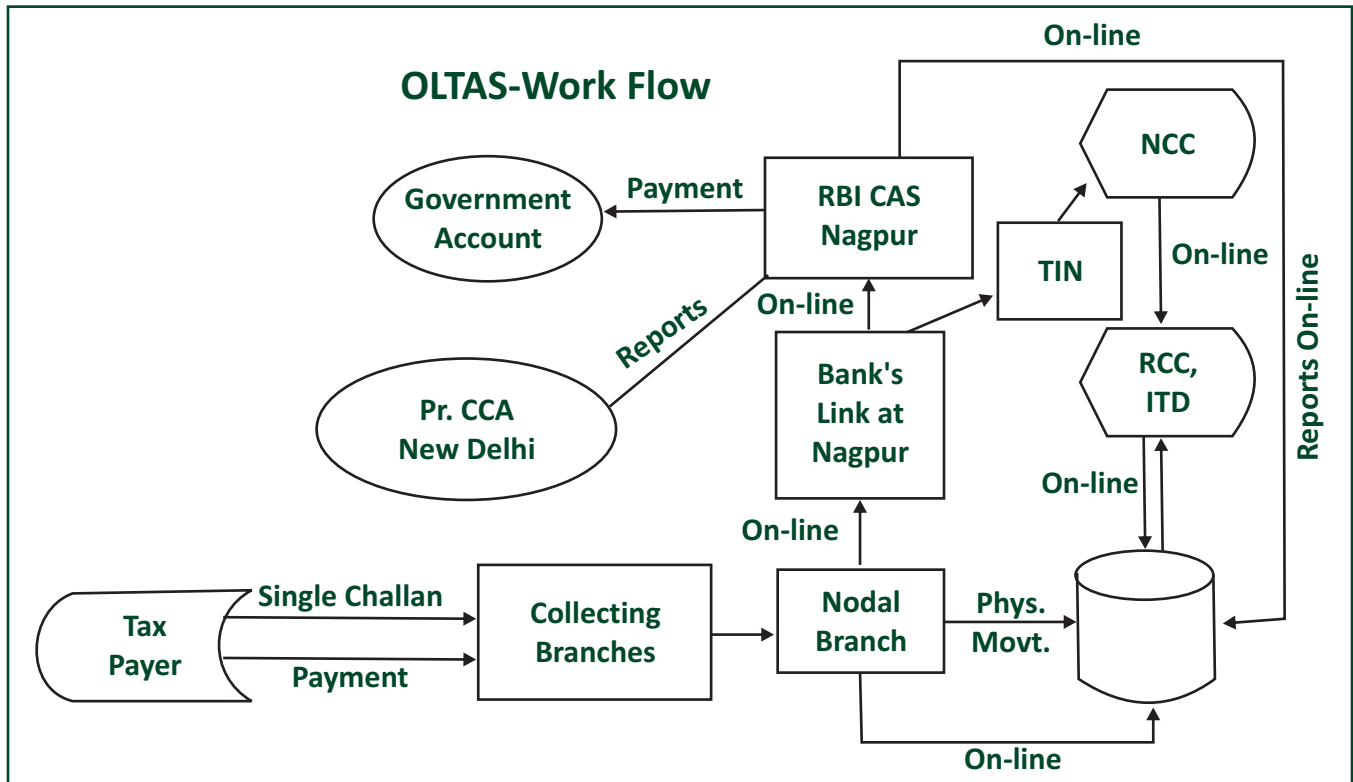
It was further advised that the new accounting procedure under OLTAS will replace the existing procedure insofar as the sending of scrolls and challans to the Income Tax Department is concerned. It was also advised that except for the changes proposed in the OLTAS Accounting Procedure forwarded to banks, the instructions contained in the Pink booklet named "Accounting System for Direct Taxes" (Updated upto June 30, 1999) will continue to be in force.

The process of work flow under the system of OLTAS has been given in the form of a diagram below.

5.16 Challan Correction Mechanism

5.16.1 As already stated above, tax payers are allowed to remit the amount of tax in cash or cheque or bank draft into the bank counters of the authorized branches of the bank, by using a copy of the relevant

Diagram 5.1



challan form. Sometimes mistakes do creep in while details of tax payment are filled in challans by tax payers. Furnishing of incorrect details such as different PAN number, incorrect head of account lead to difficulties in posting tax credits to the tax payers' accounts concerned. As a result these credits require to be kept in suspense account by the departmental officers, pending rectification or corrections.

5.16.2 Prior to 1-9-2011, the banks were permitted to correct the data relating to three fields only i.e. amount, major head code and name. The other errors were allowed to be corrected only by the assessing officers. To remedy this situation, a new Challan Correction Mechanism for physical challans has been put in place, which is as follows:-

5.16.3 After the introduction of OLTAS (On Line Tax Accounting System) with effect from 1-6-2004, the physical challans of all Direct Tax payments received from the deductors / taxpayers are digitized on daily basis by the collecting banks and the data transmitted online to TIN (Tax Information Network) through link cell.

Under the current procedure of Challan Correction mechanism, for income tax payments made on or after 1.9.2011, the following fields can be got corrected through the concerned bank branch:

- Assessment Year
- Major Head Code

- Minor Head Code
- TAN/PAN
- Total Amount
- Nature of payment (TDS Codes)

5.16.4 The time window for the correction request by tax payer is as follows:-

Sl.No.	Correction required in field name	Period of Correction Request (from Challan Deposit Date)
1.	TAN/PAN	7 days
2.	Assessment Year	7 days
3.	Amount	7 days
4.	Other fields (Major head, Minor head, Nature of payment)	Within 3 months

The window period available to the banks for correction by the bank is 7 days from the date of receipt of correction request from the tax-payer.

5.16.5 Conditions

The changes can be made by the banks, subject to following conditions:-

- (i) Correction in Name is not permitted.
- (ii) Any combination of correction of Minor Head and Assessment Year together is not allowed.
- (iii) PAN/TAN correction will be allowed only when the name in the challan matches with the name as per the new PAN/TAN.
- (iv) The change of amount will be permitted only on the condition that the amount so corrected is not different from the amount actually received by the bank and credited to Govt. Account.
- (v) For a single challan, correction is allowed only once. However, where 1st correction request is made only for amount, a 2nd correction request will be allowed for correction in other fields.
- (vi) There will be no partial acceptance of change correction request, i.e. either all the requested changes will be allowed, if they pass the validation, or no change will be allowed, if any one of the requested changes fails the validation test.

5.16.6 The following procedure has been prescribed for the Correction Mechanism for payment through physical challans

The tax-payer has to submit the request form for correction (in duplicate) to the concerned **bank branch (where he remitted the tax amount with the physical challan)**. (Specimen format in which the request is to be submitted is given at the end of this Chapter-vide Annexure 5.1).

- (1) The tax-payer has to attach a copy of the challan counterfoil.
- (2) In case of correction desired for challans in Form 280, 282, 283, a copy of PAN card is also required to be attached.
- (3) In case of correction desired for payments made by a tax-payer (other than an individual), the original authorization with seal of the non-individual taxpayer is required to be attached with the request form.
- (4) A separate request form is to be submitted for each challan.

5.16.7 Procedure of challan correction by Assessing Officers (both physical and e-payment challans)

After the window period available to banks for challan correction, the assessee can make a request for correction to his or her assessing officer, who is authorized under the departmental OLTAS application to make such correction in challan data in bonafide cases, to enable credit of the taxes paid, to the concerned assessee.

Format of Application to Bank for Challan Correction to be Requested by the Taxpayer

To
The Branch Manager,
..... (Address of Branch)

Taxpayer Details :
Taxpayer Name :
Taxpayer Address :
Taxpayer TAN/PAN :
Name of Authorized Signatory :
(in case of non-individual taxpayer)

Sub : Request for Correction in Challan No: 280/281/282/283 [Strike out whichever is not applicable]

Sir/Madam,

I request you to make corrections in the challan data as per following details :

Challan Details:

BSR Code Challan Tender Date (Cash/Cheque Deposit Date) Challan Sl. No.

Sl.No. Fields in which correction required Please Tick Original Details Modified Details

1. TAN/PAN (10 digit)
2. Assessment Year (YYYY)
3. Major Head code (4 digit)
4. Minor Head code (3 digit)
5. Nature of Payment (3 digit)
6. Total Amount (13 digit)

Note: Please tick against the relevant fields where changes are required.

Tax payer/Authorized Signatory

Date:

Note:

1. Attach copy of original challan counterfoil.
2. In case of correction to challan 280, 282, 283 attach copy of PAN card.
3. In case of a non-individual tax payer, attach the original authorization with seal of the non-individual tax-payer.
4. The request form for correction is to be submitted in duplicate to the bank branch.
5. A separate request form is to be submitted for each challan.

5.16.8 On line correction of challan: The website of Income tax Department also provides for on line correction of challan by the tax payer.

OLTAS

User Manual for File Segregation Utility (FSU)

Introduction

The FSU will be used by banks to generate a valid file from invalid input file and corresponding error file. This user manual will enable the bank users to better understand the functionalities provided in this File Segregation Utility.

Intended Users

This manual is intended for the Link Cells of banks participating in OLTAS.

Conventions used

Detailed information about each field or button is available in the Field Description table following every task.

1. Overview

FSU is a utility which helps in generating a valid OLTAS file by removing the erroneous records. If you have an OLTAS file and the error file corresponding to it, this utility will help you to get rid of the erroneous records and make a new correct file. It removes the rejected records by reading the error file and generates a new file consisting valid records only with auto-generated RT04 records. This correct file can be uploaded to OLTAS site. All the rejected records are separated and kept in other file for your reference.

2. Functionality

When you open the SPECIAL_FVU.exe file a utility will be seen as below.

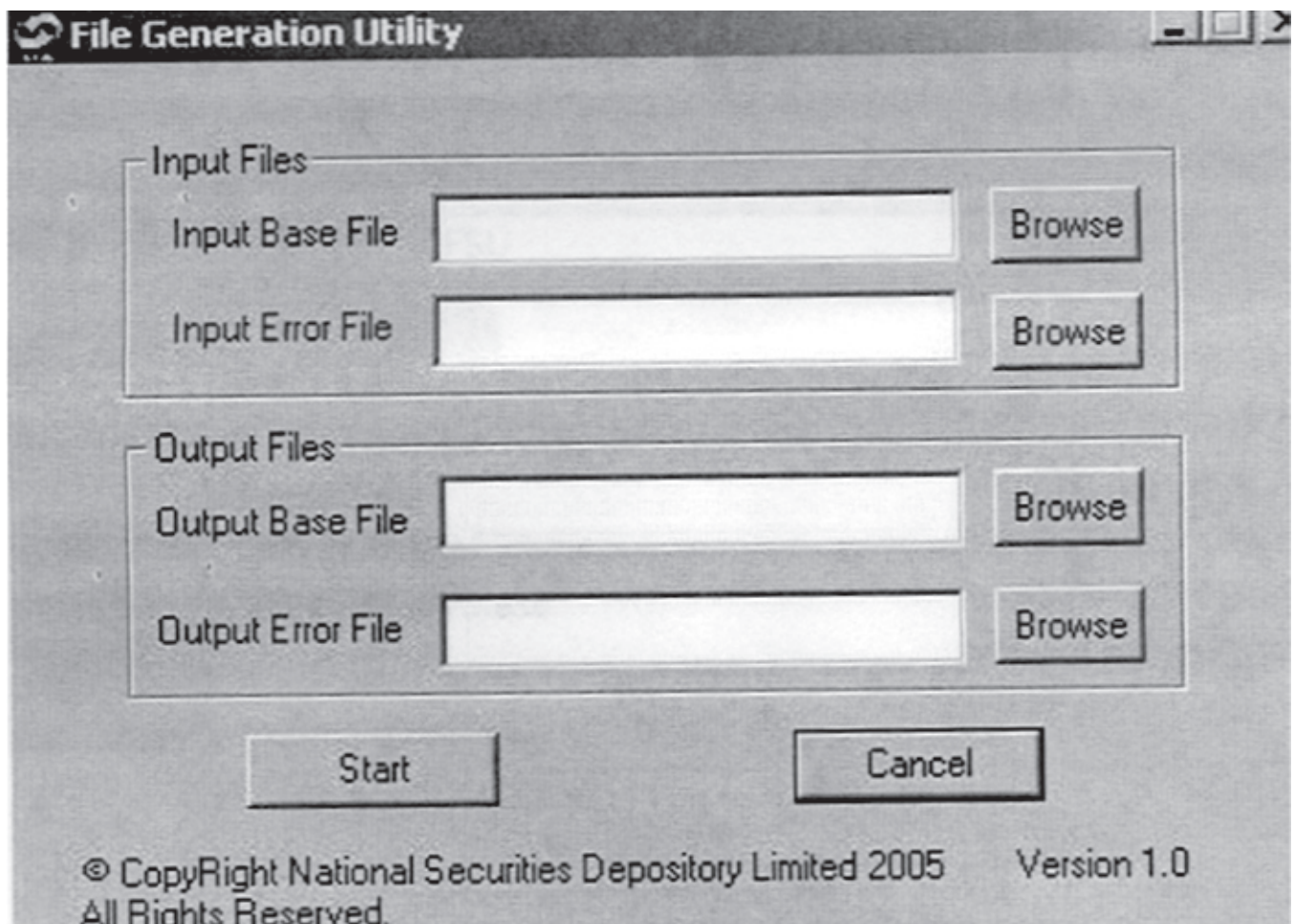


Figure 1

The utility contains name of utility at the top, buttons for minimizing and closing the utility, four text fields and four buttons named “Browse”, a start button and a cancel button. A copyright message and version number will also be visible.

The user is required to enter valid inputs in all the four text fields described below:

A. Input Base File:

Give the full file path of the base file. This base file is the file which has got rejected due to some errors. You can select the file by clicking on browse button. It will show you an ‘open’ box as displayed below (Figure 2). Browse to the required folder, select the file and then click open.

Input file name should be in “ddmmyyfv.bnk” format only.

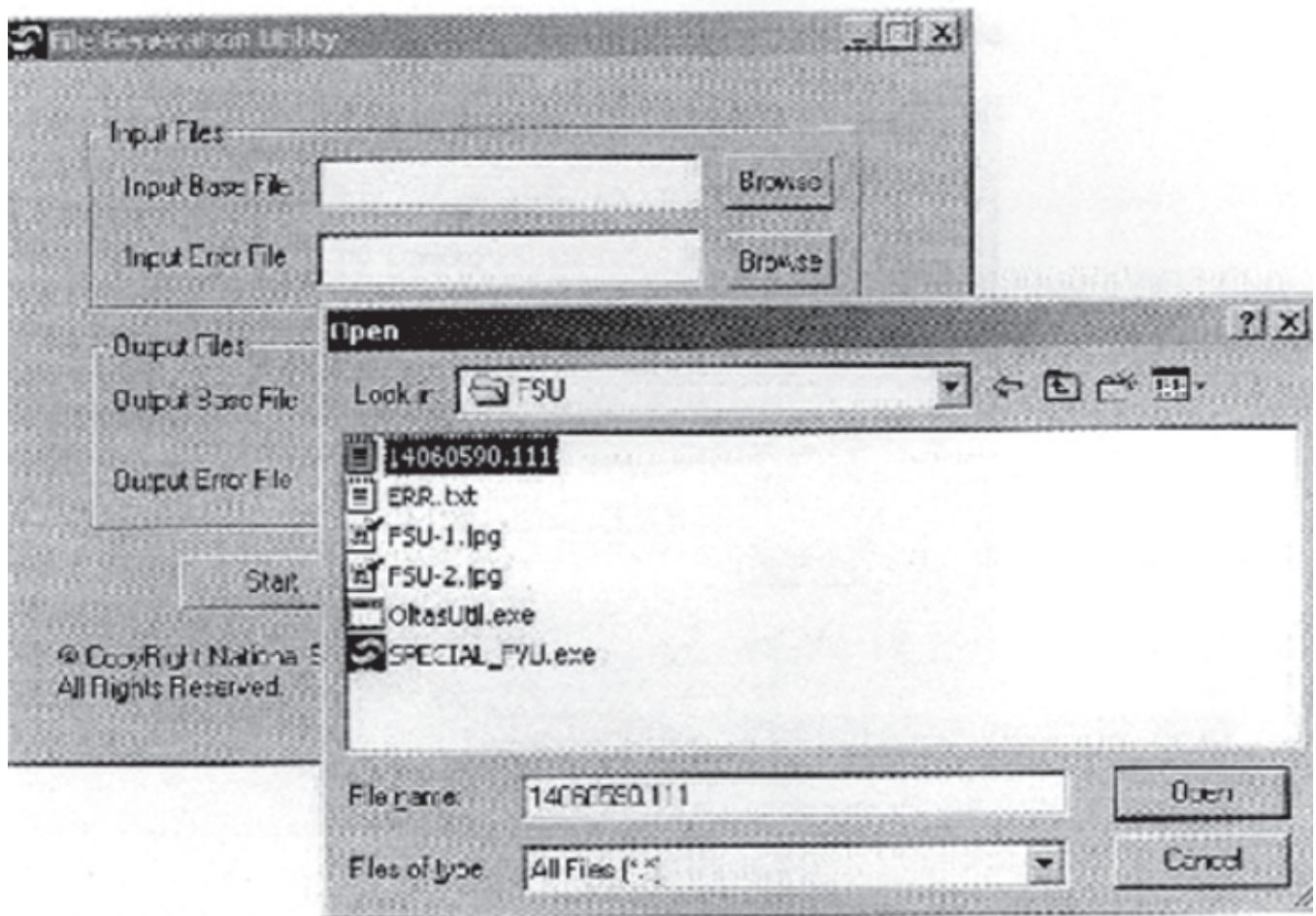
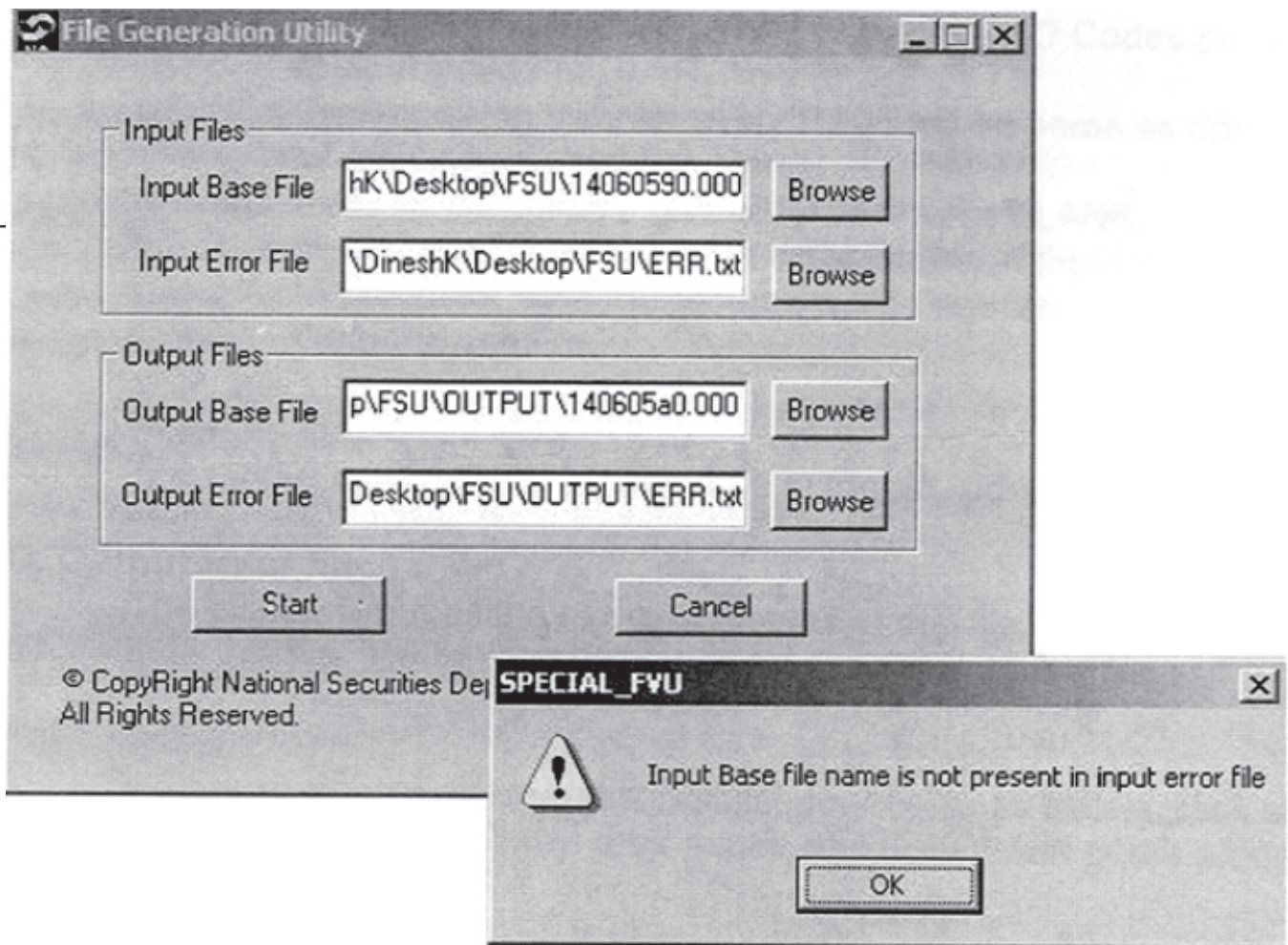


Figure 2

File extension should contain valid bank code.

B. Input Error File:

This is the error for the Input base file. (The one selected in step 1) The error file can be downloaded and saved from OLTAS site. You can also use the error file generated by OLTAS link cell utility. You need to give the full path of the error file. The browse button on the right hand side can be used as explained above. The error file contains the file name for which errors are found. This name should match with input base file. User should not change this file. Also if the correct error file is not used, following message will be shown and utility will get stopped.



(Figure 3)

There is no validation for name of the input error file. Note: Output valid file will not get generated correctly if any one out of two input files has got tampered. Also Error file generated from FVU or obtained from OLTAS site is acceptable. NO OTHER formats should be used, as they may give wrong results.

C. Output base file:

This is the output valid file which can be uploaded to OLTAS site or validated through FVU. Full path of the file needs to be specified. The filename can be same as input base file name if the location is different else it will get overwritten to the input base file. Use browse button for browsing to required folder and then enter the required filename. The extension of the input base file and output base file should match.

- (a) Field MAJ_HD_CD, TOT_NO_OF_RFND, TOT_NO_OF_CHLN, TOT_NO_ERR_RFND, TOT_NO_ERR_CHLN, RFND_TOT_AMT, CHLN_TOT_AMT in RT04 are calculated from the records data present in output valid file.

- (b) No_of_Nodal field will be calculated from the records data present in Output Valid File i.e. distinct ZAO Codes present in Output Valid File.
- (c) Transmission date for every RT04 will be same as ddmmyy part of the Output Valid File Name.
- (d) Field RFND_DEBIT_DT of RT04 is kept BLANK.
- (e) In a particular RT08 R / N combination, if there is error in any of the records, both the records will be rejected and put into the Output Error File.

The output base file name should be in format “ddmmyyfv.bnk”

D. Output error file:

The utility will put all the rejected records in this file. User need to give the full path for this file. There is no validation for the name of this file.

Start Button:

After entering valid filenames in all the four fields as above, click start button. A message will be shown after successful completion of the process.

Cancel Button:

Use Cancel button to close the utility.

Format for Nodal Branch Daily Main Scroll (Receipts)

1	NODAL BRANCH SCROLL DATE (DD/MM/YYYY)	↑ ↓	First Six fields
2	BSR CODE		
3	DATE OF RECEIVING BRANCH SCROLL (DD/MM/YYYY)		
4	TOTAL TAX AMOUNT		
5	TOTAL NO. OF CHALLANS		
6	DO-ID		

#	MAJOR HEADS	↑ ↓	
#	AMOUNT		
#	NO. OF CHALLANS		

#	MAJOR HEADS	↑ ↓	
#	AMOUNT		
#	NO. OF CHALLANS		

#	MAJOR HEADS	
#	AMOUNT	
#	NO. OF CHALLANS	

This block (shown above) will be repeated for as many times as no of tax heads are available.

NOTE:

1. The record for one receiving branch should be contained in one line and values must be comma separated.
2. Carriage return or linefeed [i.e. ENTER KEY (↵)] indicates the end of the record for one receiving branch.
3. Sequence of block (majhd, amt, no_challan) is not necessary but increasing order is preferable.

4. Example:
First six fields block block block
30/11/2005, 0230001, 25/11/2005, 6600, 22, PNE, 0020, 200, 2, 0021, 100, 1, 0024, 300, 4, 0026, 400, 2, 0031, 500, 1, 0032, 600, 2, 0033, 700, 1, 0034, 800, 1, 0070, 900, 1, 0036, 1100, 532
Detailed example
First six fields block block block
13/11/2005, 0000455, 12/11/2005, 5775, 18, PNE, 0020, 1525, 6, 0021, 200, 2, 0023, 100, 1, 0026, 300, 2, 0031, 600, 1, 0032, 750, 2, 0033, 550, 1, 0034, 800, 2, 0070, 950, 1 ↵
13/11/2005, 0003861, 12/11/2005, 9950, 17, PNE, 0020, 3500, 5, 0020, 2250, 3, 0023, 300, 1, 0026, 400, 1, 0031, 500, 1, 0033, 600, 2, 0032, 700, 1, 0034, 800, 2, 0070, 900, 1 ↵
13/11/2005, 0004618, 11/11/2005, 640112, 22, PNE, 0020, 629367, 20, 0021, 10745, 2 ↵
13/11/2005, 0230011, 11/11/2005, 47071, 2, PNE, 0020, 47071, 2 ↵
13/11/2005, 0230116, 10/11/2005, 304648, 20, NSK, 0020, 26942, 2, 0021, 277706, 18 ↵
13/11/2005, 0230004, 13/11/2005, 408134, 16, NSK, 0020, 407190, 15, 0021, 944, 1 ↵
5. If nodal bank is sending the scrolls of two different dates for the same receiving branch in one DRS then their entry should be two different lines in the DRS file as shown below:
14/11/2005, 0002053, 12/11/2005, 5775, 18, PNE, 0020, 1525, 6, 0021, 200, 2, 0023, 100, 1, 0026, 300, 2, 0031, 600, 1, 0032, 750, 2, 0033, 550, 1, 0034, 800, 2, 0070, 950, 1 ↵
14/11/2005, 0002053, 13/11/2005, 9950, 17, PNE, 0020, 5250, 6, 0023, 500, 2, 0024, 300, 1, 0025, 400, 1, 0031, 500, 1, 0033, 600, 2, 0033, 700, 1, 0034, 800, 2, 0070, 900, 1 ↵
14/11/2005, 0002034, 13/11/2005, 408134, 16, NSK, 0020, 407190, 15, 0021, 944, 1 ↵
- Observe first two lines of above DRS in which both lines contain same nodal branch scroll date and BSR code, which is a must in this case, but different details.
 - Date of receiving branch scroll is different which must be lesser then nodal branch scroll date.
 - Third line is regular row for other branch of the same nodal bank.
- 6) DATE: is date in DD/MM/YYYY format.
BSR CODE: is 7-digit numeric code.
DO-ID: is 3-digit alpha code.
MAJOR HEAD: is 4-digit numeric code.
AMOUNT and NO OF CHALLAN are numeric values.

Proforma of computer generated receipts

Computer generated receipt (to be issued by collecting bank branch to depositor of direct tax for deposit of Tax Deducted at Source in Government account against challan Form No.281)	
Name of the bank collecting tax	
Full name of deductor	
TAN of deductor (10 characters)	
Amount deposited :	
(i) Income Tax	
(ii) Surcharge	
(iii) Education Cess	
(iv) Penalty	
Total amount deposited : (in figure)	
Mode of deposit of tax (by cash / debit to account/ by cheque bearing No.)	
Date of encashment of cheque (dd/mm/yy)	
On account of Income Tax Deducted / Collected from Companies (0020)/ Other than Companies (0021)	
Minor head –Type of payment-(TDS/TCS deducted/collected by deductor OR demanded by department)	200/400
Nature of payment from which tax has been deducted or collected – (Give Section code)	
Assessment Year (yyyy-yy)	
Challan Identification number (CIN)	
BSR code of collecting bank branch (7 characters)	
Date of tender of cheque (dd/mm/yyyy) (8 characters)	
Challan Serial Number (5 characters)	
Signature & seal of authorized signatory of collecting bank branch to be issued by banks to taxpayers	

Proforma of computer generated receipts

Computer generated receipt (to be issued by collecting bank branch to depositor of direct tax for deposit of Tax Deducted at Source in Government account against challan Form No.280)	
Name of the bank collecting tax	
Full name of taxpayer	
PAN of taxpayer (10 characters)	
Amount deposited :	
(i) Income Tax	
(ii) Surcharge	
(iii) Education Cess	
(iv) Penalty	
Total amount deposited : (in figure)	
Mode of deposit of tax (by cash / debit to account / by cheque bearing No.)	
Date of encashment of cheque (dd/mm/yy)	
On account of Income Tax Deducted / Collected from Companies (0020)/ Other than Companies (0021)	
Minor head –Type of payment	200/400
Assessment Year (yyyy-yy)	
Challan Identification number (CIN)	
BSR code of collecting bank branch (7 characters)	
Date of tender of cheque (dd/mm/yyyy) (8 characters)	
Challan Serial Number (5 characters)	
Signature & seal of authorized signatory of collecting bank branch to be issued by banks to taxpayers	

Chapter 6

Salient Features of Accounts of the Union Government

- Any expenditure by Government Department should be incurred only with the requisite budget provision of funds under the relevant head and also with the approval of the competent authority.
- Government accounts are prepared on cash basis, for the period from the 1st April to 31st March following.
- The format of accounts in which the accounts should be prepared is prescribed by the Controller General of Accounts, Ministry of Finance, Department of Expenditure.
- Annual Accounts comprise of Finance Accounts and Appropriation Accounts and they are submitted to the Parliament.

6.1 Before we talk specifically about the system of accounting in CBDT and classification of the transactions mainly relating to CBDT in the subsequent chapters, we may have an over-view of dealing with the receipts and incurring of expenditure on behalf of Government and the general features of accounting of receipts and payments of the Union Government.

6.2 Expenditure from Public Funds

No expenditure can be made against any Budgetary head by the Government Department without the requisite provision of funds under the relevant head of account. No authority can incur any expenditure or enter into any liability involving expenditure or transfer of money for investment unless sanctioned by the competent authority. The financial powers have been delegated to various subordinate authorities vide Delegation of Financial Power Rules, 1978 as amended from time to time. Financial powers which have not been delegated to any subordinate authority rest with Finance Ministry. All sanctions to expenditure should invariably indicate the grant or appropriation from which the expenditure is proposed to be met.

6.3 Estimates of Expenditure and Receipts

The estimates of receipts and expenditure (Plan as well as non-Plan) are prepared by various estimating authorities and submitted to Ministry of Finance. Estimates of 'Receipts' of Central Taxes are prepared within the Ministry of Finance by the CBDT. While estimates of receipts in all other cases are prepared by CCA/CA of the concerned Ministry/Department.

The Annual Financial Statement known as "Budget" is presented by Finance Minister in both Houses of Parliament showing estimated Receipts and Expenditure of Central Government for a financial year before the commencement of that year. Pending completion of procedure and passing of the budget, Finance Ministry obtains "**Vote on Account**" from Parliament to cover expenditure for one month or such longer period of the new financial year as may be necessary.

6.4 Responsibility of Budget Controlling Officer

The officer controlling the budget has to ensure inter-alia that (i) budget allocation is not exceeded, (ii) the expenditure is incurred for the purpose for which funds have been provided, (iii) expenditure is incurred in public interest and that there are no financial irregularities for which necessary control mechanism is in place and effectively applied.

6.5 Maintenance of Accounts

6.5.1 The Head of Account to which the Government revenues are to be credited and withdrawal of moneys therefrom are governed by the relevant provisions of General Financial Rules, 2005, Central Government (Receipt & Payment Rules), 1983 and Government Accounting Rules, 1990 or such other general or special orders issued by the Government of India.

6.5.2 The annual consolidated accounts of the Central Government transactions i.e receipts and disbursements including those of the Posts, Telecommunications, Railways and Defence departments is prepared by Controller General of Accounts, Ministry of Finance every year. These are submitted to the President of India duly certified by the Comptroller General of India. Thereafter these are laid on the Table of both Houses of Parliament. The CGA is also responsible for prescribing the formats of accounts of the Central and State Governments.

6.5.3 Cash basis of accounts

Government accounts shall be prepared on cash basis. With the exception of such book adjustments as may be authorized by the Government Accounting Rules, 1990 or by any general orders or special orders issued by the Central Government on the advice of the Comptroller and Auditor General of India, the transactions in the government accounts shall represent the actual cash receipts and disbursements during a financial year as distinguished from amounts due to or by Government during the same period. **(Rule 68 of GFRs).**

6.5.4. Period of accounts - The annual accounts of the Union Government shall record transactions which take place during the financial year 1st April to 31st March thereof.

Note: The Government accounts of a year shall be kept open for a certain period in the following year for completion of the various accounting processes inter-alia in respect of the transactions of March, for carrying out certain inter-departmental adjustments, and for closing the accounts of General Provident and suspense heads. Adjustments may also be made after the close of the year for the rectification of mispostings coming to notice after the 31st March. An actual cash transaction taking place after 31st March, should not, however, be treated as pertaining to the previous year even though the accounts of that year may be open for the purpose mentioned above.

6.5.5 Currency in which accounts are kept

The accounts of the Government shall be maintained in India currency i.e. (INR) Rupees.

6.6 Form of Accounts

6.6.1 Main Division of accounts - The accounts of the Government shall be kept in three main divisions namely

- (i) Consolidated Fund of India.
- (ii) Contingency Fund of India
- (iii) Public Account

6.6.2 Part-I CONSOLIDATED FUND OF INDIA

All revenues received by the Government – both tax revenue like Income Tax, Central Excise, Customs, Service Tax etc. and other non-tax revenue like receipts flowing to the Government in connection with the conduct of Government business are credited into the Consolidated Fund constituted under Article 266 (1) of the Constitution of India.

Consolidated Fund is divided into the following two Divisions:

- (a) Revenue and
- (b) Capital.

The Revenue Division comprises of the sections 'Receipt Heads (Revenue Account) dealing with the proceeds of taxation and other receipts classified as revenue and the section 'Expenditure Heads (Revenue Account)' dealing with the expenditure met there from.

The Capital Division comprises of three sections, viz., 'Receipt Heads (Capital Account)', 'Expenditure Heads (Capital Account)' and 'Public Debt, Loans and Advances, etc.' These sections are in turn divided into sectors such as 'General Services', 'Social and Community Services', 'Economic Services',

etc., under which specific functions or services are grouped corresponding to the sectors of Plan classification.

6.6.3 Part-II CONTINGENCY FUND OF INDIA

The Contingency Fund of India records the transactions connected with Contingency Fund set by the Government of India under Article 267 of the Constitution of India. The corpus of this fund is Rs. 500 crores. Advances from the fund are made for the purposes of meeting unforeseen expenditure which are resumed to the Fund to the full extent as soon as Parliament authorizes additional expenditure. Thus, this fund acts more or less like an imprest account of Government of India and is held on behalf of President by the Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs. There is a single Major Head 8000 to record the transactions there under, which will be followed by Minor, Sub and/or Detailed Heads.

6.6.4 Part-III PUBLIC ACCOUNT OF INDIA

Public Account of India has been constituted under Article 266 (2) of the Constitution. All transactions relating to debt other than those included in the Consolidated Fund of India are classified under this Fund. The transactions under Debt, Deposits and Advances in this part are those in respect of which Government incurs a liability to repay the money received or has a claim to recover the amounts paid. Transactions relating to debt (other than those included in Part-I), reserve funds, deposits, advances, suspense, remittances and cash balances shall be recorded under the Public Account,.

6.7 Accounting classification

6.7.1 The broad divisions of the Government accounts have been explained in the previous Para. Each of the above said Divisions have further divided into heads of accounts. As a general rule, classification of transactions in Government Accounts shall have a closer reference to functions, programmes and activities of the Government and the object of revenue or expenditure, rather than the department in which the revenue or expenditure occurs.

6.7.2 A six-tier classification is followed In Government accounts for classifying the expenditure and each level is represented by a set of digits, the total number of digits being 15. Major Heads (comprising Sub-major heads wherever necessary) are divided into Minor Heads and minor heads may have a number of sub-heads. The Sub-heads are further divided into Detailed Heads followed by Object Heads. The Major Heads of Account, falling within the sectors for expenditure heads, generally correspond to functions of Government, while the Minor Heads identify the programmes undertaken to achieve the objectives of the functions represented by the Major Head. The Sub-head represents schemes, the Detailed Head denotes the sub-scheme and Object Head represent primary unit of appropriation showing the economic nature of expenditure such as salaries, and wages, office expenses etc. The following table explains the as to what each tier of classification represents and the number of digits of code number allotted to each tier:

	Level of Head	What it represents	No. of digits
1.	Major head	Functions	4 digits
2.	Sub-major head	Functions	2 digits
3.	Minor head	Programmes	3 digits
4.	Sub head	Schemes	2 digits
5.	Detailed head	Sub-schemes	2 digits
6.	Object head	Economic nature of expenditure	2 digits

6.7.3 Major Head - 4 digits (Function) - The first digit indicates whether the head represents receipt head or expenditure or Revenue expenditure head or capital expenditure head (MH- 4000 Misc. Capital Receipts is the Capital receipt head) or loan head.

If the first digit is '0' or '1', the head of account represents Revenue receipt head,

2 or **3** represents Revenue expenditure

4 or **5** capital expenditure

6 or **7** loan head

and **8** will represent Contingency Fund and Public Account.

6.7.4 The standard code numbers allotted to the Major, Sub-major and minor heads in the "List of Major and Minor Heads of Accounts for the Union and States" should be followed. Based on the provisions of Rule 73 of GFRs and Article 150 of the Constitution of India the following guidelines have been issued by CGA vide their office letter No. S11022/02/ Misc./M.A.A/cs/ 2013-14/996 dated 28-2-2014.

Opening of Numeric Codes for a financial year before approval of the DDG by the Parliament		Opening of Numeric Codes after approval of the DDG by the Parliament	
Questions	Answers	Questions	Answers
Opening of Major/Sub-Major/Minor Head which are not listed in LMMH	Approval of C&AG and Budget Division, Min. of Finance is required.	Opening of Major/Sub-Major/Minor Head which are not listed in LMMH	Approval of C&AG and Budget Division, Min. of Finance is required.
Opening of Subhead/ Detailed Head	Approval of C&AG and Budget Section of the concerned Ministry.	Opening of Subhead/ Detailed Head	Approval of C&AG and Budget Division, Min. of Finance
Not applicable		Opening of new 15 digits account head which is not appearing in DDG.	Approval of C&AG and Budget Division, Min. of Finance
Not applicable		Opening of new 15 digits account head for operation of Supplementary Grants obtained during the year.	Approval of C&AG and Budget Division, Min. of Finance

O/O CGA has also clarified the following points:-

- (i) The approval of C&AG and Budget Division will be required for opening of Receipts heads at Major/Sub-Major/Minor head level which are not listed in LMMH.
- (ii) Approval of Head of Department is required for opening Receipts heads at sub/detailed head level.
- (iii) The approval of C&AG and Budget Division will be required for opening of Public Account Heads at Major Heads / Sub-Major / Minor head level which are not listed in LMMH.
- (iv) The approval of the Head of Department will be required for opening Public Account Heads at sub/detailed head level.
- (v) Necessary accounting procedure should be got approved from C&AG for opening of heads where accounting procedure is a pre-requisite.

All the requests for opening of the heads should be submitted by the Principal Accounts Office through e-Lekha only. The above mentioned sanctions should also be forwarded to Monthly Accounts Section along with the request letter for opening of the concerned Head (approved by CCA/ CA concerned) simultaneously for verification and acceptance of the applied heads. The Codes allotted by the Controller General of shall be followed for sub-heads and detailed heads.

Note: In the case of standard minor heads mentioned in the LMMH, the approval of CGA/ Budget Division/ CAG will not be required. Instructions of GD to LMMH need to be followed.

6.7.5 At the Object head level, the standard heads/ the relevant codes prescribed under Government of India's Orders below Rule 8 of Delegation of Financial Power Rules. Vide Ministry of Finance, (EII (A) Branch) vide [Authority: G.I., M.F. O.M. No.F.1(\$&)-E-II(A)/94 dated the 12th December, 1994-vide Annexure 6.1] as amended from time to time shall be adhered to.

6.8 Annual Accounts

6.8.1 Appropriation Accounts: Appropriation Accounts of Central Ministries (other than Ministry of Railways) and of Central Civil Departments (excluding Department of Posts and Defence Services) shall be prepared by the Principal Accounts Officers of the respective Ministries and Departments (under the guidance and supervision of the Controller General of Accounts) and signed by their respective Chief Accounting Authorities i.e., the Secretaries in the concerned Ministries or Departments. Union Government Appropriation Accounts (Civil) required to be submitted to Parliament, shall be prepared annually by the Controller General of Accounts by consolidating the aforesaid Appropriation Accounts. (**Rule 81 of GFRs**).

6.8.2 Finance Accounts: Annual accounts of the Government of India (including transactions of Department of Posts and Ministries of Defence and Railways and transactions under Public Account of India of Union Territory Governments), showing under the respective Heads the annual receipts and disbursements for the purpose of the Union, called Finance Accounts, shall be prepared by the Controller-General of Accounts. (**Rule 82 of GFRs**)

6.9 Presentation of Annual accounts: The Appropriation and Finance accounts mentioned above, shall be prepared by the respective authorities on the dates mutually agreed upon with the Comptroller and Auditor-General of India, in the forms prescribed by the President on the advice of the Comptroller and Auditor-General of India and sent to the latter for recording his certificate. The certified annual accounts and the Reports relating to the accounts shall be submitted by the Comptroller and Auditor-General of India to the President in accordance with the provisions of Section 11 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 and Clause (1) of Article 151 of the Constitution of India. (**Rule 83 of GFRs.**)

Standardization of Object Head of Classification

(Authority: G.I. , M.F. O.M. No.F.1(\$&)-E-II(A)/94 dated the 12th December, 1994 read with corrigendum dated 20th Jan, 1995.)

The undersigned is directed to invite attention to the provisions contained in Rule 8(2) of Delegation of Financial Powers Rules, 1978, on the above subject and to say that the matter regarding standardization / rationalization of Object Heads has been under consideration of the Government for some time.

2. After careful consideration, it has been decided to replace the existing Object Heads with revised Object Heads in the preparation of Detailed Demands for Grants and the consolidation of Union Government Accounts. The List of Object Heads presently in use and the List of Object Heads proposed to be followed are enclosed. The proposed list indicated the object proposed to be followed are enclosed. The proposed List indicates the object class, the code and the description / definition. The description / definition indicted against Object Heads are not exhaustive.
3. The revised list of Object Heads is prescribed after the advice of the CAG of India has been obtained under Article 150 of the Constitution of India.
4. The question of extending the revised Object Heads of Classification to Defence Service estimates and Railways will be taken up separately. Till then the object heads presently in use by these Ministries will be followed.
5. These orders will take effect from 1-4-1995. Accordingly, the Detailed Demands for Grants for 1995-96 would be restructured to follow the revised Object Head of Classification.
6. The amendment to Delegation of Financial Power Rules, 1978, is separately being issued.

LIST OF EXISTING AND NEW OBJECT HEADS (effective from 1-4-1995)

Sl. No.	Description	Code	Existing Object Head	Description / definitions
Object Class 1 (Personal Services and Benefits)				
1.	Salaries	01	Salaries, sumptuary Allowance	Salaries—Will include pay, allowances in all forms of personnel including honoraria and leave encashment except travel expenses (other than leave travel concession). This object classification will also be utilized for recording expenditure on emoluments and allowances of Heads of States and other high dignitaries including sumptuary allowance.
2.	Wages	02	Wages	Wages-Will include wages of labourers and of staff at present paid out of contingencies.
3.	Overtime Allowance	03	Overtime Allowance	Overtime Allowances- Is the amount paid to a Non-Gazetted Government servant for performing official duties beyond office hours in addition to his working hours.
4.	Pensionary charges	04	Pensions, Gratuities	Pensionary charges-Will include donations to service funds and contributory provident funds in addition to payments of pensions and gratuity in all forms to Government servants, Members of Parliament, freedom fighters etc. This will, however, not include social security expenditure such as old age pension etc.
5.	Rewards	05	Rewards	Medical Treatment Rewards-Will include amount paid to Government servants only as per schemes, if any, operative in Ministries/ Departments.
	Medical Treatment	06	Medical Treatment	Medical Treatment-Will include amount paid towards medical reimbursement to Government servants/ pensioners.
Object Class 2 (Administrative Expenses)				
6.	Domestic Travel Expenses	11	Travel expenses, Conveyance Allowance	Domestic Travel Expenses-Will cover all expenses on account of travel on duty in India including conveyance and fixed travelling allowances but excluding leave travel concessions which would be part of salaries. This will also include T.A./D.A. to non-official members on account of travel in India.

7.	Foreign Travel expenses	12.	Travel Expenses Deputation/ Travel abroad of Scientists	Foreign Travel expenses - Will cover all expenses on account of travel on duty outside India including deputation of scientists abroad. This will also include the expenditure on T.A. /D.A. to non-official members going on tour abroad.
8.	Office expenses	13	Office expenses	Office expenses - Will include all contingent expenses for running an office such as furniture, postage, purchase and maintenance of office machines and equipment, liveries, hot and cold weather charges (excluding wages of staff paid from contingencies, telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of office machines and equipment, liveries, hot and cold weather charges (excluding wages of staff paid from contingencies), telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of staff cars and distinct from vehicles for functional purposes like ambulance, vans etc. this will also include POL expenses on vehicles for official use.
9.	Rents, Rates, Taxes	14	Rents, Rates and Taxes	Rents, Rates and Taxes- Will include payment of rent for hired buildings, municipal rates and taxes etc. it will also include lease charges for land.
10.	Royalty	15	Royalty	
11.	Publications	16.	Publications	Publications- Will include expenditure on printing of office codes, manuals and other documents, whether priced or unpriced but will exclude expenditure on printing of publicity material. This will also include discount to agents on sale of publications, etc.
12.	Other Administrative expenses	20	Hospitality/ Entertainment expenses, gifts, expenses on conducted tours	Other Administrative expenses-Will include expenditure on Departmental canteen hospitality/ entertainments expenses, gifts and expenditure on conducted tours, expenditure on conferences/ seminars/ workshops, etc. and expenditure on other training programmes.
Object Class 3 (Contractual Services and Supplies)				
13.	Supplies and Materials	21	Materials and supplies, stores and equipment	Supplies and Materials-will include expenditure on materials and supplies, stores and equipment, etc.

14.	Arms and Ammunition	22	Arms and Ammunition	Arms and Ammunition- Will include expenditure on arms and ammunition of Police and other Paramilitary Establishments.
15.	Cost of ration	23	Cost of ration	Cost of ration- Will include expenditure on ration of Police and other Paramilitary Establishments.
16.	POL	24	POL	POL-Will include expenditure on POL of Police and other Paramilitary vehicles. It will also include on POL of transport vehicles used for field activities, but will exclude those used for running an office.
17.	Clothing and Tentage	25	Clothing and Tentage	Clothing and Tentage-Will include expenditure on clothing and tentage of Police and Paramilitary Establishments.
18.	Advertising and Publicity	26	Advertising and Publicity	Advertising and Publicity – Will include commission to agents for sale and printing of publicity material. This would also include expenditure on exhibitions, fairs.
19.	Minor works	27	Minor works	Minor works –Will also record expenditure on repairs and maintenance of works, machinery and equipment.
20.	Professional services	28	Payments of professional and special services, fees to staff artistes	Professional services — Will include charges for legal services, consultancy fees, fees to staff artistes, remuneration to the examiners, invigilators, etc., for conducting examinations, remuneration to casual artistes by the All India Radio, Doordarshan and all other types of remunerations. It will also include payments for services rendered, supplies made by other departments such as Railways, Police, etc., a distinction being made in respect of supplies made, services rendered for running of an office in which case the expenditure will be recorded under office expenses.
21.	Other Contractual Services	30	Service or commitment charges, notional value of gifts received	Other Contractual Services – Will include expenditure on service or commitment charges and notional value of gifts received, etc.
Object Class 4 (Grants, etc.)				
22.	Grants-in-aid-General	31	Grants-in-aid-General	
23.	Contributions	32		This will also include expenditure on membership of international bodies.

24.	Subsidies	33	Subsidies	
25.	Scholarships / stipend	34	Scholarships / stipend	
	Grants for creation of capital assets	35	Grants for creation of capital assets	Will include amounts released as grants for the creation of capital assets.
	Grants-in-aid-Salaries	36	Grants-in-aid-Salaries	
Object Class 5 (Other Expenditure)				
26.	Secret Service Expenditure	41	Secret Service Expenditure	
27.	Lump sum provision	42	Lump sum provision	Lump sum provision – Will include expenditure in respect of schemes / sub schemes / organizations where the provision does not exceed Rs. 10 lakhs. In all other cases, break-up by other objects of expenditure must be given.
28.	Suspense	43	Suspense	
29.	Exchange variations	44		Exchange variation - The difference in the rate of exchange at the time of receipt of loan / advances from foreign sources and repayments thereof shall be debited under this object head under the concerned service expenditure head.
30.	Interest	45	Interest	Interest – Will include interest on capital and discount on loans.
31.	Share of taxes / duties	46		Central state transfer of resources
32.	Other Charges	50	Compensation, other charges, payments out of discretionary grants for high dignitaries, discounts, customs duty.	Other Charges – Will include payment out of discretionary grants, other discounts, customs, duty compensation, awards and prizes, etc. Any other expenditure which cannot be classified under any of these specified object heads will be debited to this head.
Object Class 6 (Acquisition of capital assets and other capital expenditure)				
33.	Motor vehicles	51	Motor vehicles	Motor vehicles- include purchase and maintenance of transport vehicles used for functional activities (e.g. ambulance, vans) which are distinct from those used for running an office.

34.	Machinery and equipment	52	Machinery and equipment, tools and plants	Machinery and equipment - Will include machinery equipment, apparatus, etc., other than those required for the running of an office and special tools and plants acquired for specific works.
35.	Major Works	53	Major Works, Lands and buildings	Major Works – Will be classified with reference to financial limits as per classification of major works in CPWA Code. This will also include cost of acquisition of land and structures.
36.	Investments	54	Investments	
37.	Loan and advances	55	Loan and advances	Loan and advances- Will include all loans and advances granted to other Governments, Public Sector Enterprises, Under takings and other Government Bodies, etc., but will exclude repayments of borrowings.
38.	Repayment of borrowings	56		
39.	Other capital borrowings	60		
Object Class 7 (Accounting Adjustments)				
40.	Depreciation	61	Depreciation	
41.	Reserves	62	Reserves	
42.	Inter-Account transfer	63	Inter-Account transfer	Inter-Account transfers- Will include transfer to and from reserve fund etc., write back from capital to revenues.
43.	Write-off/ losses	64	Write-off/ losses	Write-off/ losses- Will include Write-off of irrecoverable loans; losses will include trading losses.
44.	Deduct recoveries	70	Deduct recoveries Deduct recoveries (suspense)	

Chapter 7

Accounting of Direct Taxes

- The Principal Accounts Office, CBDT prepares and submits to CGA, every month, two separate accounts viz. Revenue Account and Expenditure Accounts
- Different taxes collected by the Income Tax Department are classified by the ZAOs under the relevant heads of accounts in their books.
- After the Departmentalization of Accounts with effect from 1st April, 1977 the work relating to accounting of direct tax receipts and refunds was being done by the Central Board of Direct Taxes.
- With the introduction of CFMS/RAMS from 1-9-2011, the work relating to the compilation of tax receipts on the basis of challan data received from the banks has been taken over by the ZAOs of CBDT.

7.1 Preparation of Accounts

The Principal Accounts Office, CBDT has been preparing and submitting to CGA's office, every month, two separate accounts viz.

- (i) **Revenue Account** - comprising (i) Direct Taxes collected through authorized agency banks/branches [both via 'physical' & 'electronic' modes], (ii) TDS deductions of states, (iii) tax refunds made and (iv) transactions routed through Personal Deposit Accounts operated by Income Tax Department for amounts seized from tax evaders during Search & Seizure operations.
- (ii) The other **Expenditure Accounts**, containing the normal expenditure and the miscellaneous receipts of the Department.

The Government Accounting System encompasses various stages from recording the initial transactions in challans and refund vouchers to the preparation of Annual Accounts. The monthly accounts are compiled by the Zonal Accounts Offices on the basis of challans /scrolls received from the Agency Banks and submitted to the Principal Accounts Office. The Principal Accounts Office consolidates the accounts received from all ZAOs and sends the same to the Office of Controller General of Accounts.

7.2.1 Classification of different taxes in accounts

The various types of direct taxes collected by the Income Tax Department in India are accounted for under the following Major Heads:-

Sl.No.	Major Heads	Tax Revenue
1	0020	<p>Corporation Tax</p> <p>101- Income Tax on Companies (Advance payment of Tax and Collections from self assessment and deductions of income tax payable under various sections of the Income Tax Act, by the companies are booked under this act)</p> <p>103- Surcharge (surcharge on different nature of payments such as Advance payment of Tax, Deduction of Tax at Source, Self Assessment collection and all other collections; refunds of surcharge are booked under different sub-heads under this minor head) – vide Foot Note below the MH 0020 in LMMH.</p> <p>104- Penalties</p> <p>105- Interest Recoveries</p> <p>106- Tax on Distributed Profits of Domestic Companies</p> <p>107- Tax on Distributed Income to Unit Holders</p> <p>108- Tax on Distributed Income of Domestic Company for buyback of shares under Section 115QA of Income Tax Act, 1961 (Tax on distributed income to shareholders)</p> <p>500- Receipts Awaiting Transfer To Other Minor Heads (This minor head will record the revenue realized initially and brought to account by the Z.A.O/CBDT concerned, pending transfer to the relevant minor heads due to non-availability of the receipt heads)</p> <p>504- Primary Education Cess**</p> <p>505- Secondary and Higher Education Cess**</p> <p>800- Other Receipts</p>
2	0021	<p>Taxes on income other than Corporation Tax</p> <p>101- Income Tax on Union Emoluments including Pensions (The amount of income tax on the salaries of the government servants and the pensions of the central Government pensioners is booked under this head)</p> <p>102- Income Tax on other Than Union Emoluments including Pensions The amount of income tax payable on the personal income other than that on the salaries of the government servants and the pensions of the central Government pensioners is booked under this head) (Advance payment of Tax and Collections from self assessment Deductions under Section 192 from Government employees other than Union Government Employees, Deductions under Section 192 from employees</p>

		<p>other than Government Employees, Deductions from interest on securities, dividends etc. and deductions of income tax payable under various sections of the Income Tax Act, are booked under this Act-vide Foot Note 2 below MH 0021 of LMMH)</p> <p>103- Surcharge 105- Penalties 106- Interest Recoveries 107- Tax on Distributed Income by securitization Trusts under Section 115TA of Income Tax Act, 1961(Tax on distributed income to investors) 504- Primary Education Cess** 505- Secondary and Higher Education Cess** 800- Other Receipts</p>
3	0023	<p>Hotel Receipt Tax</p> <p>101- Collections from Hotels which are companies 102- Collections from Hotels which are non-companies 800- Other Receipts</p>
4	0024	<p>Interest Tax</p> <p>102- Collection under the Interest Tax Act 800- Other Receipts</p>
5	0026	<p>Fringe Benefit Tax</p> <p>101- Collection under Fringe Benefit Tax 102- Penalties 103- Interest 104- Surcharge 504- Primary Education Cess** 505- Secondary and Higher education Cess** 800- Other Receipts</p>
6	0028	<p>Other Taxes on Income & Expenditure</p> <p>107- Taxes on Professions, Trades, Ceilings and Employment 109- Expenditure Tax Act, 1987 800- Other Receipts</p>
7	0031	<p>Estate Duty</p> <p>101- Ordinary Collections 800- Other Receipts</p>
8	0032	<p>Taxes on Wealth</p> <p>101- Ordinary Collections 800- Other Receipts</p>
9	0033	<p>Gift Tax</p> <p>101- Ordinary Collections</p>

10	0034	102- Advance Payments 800- Other Receipts Securities Transaction Tax 101- Collections under Security Transaction Tax 103- Interest
11	0036	Commodities Transaction Tax 101- Collection under Commodities Transactions Tax 102- Penalty 103- Interest (This minor head accommodates advance tax for self assessment, Tax on Regular assessment and Deduct Refunds)

- * Fringe Benefit Tax has been abolished with effect from the assessment year 2010-11.
- # Banking Cash Transaction Tax has been withdrawn with effect from 1st April, 2009.
- ** (The Education cess collected by the Government as per the Finance Acts is booked under these minor heads)

The penalties/ interest levied on different taxes are classified under the distinct minor head below the relevant major head.

7.2.2 Classification of tax refunds

In terms of Para 2.2 of General Directions to List of Major and Minor Heads, the amounts paid as refund of any direct tax shall be classified by opening a sub-head “Deduct Refunds” below the appropriate minor heads so that the net collection of each tax / duty is ascertainable from the accounts.

7.3 Receipt accounting after the Departmentalization of accounts

7.3.1 The essential feature of the scheme of Departmentalization of Receipt accounting which was introduced with effect from 1st April, 1977 was to take up the work relating to accounting of direct tax receipts and refunds by the Central Board of Direct Taxes from the Accountants General concerned. Until 31-8-2011, ZAOs were initially booking the Major-head wise figures in their books as per the Receipt scrolls, while the accounts showing the detailed classification of tax collections was prepared and subsequently submitted by the Departmental Officers concerned to ZAOs.

7.3.3 Pending receipt of the detailed accounts from the Department, the entire amounts of tax receipts were initially booked under the minor head ‘Receipts Awaiting Transfer to Other Minor Heads etc.’ (RAT) under the relevant revenue major head. viz. 0020, 0021, 0026 etc.,) by contra debit to the head 8658- ‘PSB Suspense’, when they related to Nodal branches of the P S Banks / private banks including SBI and to ‘8675- Deposits with Reserve Bank ‘ Central Civil-Reserve Bank (H.Q) when they related to RBI’s Nodal branch.

7.3.4 The head ‘RAT’ was subsequently cleared by the ZAO by minus credit to the extent of Detailed Account is received, from the Designated Officer and by credit to the relevant minor/sub-heads etc. The

PSB Suspense head was cleared by adjustment under the head '8675 Deposits with Reserve Bank' on receipt of Monthly Closing Balance Statement (CAS 121 and 122) or Monthly Settlement Statement (DMA II) from the RBI, CAS, Nagpur in CCAs Office.

7.3.5 The ZAO used to keep a close watch over the receipt of these Detailed Accounts from the Designated Officers. It was experienced that huge amounts were lying under the RAT pending receipt of detailed accounts / reconciliation between the Department and ZAO.

7.4 Introduction of CFMS-RAMS

7.4.1 In order to eliminate the time lag in accounting for tax receipts under the final heads of accounts, it was decided in the year 2011 that the Pr. CCA, CBDT should take over the responsibility compiling tax receipts directly on the basis of the challan information received from the banks, with the help of a new web server CFMS (<http://cfms.nic.in>) which is an interface between all authorized banks and ZAOs.

7.4.2 Role of banks in CFMS

While remitting the tax amounts the tax payers are mandatorily required to furnish in the challans, the details such as PAN/ TAN, name and address of the taxpayer, Assessment Year, Major Head, Minor Head and Type of Payment. After the introduction of OLTAS the receiving branches are required to capture the challan-wise data relating to tax collection to their system. At the end of the day, the bank should generate a file containing all the challan data for which payments have been realized for that day and transmit it to its Nodal branch for onward transmission to the Income Tax Department's TIN through the bank's Link Cell. The Link Cell of each of the banks that is authorized to receive direct taxes is required to upload the text file containing the data on tax receipts and refunds i.e. details of challans, scrolls, refunds on daily basis in respect of all 52 ZAOs on a centralized web-server i.e. "CFMS-Challan File Movement System" hosted at NIC centre Hyderabad. The Link Cell also uploads the Date-wise Monthly statement (DMS) on this web-server. This web-server sorts out the files pertaining to various ZAOs.

7.4.3 Work Flow in Zonal Accounts Office

On entering the CFMS website by using login id and password ZAOs are able to download Text files from banks which contain complete details of tax remittance.

The type of files available for download is:

1. Challan files (Contains both refund data and remittance data, scroll data is also included.)
2. Refund Banker Scheme files from SBI, Mumbai
3. Put through files from RBI, CAS, Nagpur
4. Date-wise Monthly Statements. (Payment as well as Receipts)

The scroll is also verified for the correctness of total.

7.4.4 Role of ZAOs in use of CFMS / RAMS

Subsequently, the ZAO logs in to <http://cfms.nic.in> and downloads the files (Details of these files downloaded by ZAOs given in Para 7.4.5 below) pertaining to them to incorporate the details in the 'RAMS' (REVENUE ACCOUNTING MANAGEMENT SYSTEM). RAMS is a client-server based software system installed in all the 52 ZAOs for receipt accounting. During the required validation check, this software tests the data for "duplicate scroll numbers", "tallying challan total to scroll total", "authorization of branches" "Valid head of account", "New sections of Income tax Act/Rules" among other checks. If the data is not valid the text files are rejected with error messages.

7.4.5 If any error is noticed in the text file, then RAMS generates an error file which ZAOs subsequently uploads on the CFMS Central Server for the concerned Bank. Concerned Banks download the error file, correct it and subsequently uploads the corrected file. This file is again downloaded by ZAO and same process as detailed above is repeated till the files are found to be acceptable. After the required validation checks are done by the system, the files get incorporated and a report of file incorporation is prepared and is available in the CFMS for MIS purposes.

7.4.6 Respective Zonal Accounts Offices should download and incorporate the challan wise classification. The receipts/ refunds are now directly classified under the relevant final head. The suspense minor head 'RAT' is used in those items by the system whenever a section under which the tax is remitted is not validated by 'RAMS'. As the final classification is done by ZAOs on the basis of challan data, the practice of obtaining detailed account from Regional Computer Centre/designated officer has been discontinued with effect from September, 2011.

7.4.7 The software 'RAMS' enables COMPACT to integrate Receipt and Expenditure Accounts through a single unified package. The Monthly Receipt Account is also prepared in RAMS by all ZAOs with effect from September, 2011 and then uploaded on to e-lekha by the ZAOs for further submission to CGA office.

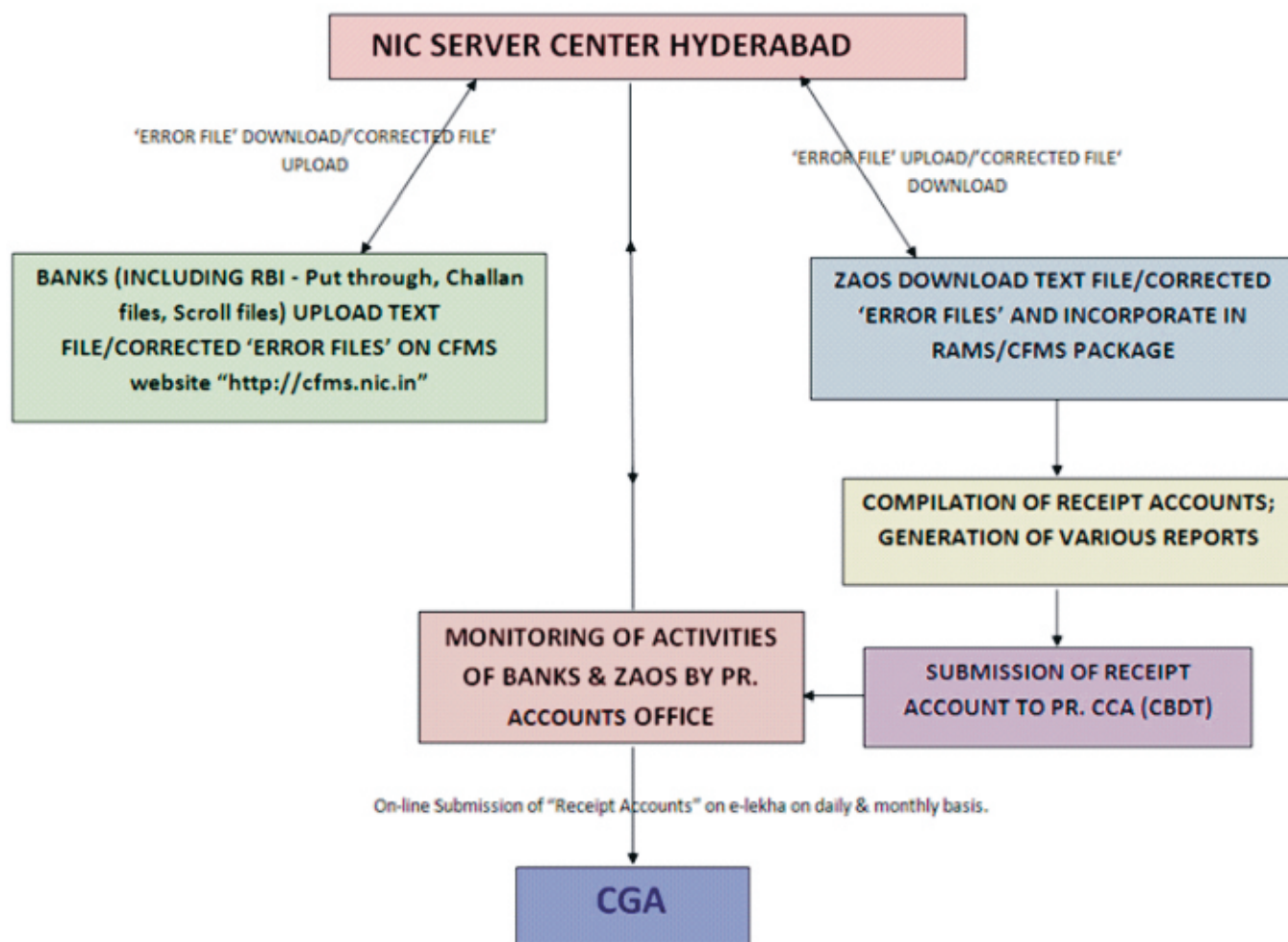
7.4.8 The following functions are carried out by RAMS software

- (i) The RAMS software facilitates incorporation of the daily electronic file (Challans, Scrolls, Refunds, Error Challans), including those of Personal Deposit Accounts, received from various banks through CFMS (Challan File Movement System) web portal.
- (ii) ZAOs are able to upload the errors found in the files provided by the authorized banks to CFMS web portal for banks and HQ.
- (iii) This software also facilitates incorporation of the Refund Banker Scheme electronic file received from State Bank of India, CMP Mumbai through CFMS web portal on daily basis.
- (iv) It incorporates the RBI Put Through electronic file received from RBI CAS, Nagpur through CFMS web portal on daily basis.
- (v) It also incorporates the Date-wise Monthly Statement (for Receipts & Refunds separately) electronic files received from all authorized Banks through CFMS web portal once in a month.

- (vi) Reconciliation of challans, scrolls and put through of transactions etc. are also done through this software.
- (vii) It has the facility to upload the correctness of all the above mentioned files to CFMS web portal for better management.
- (viii) This software facilitates daily upload / Monthly data to e-Lekha.
- (ix) All relevant reports like daily and monthly tax collection, refunds etc are generated for submission to the Department.

Diagram 7.1

"FLOW CHART OF ACCOUNTING THROUGH RAMS/CFMS"



7.5 Action on the part of ZAO with regard to reconciliation

7.5.1 Alongwith the challan / scroll figures received through electronic media by ZAOs, hard copies of Receipt scrolls are also received by them from the Nodal branch.

7.5.2 The checks prescribed in Chapter 15 of CAM need to be exercised. It shall be verified by the ZAO whether main scrolls along with paid cheques / challans received in ZAO from the Nodal branch within 24 hours after verification by getting the errors amended, if necessary.

7.5.3 The daily main scrolls and the daily summary of receipts and payments, received from the Nodal branch should be checked on day to day basis before they are posted in the Register (CAM 86).

7.5.4 The following instructions have been issued vide Principal Accounts Office, CBDT, New Delhi's Office Memorandum No. 102/Receipts/Monthly Accounts/2013-14 dated 11th April, 2013 with regard to compilation of Revenue account on RAMS, submission of FLASH FIGURES and preparation of monthly accounts.

Submission of Monthly Accounts

Before consolidating the Revenue account on RAMS the following actions are required to be ensured:

- (i) Daily abstract file is prepared and uploaded on e—lekha 'on daily basis without fail.
- (ii) Performance of the Banks under each ZAO to be reviewed on daily basis at <http://cfms.nic.in> and follow—up action for missing files to be taken up regularly.
- (iii) It may be ensured that physical DMS is received by the ZAO from all the concerned Banks. The figures in the physical DMS must be verified from the RBI's put-through statement (Bank-wise and major-head-wise) for its completeness.
- (iv) The revenue account is to be compiled / consolidated / uploaded by ZAOs by the 7th of the subsequent month after having incorporated all the files
- (v) Before uploading of monthly accounts on e-lekha, ZAOs are to ensure that the Bank-wise Major—head wise figures of the consolidated account are tallied with the figures of physical DMS reported by the Banks.
- (vi) To report compliance of this objective each ZAO will prepare two statements (in excel sheets) as per format given below and submit same to reach this Hqrs through e-mail at receipt-cbdt@nic.com or cbdt@outlook.com by 6th of every month.

(a) Statement I (For each Major Head separately)

Major Head		MH -0020	
Gross receipts			
Name of the Bank	Figure as per DMS	Figure as per RAMS	Difference
SBI			
PNB			
.....			
Total gross receipts			
Refund/ payments			
SBI			
SBI (RBS)			
Total Refunds			
Total Net Receipts			

As it is evident from the above, figures electronically provided by the Bank (through CFMS) are tallied with physical DMS received from Banks.

(b) Statement II

(For each Bank & each Major Head-separately, example)
[Receipts & Refunds separately]

State Bank of India		MH-0020		Remarks
Date	Fig. as per DMS	Fig. as per RAMS	Difference	
01.4.2015				
02.4.2015				
.....				

- (vii) As it is evident from the above, figures electronically provided by the Bank (through CFMS) are tallied with physical DMS received from Banks.

Non receipt of data happens under following circumstances.

- Delay in upload by Banks extending beyond monthly accounts due date.(7th of the following month)
 - Error in Text files uploaded via CFMS website hence rejected by COMPACT-RAMS but not rectified and uploaded before monthly accounts due date.
- (viii) Major-head wise differences, wherever applicable, as calculated above, Statement –I) shall vide Statement –I shall be adjusted by ZAOs in their respective monthly accounts by preparing transfer entries to that effect. The difference amount shall be booked under the

Minor Head 'RAT' under their respective Major Head. The final figures for the month must tally with figures in the physical DMS.

- (ix) Before making transfer entry for adjusting the difference during the current month, reversal of T.E. made in the previous month's revenue account must be ensured. The missing /error files received in subsequent months are to be incorporated for their detailed account necessitating the reversal of T.E. made in the previous months.
- (x) The amount booked under 'RAT' must be monitored for clearance in the subsequent files received from Banks in subsequent months.
- (xi) Where any issues remain unresolved (in compiling/consolidating/uploading of files/accounts) at the ZAOs end even after all efforts, such cases will be brought to the notice of Head quarter for taking follow up action with banks/computer Section (HQ), NIC to resolve it.
- (xii) Monthly accounts are required to be submitted to CGA by the 12th of the following month. All ZAOs are therefore, requested to strictly adhere to the timelines as specified above. In this connection Chapter 15 of Civil Accounts Manual may also be referred to.

7.6 Submission of flash figures by ZAOs

7.6.1 All ZAOs are required to submit flash figures on progressive / cumulative collection of direct taxes fortnightly or daily, as the case may be, in the format given as under:

(Rupees in thousands)

Major head	Gross		Refund		Net	
	For the period	Upto the period	For the period	Upto the period	For the period	Upto the period
0020-Corporation Tax						
0021-Taxes on income other than Corporation Tax						
0023-Hotel Receipt Tax						
0024-Interest Tax						
0026-Fringe Benefit Tax						
0028-Other taxes on Income & Expenditure						
0031-Estate Duty						
0032-Taxes on Wealth						
0034-Security Transaction Tax						
0036-Banking Cash Transaction Tax						
TOTAL						

7.6.2 The Pr. CCA, CBDT is required to submit the flash figures periodically to the Department as per the prescribed time schedule. These figures are prepared after consolidating the figures received from their ZAOs. The following is the Time schedule for ZAOs for the submission of flash figures:-

Sl.No.	For the period	Date by which flash figures require to be submitted by ZAOs
(i)	For period from 1st to 15th of each month	Progressive flash figure Report as on 15th to be submitted to Pr. CCA, CBDT, New Delhi through e-mail to reach them on 16th / next working day.
(ii)	For the month	Progressive flash figure for the month to be submitted on next working day following end of the month.
(iii)	At every quarter ending	
	(a) For quarters June, September and December	Report to be sent from 16th of the month / next morning day after 15th onwards till end of concerned month on daily basis.
	(b) For quarter March	Report to be sent from 16th of March/ next working day after 15th onwards till 15th of April (Report from 1st to 15th April-Residual figure)

7.7 Reconciliation of receipt and payment figures by Principal Accounts Office

ZAOs prepares a monthly Bank Reconciliation Report immediately on receipt of a copy of RBI's Statement No. 2 (Annexure 11) from Principal Accounts Office, showing therein the nodal branch wise figures as per RBI's Statement No. 2 and those accounted for by the ZAO in the accounts and difference (for the month and the progressive difference) in the form as per CAM 88. Bank wise and date wise break-up of the progressive difference should be given in this report indicating also the action taken to settle this difference. This Reconciliation Report is to be prepared separately for receipts and refunds and sent to the Principal Accounts Office within 3 days of the receipt of the copy of RBI's Statement No. 2.

Chapter 8

Tax Deducted At Source

- **Income Tax includes that portion of tax which is deducted at the source of income itself and it is called Tax Deducted at Source (TDS).**
- **There are different sources through which Tax Deducted at Source is deducted. A few are**
 - **TDS deductions made by various agencies other than Central/ state Government ministries/ departments and remitted into the authorized banks**
 - **Deductions made from the salary bills of Central Government servants and contractors' payments**
 - **Deductions made from the salary bills of State Government servants and contractors' bills arising in the treasuries/ sub-treasuries and P.W.D. divisions**

8.1 The Indian Income Tax Act provides for chargeability of tax on the total income of a person on an annual basis. The quantum of tax determined as per the statutory provisions is payable as:

- (i) Advance Tax
- (ii) Self Assessment Tax
- (iii) Tax Deducted at Source (TDS)
- (iv) Tax Collected at Source
- (v) Tax on Regular Assessment

8.2 Tax Deducted at Source (TDS) is one of such means of collecting income tax in India. TDS, as the very name implies, aims at collection of tax at the very source of income i.e. at the time of releasing payment to the payee. The person responsible for making/crediting certain types of payments to another person is required to deduct income tax while making payment. It is essentially an indirect method of collecting tax on the concept of "Pay as you earn". Its significance lies in the fact that it prepones the collection of tax, ensures a regular source of revenue, acts as a powerful instrument to prevent tax evasion and expands the tax net. To the tax payer it distributes the incidence of tax and provides for a simple and convenient mode of payment. Tax is required to be deducted at the time of payment whether in cash or cheque or credit to the payee's account. In the government departments/ministries TDS is required to be made out of the

salaries of the employees and also in cases like payments to contractors/ sub-contractors, fees for professional or technical services exceeding 30,000/-.

8.3 A deductor is a person who is responsible to deduct TDS on the specified type of payments made by it. The tax so deducted is required to be deposited in the Central Government Account. The deductee in respect of whom the tax has been deducted at source gets credit of the amount on the basis of the certificate issued by the deductor.

Exception: However, in cases where the deductors are the DDOs of the Central Government the amount of TDS deducted is not required to be remitted into the bank or passed on to the ZAO, CBDT by the DDO/ Accounts Officer.(vide Para 8.5 below)

8.4 Deduction of TDS on Salaries and other types of payments by Government Departments

Every person who is responsible for disbursing any amount which is in the nature of “income” chargeable under the head “Salaries” shall deduct income-tax on the estimated income of the assessee for the financial year. In so far as the deductions towards Income tax (TDS) on salaries of the Government servants (both Central and State Government servants) and the payments of contractors are made by the respective Drawing & Disbursing Officers. The DDO is also responsible for making such TDS deductions in a few other types of payments such as payments to Contractors and payments of professional fees. He is required to effect the necessary deduction at the appropriate rate from the payments made to them.

8.5 Accounting of TDS deductions made by the PAOs of Central Ministries/ Departments

In the case of TDS deductions made from the bills by the Accounts Officers of the Central Ministries/ Departments (including Defence, Railways, Posts and Telecommunications), the credits are directly classified by them under the relevant final Heads of account i.e. 0020-Corporation Tax-101-Income Tax on Companies/ 0021-Taxes on Income other than Corporation Tax-101-Income Tax on Union Emoluments including Pensions etc. The accounts rendered by the Principal Accounts Office of each Ministry/Department to the Controller General of Accounts, will include all the credits adjusted under these heads. -vide Note 1 below Para 8.2 of CAM. In these cases no monetary settlement will be effected between the PAOs of the Central Ministries/ Departments and ZAOs; in other words the amounts of TDS deductions will not be passed on by the PAOs of the different ministries/ departments to ZAOs, CBDT. A detailed procedure relating to reconciliation of (matching) the recoveries made in the bills by the DDOs of the Ministries/ Departments and those reported by the Accounts Offices of those Ministries/ Departments to the Income Tax Department has been prescribed by the Income Tax Department-vide Chapter 13 of this Manual

8.6 TDS deductions made by PAOs of the UT Administrations

In the case of UT Administrations whose accounts have been separated from the Audit, the TDS credits on account of deductions from salaries, contractors’ payments are directly booked to the final heads of account 0020/ 0021, as the case may be, as in the case of Central Ministries/ Departments and the amounts are consolidated in the Accounts of the Union Government.

8.7 Procedure for accounting of Income Tax Deducted at Source (TDS) from the salary and other bills of State Governments

8.7.1 The income tax recoveries effected from the bills paid by treasuries/ State Government Pay & Accounts Offices / Other State Government departmental officers rendering compiled accounts to the Accountants General shall be classified under the Minor Head “TDS Suspense” below the Major Head “8658-Suspense Accounts” in the State Section of accounts. These offices should also maintain details of these credits to the suspense head as above under the various major, minor and detailed heads of account relating to deductions of income tax at source like “0020”, “0021”, etc.

8.7.2 The Accountant General will consolidate the amounts thus shown under the head ‘TDS Suspense’ by these authorities and arrive at the figure for the state circle as a whole. After the accounts for the month are closed, a cheque for the total amount booked under the suspense head ‘TDS Suspense’ during the month shall be sent by the Accountant General to the Zonal Accounts Officer concerned. The cheque shall be duly supported by a statement (in duplicate) showing the figures pertaining to each treasury/ PAO/ Departmental Officer rendering complied accounts etc. On receipt of the cheque the ZAO shall arrange to remit the same into the Government account and on its realization the amount shall be credited to the receipt head viz. 0020-Corporation Tax, 0021-Income Tax other than Corporation Tax-Minor head” RAT”, on the basis of the source at which the deduction has been made as indicated by the Accountant General in the statement referred to above, by per contra debit to the head 8658-Public Sector Bank Suspense/ 8675-Deposit with Reserve Bank, as the case maybe.

A watch shall be kept about the prompt receipt of cheque / demand draft in respect of State Tax Deducted at Source from the Accountant General concerned through the Register for showing the progress of Recoveries of TDS at Source from the Accountants General and their detailed classification-vide Annexure 8.1. A copy of the Register should be sent to the Head quarters along with the Monthly account.

On receipt of the Detailed account from the Designated officer the amounts to the extent such detailed account has been received should be booked to the final receipt head by minus crediting the suspense head ‘RAT’. In this regard, the instructions issued by both CGA and O/o Pr. CCA, CBDT should be followed by ZAOs.

8.8 TDS Deductions made by the Union Territory Governments

The same procedure as prescribed for the state Governments as at Para 8.7 above shall be followed in the settlement of TDS recovered by the Union Governments with the Central Government (ZAO, CBDT)

8.9 TDS Deductions made by the Union Territory Administrations whose accounts have not been separated from Audit

The same procedure as prescribed for the state Governments vide Para 8.7 above shall be followed in the settlement of TDS recovered by the Union Governments with the Central Government (ZAO, CBDT) with the only difference that the amounts of TDS will be initially booked in the Central section of accounts in the books of the concerned AG.

**STATEMENT SHOWING THE PROGRESS OF RECOVERIES OF T.D.S. FROM
ACCOUNTANTS GENERAL AND THEIR DETAILED CLASSIFICATION**

Sl.No.	Name of the AG	Name of the Treasury Officer	Name of the month for which amount received during the month	Amount received upto the end of the preceding month		Progressive totals upto the end of the month		Amounts, if any, transferred to a major head other than '0020' out of amount in col.6(b)	Amount for which details received and amount accounted for the respective minor & detailed head upto the account for the month	Balance 6(b)-7-8	Remarks efforts made to collect the amount and the details from the A.G./T.O
1.	2.	3.	4.	5.		6.		7.	8.	9.	10.
			(a) month amount	(b) month amount	(a) month amount	(b) month amount	(a) month amount				

Chapter 9

Refunds of Tax

- Tax refund arises when the tax liability of a tax payer is found, after assessment, to be less than the taxes paid by him.
- The process of refund starts with the submission of claim by the assessee in Annual Income Tax Returns.
- On scrutinizing the ITR, AO determines the refund amount and with the sanction of the competent authority, wherever required, issues the refund voucher through the authorized banks.
- State Bank of India Cash Management Product department (CMP, SBI) has been authorized to make tax refunds.
- Refunds of tax are made through different methods viz by issuing Refund orders by the Departmental Officer, payment by direct credit to the tax assessee's bank account (mentioned in his ITR) or by cheque in his favour.

9.1 When the tax liability of a tax payer is less than the taxes paid either by himself or on his behalf, the excess amount paid by him becomes refundable to him and this is known as tax refund. Taxpayers can get a tax refund of their income tax if the tax they owe is less than the sum of the total amount paid.

9.2 The refund process starts with the submission of claim by the assessee in annual Income Tax Returns. The taxpayer would be required to show in the Income Tax Return, the computation of his income tax payable, the total TDS which has been deducted from his income and the tax paid into the bank. The Assessing Officer (AO) determines the refund amount and approves the refund (or gets the approval of the competent authority if it exceeds his powers) and despatches the refund voucher advising the bank(s) authorized for making such payment to the tax payers. 'Interest paid on delayed refunds' is also included in the refund amounts, where it is due, as per the Income Tax Rules.

Note:- (1) If the refund is not paid within the period prescribed under the Act, the Central Government shall pay to the assessee, simple interest at the prescribed rates.

9.3 Procedure of refund

Refunds of tax are made through different methods viz. by issuing Refund orders by the Departmental Officer, payment by direct credit to the tax assessee's bank account (mentioned in his ITR) or by cheque in his favour.

If the taxpayer has selected mode of refund as ECS (direct credit in the bank account of the taxpayer) at the time of submission of income return and provided the correct account number along with the MICR code the refund will be effected through ECS by CMP, SBI. A physical advice of refund credited will also be sent to the taxpayer by post. These different procedures are explained below:-

9.3.1 Payment by issuing Refund Orders by the Department

Direct tax refund work is entrusted to only one branch of an authorized bank generally RBI, SBI or its Associate Banks at an ITD centre / a district. The Refund orders will be presented to the branch by the tax payer for transfer to his account with the same branch. Alternatively, it might be received through clearing. The specimen signatures of the officers of the Income Tax Department who are authorized to draw refund orders will be sent to the paying branches concerned in advance by the Income Tax authorities. The specimen signature will be duly certified by an officer of the Income Tax Department whose specimen signature is already on record with the branch. Any change in the authorized official will be advised to the relieving officer. While passing the refund orders for payment, the passing official should exercise utmost care apart from the precautions usually exercised by the banks in connection with payment of Negotiable Instruments, the instructions issued by Controller General of Accounts as well as Reserve Bank from time to time. The payee is required to affix his signature in the space provided for 'Claimant's signature' on the reverse of the Income Tax Refund Order (ITRO). The procedure relating to Refund Advices will continue as at present except that advices of paid ITROs and printed Payment scrolls will no longer be sent by the bank to the Income Tax Department.

9.3.2 Refund through ECS

Direct tax refunds can also be credited directly to the tax payer's account through Electronic Clearance Scheme (ECS) of RBI. In order to avail of this facility, the tax payer gives a mandate by mentioning type of his bank account (savings or current) account number and bank branch code (9 digit) in his Return of Income. After processing of the tax payer's refunds by the Assessing Officer, all tax payers' refunds (in which credit through ECS has been sought) in the jurisdiction of an RCC are automatically consolidated on the computer system at the RCC. All this refund data is downloaded, encrypted and copied onto a magnetic media (floppy or rewriteable CD) or transmitted electronically.

This is sent by the RCC to the refund issuing branch of RBI or SBI as well as to the local ZAO. After validating the data in the file, the bank debits the Income Tax Department Account for the total amount of the refunds and thereafter issues instructions through clearing to the different local branches of the banks where the tax payer's accounts are located to credit the tax payers' accounts with the amount intimated by the Department.

The single debit to the Department's account appears in the payment (refund) data transmitted by the bank to the Income Tax Department for that day. In case any of these credits to the tax payer's accounts are not effected due to reasons like closing of the account etc., the same is later accounted for by a separate minus debit entry for ECS Return in the Income Tax Department account and is intimated to the Income Tax Department through the payment (refund) data transmitted for that particular day. The files in the electronic media (floppy or rewriteable CD etc.) are returned along with the computer printed payment (refund) scroll to the ZAO while the same data is transmitted online by the bank to the Income Tax Department through the Income Tax Department's Tax Information Network (TIN).

9.3.3 Refund Banker Scheme

The 'Refund Banker Scheme,' which commenced from 24th Jan 2007, is now operational for Non-corporate taxpayers assessed in Delhi, Mumbai, Kolkata, Chennai, Bangalore, Bhubaneswar, Ahmedabad, Hyderabad, Pune, Patna, Cochin, Trivandrum, Chandigarh, Allahabad, and Kanpur. This scheme of "Refund Banker" through the State Bank of India (SBI) has been implemented and subsequently extended on pan-India basis with effect from 01.10.2009.

The State Bank of India (SBI) is the refund banker to the Income Tax Department (ITD). In the 'Refund Banker Scheme' the refunds generated on processing of Income Tax Returns by the Assessing Officers/ CPC-Bangalore are transmitted to Cash Management Product department of State Bank of India, (CMP branch, SBI), Mumbai (Refund Banker) on the next day of processing for further distribution to taxpayers. On receipt of encoded file from the Department, CMP branch of SBI, processes the refunds and issues drafts or funds transfer on case to case basis and sends the refund intimation to the taxpayer.

From May 2008 refund is also effected by National Electronic Fund Transfer (NEFT). For taxpayers who have not opted for ECS refund will be disbursed by cheque or demand draft. The refund instrument will be despatched by speed post by CMP SBI at the postal address mentioned in the income return.

Refunds are being sent in following two modes:

- i. **RTGS / NECS:** To enable credit of refund directly to the bank account, Taxpayer's Bank A/c (at least 10 digits), MICR code of bank branch and correct communication address is mandatory.
- ii. **Paper Cheque:** Bank Account No, correct address is mandatory.

Status of 'paid' refund, being paid other than through 'Refund Banker,' can also be viewed at www.tin-nsdl.com by entering the 'PAN' and 'Assessment Year' below. 'Refund paid' status is also being reflected in the 'Tax Credit Statements' in Form 26AS.

9.4 Procedure for reporting refunds by banks

The procedure for reporting the data relating to Tax refunds by the paying banks (covering refunds through different modes) will be the same as the procedure applicable to tax receipts. As in the case of receipts, refunds are required to be classified by the paying branch according to the type under which the refunds are made. Separate major head wise payment records will be maintained in respect of payment of

ITROs. The entire data relating to the Refund vouchers will be transmitted electronically by the paying bank to the Link Cell for onward transmission to the Department's TIN through the Nodal branch. In the case of refunds made by the Refund Banker the scrolls/DMS are sent to respective ZAOs by CMP branch which accounts for the same.

The Nodal branch will also generate computer printed separate main scrolls for payments (i.e. refunds) and forward them along with the paid ITROs to the ZAO. It will also forward refund details on electronic media to local ZAO. The Refund data (in respect of ITROs and ECS refund) will be transmitted on-line by the Nodal branch to TIN through the Link Cell.

9.5 Classification of Income Tax refunds

9.5.1 In terms of Para 2.2 of General Directions to LMMH, In respect of major/sub-major heads falling under the sector "Tax Revenue", the head "Deduct-Refunds" should, however, be opened as a distinct sub-head below the appropriate minor heads so that the net collection of each tax/duty is readily ascertainable from the accounts.

9.5.2 As per the Foot Note (3) below the Major Head 2020 vide LMMH the interest on refunds is required to be classified under a distinct minor head "108- Interest on Refunds" opened for the purpose below the MH 2020 and interest on different categories of refunds should be shown under different detailed heads thereunder.

9.6 Role of Banks in uploading of data to CFMS

As in the case of tax receipts, after making payments of tax refunds, the data relating to 'Refunds' is also fed in the bank's system. The Link Cell of each of the banks that is authorized to receive direct taxes is required to upload the text file containing the data on tax receipts and refunds i.e. details of challans, scrolls, refunds on daily basis in respect of all 52 ZAOs on a centralized web-server i.e. "CFMS-Challan File Movement System" hosted at NIC Centre, Hyderabad. The Link Cell also uploads the Date-wise Monthly statement (DMS).

9.7 Accounting of refunds by ZAOs

The procedure outlined in Paras 7.4.3 to 7.4.5 for accounting of receipts will be followed in the case of Tax refunds too. The refunds shall be directly classified under the relevant final head as mentioned in Para 8.5 above. In cases where a section under which the tax is remitted is not validated by 'RAMS' the amounts will be booked as minus figures under the suspense minor head 'RAT' and when rectification /validation is completed by the system, the amounts will be classified as refunds under the relevant tax receipt head by minus entry under the head RAT. At the end of the financial year there should be no balance remaining under this suspense head.

9.8 Action on the part of ZAO with regard to reconciliation

The procedure and instructions prescribed for reconciliation in Para 7.5 of this Manual shall be followed for refunds.

Chapter 10

Expenditure Account

- The Expenditure Account of CBDT comprises of the booked figures of the receipts and disbursements of the Income Tax Department. It includes the Income Tax deductions made from the bills paid by the ZAOs of CBDT.
- On the basis of bills submitted by DDOs of the Department, ZAOs/ field Pay Units pass the bills.
- The monthly accounts are compiled by ZAOs using the software 'COMPACT'.
- Different modes of payments by Government departments are (i) payments by direct credit to payees' bank accounts, cheques or cash.
- The provisions of CGA (R&P) Rules, 1983 as amended from time to time and the instructions issued by CGA should be followed.
- Electronic Payments advices containing the details of payment, particulars of bank account etc. generated through the COMPACT and digitally signed by the ZAO shall be issued through the Payment Gateway (GePG) to the banks for directly crediting the amounts to the respective payees' accounts.
- Different types of cheques are used for making payments by Government departments.
- Cheque Truncation System has been introduced by the RBI in which all cheques get truncated at the presenter's bank and payment is cleared by the payee's bank on the basis of the electronic image of the cheque.
- Accounts offices will, in future, get only the electronic images of the paid cheques instead of the physical cheques.
- The procedure of reconciliation of payments will undergo a change as the reconciliation shall be done by the Accounts Officer on the basis of the electronic image of the cheque.

10.1 Transactions booked under Expenditure Account

10.1.1 The Expenditure Accounts of the Central Board of Direct Taxes represent the total picture of

receipts and disbursements under Revenue, Capital & Public Account Heads in respect of Income Tax Department. The revenue disbursements reflect the total Expenditure (Charged & Voted). The revenue receipts show the total non-tax revenue like interest receipts, miscellaneous receipts of the Department etc., the tax revenue on account of the 'Central Tax Deducted at Source' made from the salary and contractors' bills of the Department. It also reflects the other deductions such as licence fee, CGHS, GPF and CGEIS contributions etc. made by the ZAOs from the salaries of the employees of the Income Tax Department.

10.1.2 The Capital disbursements show the expenditure incurred on Acquisition of Immovable Properties under Chapter XXC of the Income Tax Act, 1961 (MH 4075), Acquisition of Ready Built Accommodation (MH 4059), Acquisition of Ready-Built Flats for Income Tax Employees (MH 4216). The recoveries on account of sale of immovable properties under Chapter XXC of the Income Tax Act, 1961 are also adjusted against the disbursement under M.H. 4075. Hence, only net effect is shown in the Accounts.

10.1.3 The Capital Receipts show repayment of loans paid to Government servants (MH 7610). The receipts and disbursements of Public Account Heads 8009, 8014, 8443 etc. and the transitory heads like '8658', and '8675' are also operated in the Expenditure Accounts of the CBDT. The Statement of Central Transactions of Revenue and Expenditure Accounts of C.B.D.T. are prepared separately. The heads of accounts that are generally used by the ZAOs of CBDT are listed in the Annexure 10.1.

10.2 Classification of Collection Charges of Taxes

10.2.1 The Expenditure on collection of various Direct Taxes viz. corporation Tax, taxes on Income other than Corporation Tax, Taxes on wealth, Securities Transaction Tax and Other Taxes are in the first instance accounted for under the minor heads 'Direction and Administration', 'Collection Charges -Income - Tax' and 'Other Expenditure' below the Major Head '2020-Collection of Taxes on Income and Expenditure'. At the end of financial year, the total cost of collection is apportioned among "Income Tax", Taxes on Wealth", Security Transaction Tax, and 'Other Taxes. The formula for apportionment of cost of various Direct Taxes will be in accordance with the Office Memorandum issued for this purpose from time to time by the office of CBDT. The shares of cost of collection so worked out are transferred to the minor heads "Taxes, Taxes on Wealth Tax, Security Transaction Tax and Other Taxes (this will include the expenditure on collection of residuary Estate Duty and Gift Tax) under Major Head 2031-Collection of Taxes on wealth, Securities Transaction Tax and other Taxes ; and "Collection Charges – Corporation Tax "and "Collection Charges-Other Taxes" (this would include expenditure on residuary FBT, BCTT, Expenditure Tax, Interest Tax etc.) under this Major Head (2020-Collection of Taxes on Income and Expenditure) respectively – (vide Correction Slip No. 757 Dated 23-01-2014 to LMMH).

10.2.2 Classification of expenditure on the Accounting Organization of CBDT

The expenditure on the Accounting Organization of CBDT viz the expenditure on the Principal Accounts Office including the Internal Audit Wing and ZAOs of CBDT should all be classified under the Major Head "2020- Collection of Taxes on Income and Expenditure".

10.3 Payments made by ZAOs

10.3.1 As already stated in Chapter 3 of this manual, the ZAOs/ Field Pay Units are responsible for making payments on the basis of bills in the forms prescribed for the purpose in Central Government Account (Receipts & Payments) Rules, 1983 and submitted by the DDOs concerned.

10.3.2 While scrutinizing the bills, ZAOs have to exercise necessary checks keeping in view the provisions of the Central Government Account (Receipts & Payments) Rules, 1983, General Financial Rules, 2005 and Delegation of Financial Rules, Chapter 4 of Civil Accounts Manual and also the special directions/orders issued by the CBDT.

10.3.3 The pre-check to be applied to all payments by the departmentalized Accounts Offices includes a check against provision of funds also. It is an important part of the functions of the Zonal Accounts Office to see that no payment is made in excess of the budget allotment. He should watch the progressive expenditure under each of the sub-heads and units of appropriation in respect of each drawing officer so as to ensure at the time of passing each bill that the amount of the bill under check is covered by budget allotment. If the amount of any bill leads to excess over the budget allotment or is not covered by an advance from the Contingency Fund, the ZAO should decline payment under advice to the authority controlling the grant so that the latter could arrange for additional funds. In this connection special attention should be drawn to the provisions of Paras 4.2 and 4.3 of Chapter 4 of Civil Accounts Manual with regard to check against provision of funds.

10.3.4 The following are the general and important checks to be exercised by a ZAO:-

- (i) whether the claim has been submitted by the DDO;
- (ii) whether the bill in original has been submitted;
- (iii) that bills are prepared in the prescribed form, signatures are genuine and that the bills are in original;
- (iv) Whether the bill is supported by the relevant / required documents such as vouchers, certificates and other documents, wherever necessary.
- (v) Whether the bill has been countersigned by the controlling authority, wherever required, as per the provisions of the relevant rules:
 - (a) ZAO shall check the claim and see whether the payment has been sanctioned by the competent authority; sanction, wherever required has been attached to the bill;
 - (b) ZAO shall ensure that the classification of the expenditure has been properly /correctly indicated with reference to the nature of the transactions and that an item which should be charged on the Consolidated Fund of India is not classified as Voted and vice versa. The transactions dealt with in the departmental accounts organizations should be classified in accounts strictly under the Major and Minor Heads shown in the List of Major and Minor Heads of Account as corrected from time to time. The detailed classifications below the Minor Heads will be as shown in

the Detailed Demands for Grants. The classification should also clearly indicate whether the expenditure requires to be classified under “Plan” or “Non-Plan”.

- (c) that the details work up to the totals and that the totals are written both in words as well as in figures;
- (d) that they bear a ‘pass order’ signed by the drawing and disbursing officer;
- (e) that there are no erasures, and that any alterations in the total are attested by the officer concerned as many times as they are made;
- (f) that no payment is made on a bill or order signed by a subordinate instead of head of the office himself or on a voucher or order signed with a stamp, and that copies of sanctions are certified by the sanctioning officer or by an authorised gazetted Government servant;
- (g) in all cases tallying should be carried out between the different documents, that the fact of the matching should be noted on both the documents and the note initialed by Accountant who does the tallying;
- (h) see that the statutory deductions e.g. Fund and Income-tax deductions etc have been correctly made.

10.4 Payment and accounting by using ‘COMPACT’

10.4.1 The bills are passed by the ZAOs by using the software COMPACT. The COMPACT (PAO-2000) software is at the lowest level of Accounting and it provides information to higher levels of accounting systems for further processing. COMPACT (PAO-2000) captures the accounts data from the original source i.e. the bill to improve the quality of data used for compilation and consolidation of accounts. The particulars of the bills namely bill no, amount, nature of payment, classification of payments and receipts are entered at the first stage. The bills should be scrutinized through the system at the different levels of checking viz. Sr. Accountant, AAO and AO/ Sr. A.O. The software covers all the major Accounting functions i.e. Budget, Pre check, Compilation, GPF, and Pension. The salient features of the software ‘COMPACT’ are explained in the Chapter 12.

10.4.2 It supports the batch upload and integration of day – end financial data to a central data base which drives a web enabled application ‘e-lekha’. In this system, after ZAO passes a bill for payment, the electronic payment file will be digitally signed by the ZAO (using a public key and a private key) and uploaded on “GePG” for making the approved payment to the beneficiary through accredited bank. Each approved payment would carry a unique identification number generated by “COMPACT”. The accredited bank will transfer the funds to the beneficiary. The bank will send an electronic confirmation of the payment to the ZAO.

10.5 Different modes of payment

10.5.1 The payment towards any claim may be made by any recognized mode of payment, as mentioned in Rule 30 of CGA (R&P) Rules, 1983 and CGA’s instructions contained in their OM dated 30-3-2012, that is

as far as possible by Payment advices including electronically signed Payment advices for direct credit to the bank account of the payees or by cheque or by bank draft or by cash or by postal money order at the request and expense of the payee concerned provided that all payments exceeding the limits, as specified from time to time, by CGA (vide Para 1.5.1.2 of C.A.M.) should be made by direct credit to bank account.

Note: The term ‘Payment advice’ would refer to the instructions issued by PAOs/CDDOs to the bank for direct credit by electronic transfer of the specified amount to the specified bank account of the payee. The payment advice other than electronically signed advices shall be accompanied by a cheque for an equal amount drawn in favour of the relevant accredited bank. [Authority: CGA(Receipts and Payments)(Amendment) Rules,2012 vide Ministry of Finance(CGA) Notification No.F.1(1)/2011/TA dated 30th March, 2012.]

10.5.2 When payment is desired by direct credit to the bank accounts of the offices or staff, parties, firms or companies, etc., separate bills should be prepared by DDOs and the “Payment by direct credit to bank account through ECS, NEFT, RTGS etc.” should be clearly indicated on the top of the bills. The details of beneficiary’s name, name of the bank and branch, address, bank account number, IFSC, MICR Code etc. of the bank branch must be prominently written in the bill. The requirement of acquittance is not necessary in case of payments credited directly to the bank account of the payees provided that the DDO shall have to make an entry regarding the payment advice number issued by Accounts Office or CDDO in the respective office copy of the bills or Bill Register. [Rule 33 of CGA(R&P Rules), 1983].

10.5.3 The Government servants are permitted to receive their salary by direct credit to their bank accounts or in cash or by cheque, at their option. All payments to government servants, other than salary, above Rs.25000 and all payments to private parties such as suppliers, contractors, grantee, loanee institutions etc. above Rs.25000 may be made by payment advices, including electronically signed payment advices for direct credit by electronic transfer to the specified bank account of the payee w.e.f. 1.4.2012. All payments towards settlement of retirement/terminal benefits such as gratuity, commuted value of pension, encashment of leave salary, CGEGIS, withdrawals from General Provident Fund etc. shall be paid by direct credit to the bank accounts of the beneficiaries. [Authority: O.M.Nos.1(1)/2011/TA/291 and 1(1)/2011/TA/292 dated 31.3.2012]

10.5.4 Direct credit to payee’s bank account.

As per the procedure, PAOs will be required to issue electronically signed payment advices instead of cheques to the accredited banks for direct credit to the bank account of the payees. A system has been developed to effect payments in PAOs through electronic mode. This system of e-payment is set up on a shared platform between COMPACT, Core Banking Solution of Bank and Government Electronic Payment Gateway(GePG). The detailed operating procedure of e-payments through COMPACT and Government e-payment Gateway (GePG) containing id. Registration of digital signature of PAO, bill passing, e-payment authorization, e-payment scroll, fund settlement procedure and reconciliation of transactions has been issued vide CGA Office O.M. No.S-11012/e-payment/IC/2011/RBD/449 dated 15.6.2011. (Annexure to this Chapter).

10.5.5 Payments by Cheques

Another mode of payment by Government departments is by issuing cheques.

Note 1: As per the directions of Reserve Bank of India, PAOs/ CDDOs of all Ministries/ Departments of Government of India should use only cheques compliant with the CTS-2010 standards.

Note 2: **Validity of Cheques:** In terms of Rule 45 of CGA(R&P)Rules, 1983 as amended from time to time, the cheques shall be payable at any time within three months from the date of issue.

The following are the different types of cheques prescribed in CGA (R&P) Rules, 1983 for various kinds of payments made by PAOs/ CDDOs.

10.6 Different Categories of cheques and their use

- (i) **Negotiable** - Also referred to as Category 'A' cheques, these are to be used for payments on account of personal claims to government employees, payments to contractors and suppliers and to public sector companies, corporations etc. These will be drawn as payable to or order of the 'Payee'. While writing cheques of this category name of the payee should be followed by his bank account number and name of bank/branch. As a safeguard against fraudulent payment all non-salary cheques in excess of Rs. 500 and salary cheques in excess of Rs. 1000 should be crossed and marked 'Account Payee'. If in exceptional circumstances, a cheque in favour of a private person or a Government servant including pensioners is not crossed in this form at the request of the payee, payment will be made only to the payee or to a person holding letter of authority from the payee, on proper identification. In case of payment demanded through the messenger verification of the signature of the messenger is required to be carried out. For payment to the payee's banker in exceptional cases, this can be done on certifying that the amount has been placed to his credit. It should, however, be ensured that no payee makes it a practice to get uncrossed cheques in his favour as a matter of course.
- (ii) **Non-Transferable** - Also referred to as Category 'B' cheques, these are meant for payment to the payee who is a Government officer for disbursement of salaries etc. and payments pertaining to office establishment and office contingencies. These cheques will be drawn in favour of the Payee by his official designation and will contain the superscription 'Not Transferable' on the top and will be drawn as payable to the payee only and not 'to order'. These cheques are not negotiable and payments will be made only to the Payee or to his messenger holding a letter of authority on proper identification. In such cases of cheques drawn in favour of government officials, the specimen signatures of these officers will be supplied to the bank in advance and care will be taken by the bank to see that the signature given as discharge on the cheque agrees with the specimen signature on record.
- (iii) **Not negotiable and not payable in cash - creditable to Government account only** - These cheques also referred to, as Category 'C' cheques contain the superscription 'Government Account'. These

are meant for payment of inter-departmental or inter-governmental claims other than payment of loans and grants-in-aid to State Governments and to Union Territory Governments/Administrations and supply debits.

Note: Inter-governmental adjustments can be carried out up to the 15th April on which date the books of the Reserve Bank are closed for the month of March. Every endeavor must, therefore, be made to settle as far as possible all transactions with state Governments before the close of the year.

10.7 The supply of different types of cheque books required for making payments by ZAOs shall be obtained from the Controller of Stamps, Nasik Road by the Principal Accounts Office, and CBDT by placing a consolidated annual indent based on the requirements of ZAOs and CDDOs. The Principal Accounts Office shall also be responsible for distributing the cheque books to the ZAOs. The detailed procedure for indenting, safe custody, issue and account of cheque books as prescribed in Government of India, Ministry of Finance, Dept. of Expenditure, O.M. No. F. 2(12)/76-SC/1490-1503 dated 16th August 76 (vide Appendix 3 to Chapter 1 of CAM) should be strictly followed by all concerned.

10.8 Reconciliation of payments -Action in Pay and Accounts Office (Transactions pertaining to Expenditure Account)

- 10.8.1** (i) When a cheque is issued by a PAO/CDDO, the amount is booked by debiting the concerned head of account and crediting the suspense head "8670 - Cheques & Bills". After the cheque is cleared, daily scroll is sent by the branch of the bank on which the cheque is issued, to the Focal Point branch. The daily scrolls show the details of transactions that have taken place at the bank on that day, reflecting every item of payment by the paid bank supported by the cheques issued by the ZAO/cheque drawing DDO. Similarly, the Receipt scroll shows every item of receipt supported by challans for all credits in favour of the ZAO. ZAO receives these scrolls of dealing branches along with the Main Scroll from the Focal Point branch, supported by paid cheques/receipted challans.
- (ii) On receiving the original copy of Main Scroll, along with other documents, the ZAO should exercise the following checks:
- (a) that the paid cheque is genuine and was issued by the PAO/cheque drawing DDO under his control and it was not time barred on the date of payment;
 - (b) that the amount of paid cheque matches with the amount entered in the dealing branch scroll;
 - (c) that the totals of the payment/receipt scrolls of dealing branches are correct;
 - (d) that the amount in the receipt scroll correctly pertains to the ZAO or the cheque drawing DDO rendering account to the ZAO, as per copy of challan attached to the scroll;
 - (e) that the amount shown in the challan agrees with the amount shown in the scroll;

- (f) that for every item of payment/receipt not supported by the paid cheque/ challan, there is a prescribed payment/receipt certificate for the correct amount in the scroll of dealing branch, showing details of cheque number and date of payment or details of receipt;
 - (g) that the total of the main scroll is correct with reference to the accompanying documents; and
 - (h) that the running serial numbers of the branch Scrolls and Daily Main Scrolls are in consecutive order.
- (iii) After carrying out above checks, the ZAO should record a certificate of verification on the Main Scroll and return the duly verified duplicate copy to the Focal Point branch within 24 hours of its receipt.

10.8.2 Every item of receipt including refunds of unspent amount that is accounted as reduction of expenditure, should be adjusted by crediting/minus debiting the challan amount to the relevant receipt/functional expenditure head of account. This will be done by affording contra debit to “PSB Suspense” head below Major Head 8658 Suspense Account. Similarly, total of all the accepted payment items should be adjusted by minus credit to the head “8670 - Cheques and Bills” – PAO Cheques/Departmental cheques as the case may be, by contra credit to the head “PSB Suspense” head ‘8675 - Deposits with Reserve Bank-Central Civil (HQ)’. The ZAO shall maintain a register of “Public/Private Sector Bank Suspense” in Form CAM - 17 and post each day’s receipts and payments in it, as per the daily Main scrolls of Receipt/Payment received from the Focal Point branch.

10.8.3 Separate folios in this Register may be opened for entering scrolls pertaining to ZAO and each cheque drawing DDO. One page in the register may be used for compiling the aggregate monthly transactions reported by the ‘Focal Point’ branch. The ZAO should tally the monthly gross receipts/payments worked out in this Register with the gross amount shown in the Date wise Monthly Statement of receipts/payments (DMS) sent by the Focal Point branch, and record a certificate in the Register.

10.8.4 After carrying out the checks prescribed in Chapter 13 of CAM, the ZAO should record his certificate of verification on the DMS. Two copies of duly verified DMS should be returned by ZAO to the Focal Point Branch within 3 days of its receipt. Out of two verified copies, one will be sent to Principal Accounts Office to reach him by 8th of the following month. Original copy of DMS with the recorded verification should be retained by the ZAO.

10.8.5 The ZAO should see that the monthly Put through Statements in the prescribed form as per Annexure 4 from SBI is received by the end of the first week of the following month. Clearance from the suspense head as above by transfer to the head “8675, Deposits with Reserve Bank-Central Civil-(PSB)” shall be made by the Principal Accounts Office on receipt of intimation of the monthly figures from C.A.S. of Reserve Bank of India, Nagpur as indicated in detail in CAM.

The ZAO should follow the detailed procedure of reconciliation explained in Chapter 13 of CAM.

10.8.6 Action in Principal Accounts Office

On receipt of the monthly statements of put through in the form prescribed, the Principal Accounts Office should exercise the necessary check prescribed in CAM Clearance from the suspense head as above by transfer to the head “8675, Deposits with Reserve Bank-Central Civil-(PSB)” shall be made by the Principal Accounts Office.

10.8.7 Residual Transactions for the Month of March

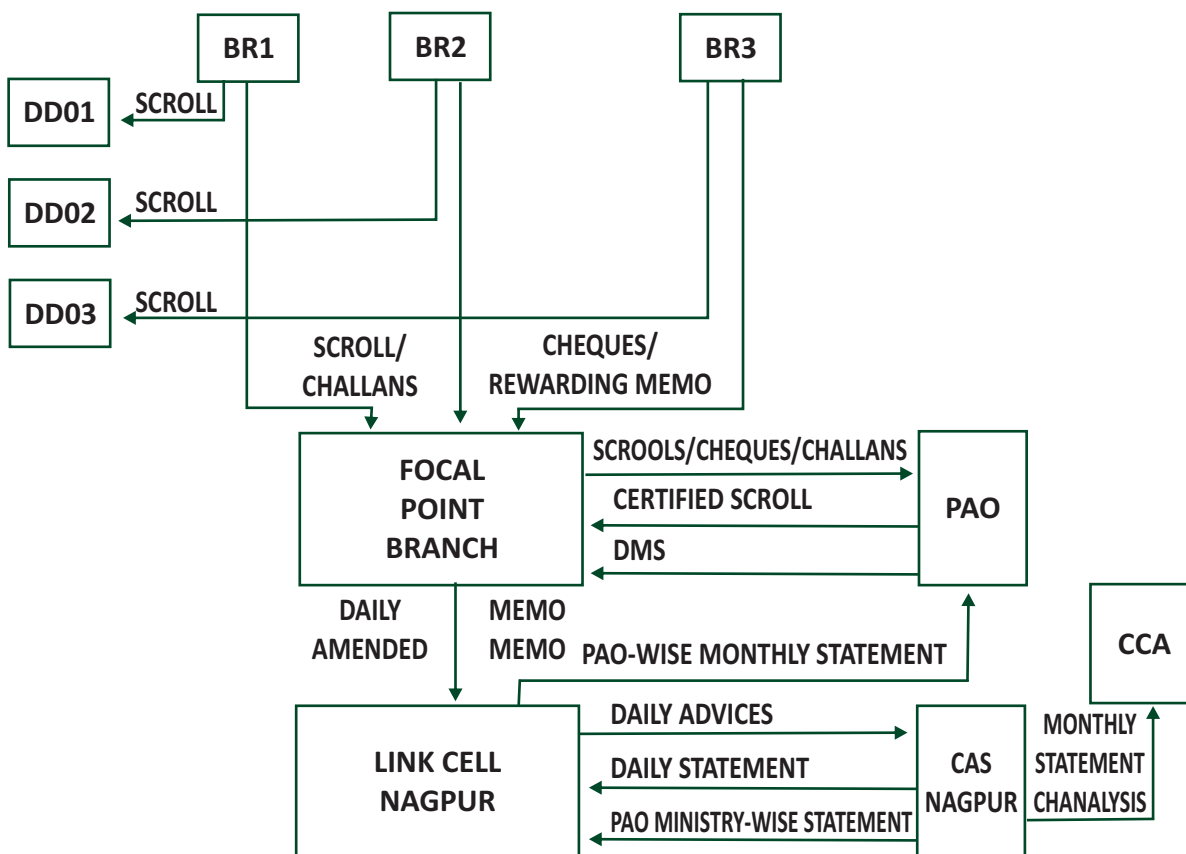
To the extent possible, the transactions of a financial year are required to be adjusted in the accounts of that year itself. As such, the transactions effected during the month of March should be expeditiously advised/reported by the dealing branches to the Focal Point branches to enable the latter to report the same to RBI, CAS, Nagpur. The transactions taking place between the 15th of March and end of that month should particularly be reported by telex/telegram by the Focal Point branch to SBI, GAD Mumbai. For the residual March transactions that could not be reported to RBI during the concerned financial year, the ‘Focal Point’ branch should, segregate all transactions pertaining to the previous year from 1st April, and prepare separate Main Scrolls for :

- (a) The residual transactions effected at the dealing branches in March or even previous months in the earlier financial year; and
- (b) Transactions in the current financial year effected from 1st April onwards. The Main Scroll for March Residual transactions prepared from 1st April to 15th April should be distinctly marked as March Residual-1, March Residual 2..... and so on, up to March Residual 15. The Focal Point Branch should report these transactions to GAD Mumbai in case of SBI, in separate Daily Memo for adjustment with RBI, CAS, Nagpur i.e. one for the month of March and other for April transactions. The Focal Point Branches should furnish two separate monthly statements. One statement will pertain to ‘March Residual Account’ clearly marked as such and covering the transactions relating to the period up to 31st March, but reported during 1st to 15th April. The other statement will cover the April transactions that may include the transactions of the previous month(s) reported after 15th April, as usual. The monthly statement of ‘March Residual Account’ should be sent latest by the 30th April to the concerned PAO. The statement for the month of April should be sent in the normal course, latest by the 3rd of the following month.

10.9 Cheque Truncation System (CTS) Reserve Bank of India has introduced a new system of cheque clearance namely Cheque Truncation System for faster clearing of cheques. CTS is basically an online image-based cheque clearing system where cheque images and Magnetic Ink Character Recognition (MICR) data are captured at the collecting bank branch and transmitted electronically. The physical instrument will be truncated at some point en-route to the drawee branch and an electronic image of the cheque would be sent to the drawee branch along with the relevant information like the MICR fields, date of presentation, presenting banks etc. Thus with the implementation of cheque truncation, the need to move the physical instruments across branches would not be required, except in exceptional circumstances.

Diagram 10.1

**Flow of Date in Respect of Union Ministries/Departments
Expenditure Accounts under Revised Scheme**



RBI, vide their Circular No. DGBA.GAD.No. H.1204/42.01.035/2014-15 dated 18.09.2014 (circulated vide CGA's OM no. 1(1)/2012/CTS/TA/Vol.II/398-461 dated 30-9-2014) has amended "Memorandum of Instructions issued to agency banks for conducting Government business" to discontinue the 'Paper to follow' system with effect from the date to be intimated by RBI. With the implementation of the above system the ZAOs will be receiving only the electronic images of the paid cheques and the reconciliation of payments should be done on the basis of Payment Scrolls (either in physical forms or electronic form) and the electronic images of the paid cheques.

**Heads of accounts operated in the Expenditure account by
ZAOs /Pr. Accounts Office, CBDT.**

CONSOLIDATED FUND OF INDIA

Non Tax Revenue	
0047	Other Fiscal Services
0049	Interest Receipts
0070	Other Administrative Services
0071	Contributions and Recoveries towards Pension and other Retirement Benefits
0075	Misc. General Receipts
0210	Medical & Public Health
0216	Housing
0235	Social Security & Welfare Programmes
Revenue Expenditure	
2020	Collection of taxes on Income & Expenditure 001-Direction & Administration 101-Collection charges –Income Tax 102- Collection charges –Corporation Tax 800-Other Expenditure 901-Deduct proportionate charges transferred to other charges
2031	Collection of Taxes on Wealth, Security Transaction Tax and Other Taxes 102-Taxes on Wealth 104-Security Transaction Tax 111-Other Taxes
2049	Interest Payments
2052	Secretariat General Services
2071	Pension & Other Retirement Benefits
2225	Welfare of SC/ST's
2235	Social Security & Welfare

Capital Expenditure	
4059	Capital Outlay on Public Works
4075	Capital Outlay on Misc Genl. Services
4216	Capital Outlay on Housing
7610	Loans to Govt. Servants 201-House Building Advance 202-Advance for purchase of motor conveyance 203-Advance for purchase of other conveyance 204-Advance For Purchase of computer
7615	Misc. Loans

CONTINGENT FUND OF INDIA

8000	Contingent Fund
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PUBLIC ACCOUNT OF INDIA

8009	State Provident Fund (A) Civil 101-General Provident Fund 102-Contributory Provident Fund
8011	Insurance & Pension Fund 103-C G E G I S
8014	Postal Life Insurance Scheme 101-Net PLI Corpus as on 31st October,2009 102-PLI Whole Life Assurance Schemes 104-PLI Endowment Assurance Scheme
8229	Development and Welfare Fund
8336	Civil Deposits 800-Other Deposits
8342	Other Deposits
8443	Civil Deposits 103-Security Deposit 106-Personal Deposit 108-Public Works Deposits 124-Unclaimed Deposit in GPF 126-Unclaimed Deposits in other P. Funds
8550	Civil Advance 104 - Other Advances

SUSPENSE HEADS

8658	Suspense Account 101-PAO Suspense 102-suspense Account-Civil 108-PSB Suspense 110-Reserve Bank Suspense 113-P.F.Suspense 120-Addl.DA Deposit suspense A/c 138-Private Sector Bank Suspense
8670	Cheques & Bills 102-PAO Cheques 103-Departmental Cheques 111-PAO Electronic Advices
8672	Permanent cash Imprest 101-Civil
8674	Security Deposit Made by Government 101-Central Civil
8675	Deposit With Reserve Bank 101-Central Civil
8680	Miscellaneous

**Operating Procedure for e-payment through COMPACT and
Government e-payment Gateway (GePG)
(O.M.No.S-11012/e-Payment/IC/2011/RBD/449 dated 15.6.2011 issued by the
Office of CGA, Ministry of Finance, New Delhi)**

In terms of Central Govt. Accounts (Receipts & Payments Rules) 1983, Govt. Payments are made through recognized mode of payments viz. by cheque/demand draft/cash etc. The OM No. 1(1)/2006/TA/ECS/313 dt. 02.11.2007 provides for payments to Govt. Servants, suppliers, contractors etc through electronic media, at the option of payees, as an additional mode of payment by direct credit to the bank accounts of the payees.

As per this procedure PAOs will be required to issue electronic advices instead of cheques to the accredited banks. To enable the Pay & Accounts Officers to make e-payments, a separate module has been developed in the COMPACT application through which electronic payment advice shall be generated by PAOs.

In a further development, a full fledged system of electronic delivery of payment service through internet via GePG which will operate as a critical shared service with the COMPACT application of PAOs and core banking solutions (CBS) of banks has also been developed.

The Operating Procedure for e-payment through COMPACT and Government e-payment Gateway (GePG) is explained below:

Procedure to obtain Digital Signature by signatories:

Procedure & Responsibilities:

The procedure for obtaining the digital signature certificate (DSC) and the role and of the Applicant, the responsibility Principle Accounts Office, the concerned NIC Division and NIC-CA is as outlined below:

Step 1 : Responsibility of the concerned PAO/ Principal Accounts Offices/DDO

1. Download the Digital Certificate Application Request form from the site <http://nicca.nic.in>.
2. A recent passport photograph will have to be pasted in the application form and all the particulars are to be filled up in the form as required. The form is to be submitted in duplicate. The **DSC Specifications** to be indicated in the form are as follows:
Class of Certificate Required: Class II
Certificate Type: Individual (Signing)
Certificate Validity: as mentioned in the application form.

3. Once all particulars are filled up, get the form countersigned by the Chief Controller of Accounts / Controller of Accounts / HOD (In case of DDO) of Respective Ministries and forward the same to the HOD of the NIC Division Of the Ministry.
4. Procedure the DSC Media as per specifications listed below from vendor of Safenet Technologies / Rainbow / Alladin / etc. The approximate cost would be about Rs. 600/- - 700/-.

I-Key USB Token Specifications: I-key 2032

After the PAO/DDO has procured the media, it may be retained with the PAO / DDO and do not need to be sent to the NIC division.

Step-2: Responsibility of the concerned HOD of NIC Division of Ministry

5. The HOD of NIC, Division on receipt of the application will sign and seal at the appropriate place in the form after verification and then forward the filled in form to **NIC Certifying Authority (NIC-CA)**

Step 3: Responsibility of NIC Certifying Authority (NIC-CA)

6. The NIC-CA will then forward the user id and password which will be created for the applicant to the e-mail address mentioned in the application form and the public key will be made available for download.

Step 4: Responsibility of Applicant and NIC Division of concerned Ministry

7. The applicant will in turn log in to [https:// niccs.nic.in](https://niccs.nic.in) using the user id and password sent to him through e-mail and changes the password. After changing the password he will have to initialize the USB I-key 2032 Token and download the public key from the site into the token. In this process the user may take the help of concerned NIC Division to help him in writing the public key into USB token. NIC Division is requested to provide necessary help as required.

Step 5: Responsibility of NIC Certifying Authority (NIC-CA).

8. Once the public key is written successfully on the I-key, the NIC-CA will provide the Private Key (of the key pair) for download within 1 working day. In turn the applicant will Also be sent an **activation key** to his e-mail box as mentioned in the application form.

Step 6: Responsibility of applicant and NIC Division of concerned Ministry

9. The Applicant will note down the activation key and approach the concerned NIC Division to write the private key in the same I-key USB token where the public key Was written earlier. This has to be carried out from the same computer system as the Public key was burnt earlier. Once the private key is burnt successfully, the DSC may be handed over to the applicant. For any clarifications about writing of DSC on USB Token, NIC divisions may approach the NIC-CA division for further clarifications and guidelines.

The process for registration of digital Signature of the PAO in COMPACT and e-payment gateway shall be as follows:

- In the Master Module of COMPACT a form for “e-Payment Signature Registration” will be available where in the PAO will get his/her Digital signature registered to his User Id in COMPACT. For registering the AAO/PAO will login with their user ID and fill up the said form as signatory 1/signatory 2 along with their respective digital Signature obtained IC-CA. They will also select the period for which the signatures are valid.
- After the registration request has been done as stated above, a provision for “e- Payment Registration Request” Generation would be available in the Utilities Module COMPACT where a text file would be generated and the same has to be uploaded by the PAO to e-Payment gateway for acceptance of the Registration request by the Principal Accounts Office.
- The Principal Accounts Office would log on to e-payment gateway (GePG) using the user id and password and get to see all the Registration requests uploaded by PAOs. He will either accept the request or reject it based on the details and the period of authorization of the signature. Once the request has been accepted by the Pr. AO/Controller, the PAO will be able to download the same and incorporate it in the COMPACT using the incorporation feature “Registration Request Status Incorporation” in the Utilities module.
- Once an accepted registration request has been successfully incorporated in COMPACT, the Digital signature attached to the user Id will be able to digitally Sign the Authorization Text file.

A. Activation of e-payment in COMPACT and GePG:

- The authorized officer in principal Accounts Office creates the Bank login ID/Password (access credentials) and maps the Bank with the PAO to activate the e-payment for that particular PAO.
- The PAO then creates entry for the e-payment Bank and Branch in COMPACT Master Module.
- The PAO's accredited Bank for e-Payment then logs into the e-Payment gateway (GePG) and completes the Registration process by uploading public key of the Banks Authorized signatory.
- The Accredited Bank downloads the public keys of both signatories of the PAO for Reference into its system.
- The PAO would then be able to log into the GePG Server and downloads the e- Payment activation details from the GePG server and incorporates in the COMPACT through the Utilities Module using “e-payment Activation Details Incorporation”.

B. Deactivation of digital signature in COMPACT:

The digital signature of PAOs by Pr. AO will have to be deactivated in the following Contingencies:-

1. Leave of signatory.
2. Transfer / retirement of signatory.
3. Death of signatory.
4. Non-availability of signatory.

In the Master Module of COMPACT a form for “Signatory Registration Deactivation” Would be available wherein the PAO would be able to deactivate a particular signatory registration. After deactivation, the particular signatory would not be able to authorize e-payments any more.

C. The process of passing the bills in COMPACT would be as follows:

1. Bill Entry

Bills presented to PAO with a request for facilitating e-payment to the beneficiaries would be entered along with the required details of the bill in the Bill Entry form of COMPACT specifically checking the box for e-payments. A unique Token Number Would be generated and the paper token would be handed over to the representative of DDO. The token No. should conspicuously be written on the face of the bill for future reference.

2. Bill Passing

- At the time of Bill passing, the accounting classifications pertaining to the bill as received from the DDO is entered for every token number generated at the time of Bill entry.
- The e-payment details comprising of parameters like Beneficiary Name, Address Account No., IFSC (Indian Financial System Code), MICR code, Amount, payment Remarks and not payable before as per format defined in Annexure: P-1 is entered.
- The pre-check of the bill along with e-payment details are verified at all three levels of the Accounting hierarchy viz. Dealing hand (Accounting/Sr Acctt), Assistant Accounts Officer (AAO) and the Pay and Accounts Officer (PAO).
- The Bill is either passed after pre-check or returned to the DDO if any statutory parameters and conditions are not met.
- Once bill is passed for payment, the expenditure against the head of accounts is posted in the ‘Expenditure Control Register (ECR)’ and the budget balance reduced by the gross amount. Also the ‘e-payment Authorizations Drawn Register’ is updated and subsequently all bill details / accounting details / e-payments detail are frozen and no further editing is allowed on the token.
- The timely payment to the beneficiaries is the collective responsibility of the DDO,PAO and Bank.

3. e-Payment Authorization Finalization

All tokens presented for e-payments which have been passed at the PAO level is displayed for finalization of authorization.

- I. Tokens relating to bills containing individual payments of less than 10 lakhs will be displayed for finalization of authorization through the form “e-Payments authorization – Below 10 Lakhs” in the PRECHECK module.

- II. Tokens relating to bills containing individual payments of 10 Lakhs and above are required to be authorized by double signatories i.e. Signatory 1 and Signatory 2 through form “e-Payments authorization – 10 Lakh and above – Signatory 1” and “e-Payment authorization – 10 Lakh and above – Signatory 2” in the PRECHECK module.

In the case of II above the Signatory 1 will digitally signed payment advice. After this the Token No. would be available through another interface where the Signatory – 2 would also be required to sign the authorization with valid registered Digital signature. The Signatory may redirect the Token No. in case of any discrepancies with remarks.

- o The PAO has the option to mark the token for either acceptance of authorization or mark it for cancellation of authorization.
- o If any token is marked for cancellation of authorization by the PAO, the cancellation of the same for returning the bill pertaining to the authorization and also reversal of the ECR posting with appreciation of budget for the expenditure head would be affected after cancellation of the authorization in Pre-check module. A token once returned cannot participate again and a fresh bill has to be initiated to generate a new token for further processing.
- o For all tokens accepted for authorization a unique authorization ID is generated as per format.
- o At the time of generation of authorization Id, the PAO would be prompted for providing his digital signature and using the private key he will digitally sign the Authorization text file so generated by the system. The Debit Voucher would be generated at the time of authorization and posted in the Compilation Module. The Voucher details could be generated from the report Authorization Issue Register.
- o The e-payment Authorization files viz. EPPPPPPBBBYMMDDnn. txt would then have to be uploaded to the GePG server on e-payment gateway from which the banks will be able to download through a standard secure interface. The PAOs would have to upload the digitally signed text file to the GEPG server synchronizing the time of uploads at least 15 minutes in advance of the timing of NEFT which is settled in six batches at 0930, 1030, 1200, 1300, 1500 and 1600 hours. (The timing would keep on changing as per the timing given from time – to – time by RBI)
- o In case an authorization which has been digitally signed and then due to some reason viz., the crashing of computer before the upload of the file, a provision to recreate the authorization file is provided through the form “Recreation of Authorization file” in the PRECHECK module. All the files being uploaded would be validated at the time of upload for duplicity to ensure that the same file is not uploaded twice.
- o At the time of issue of authorization, the gross amount of the bill will be debited to the respective expenditure head and recoveries /deductions if any will be credited to the concerned heads and the net amount of the bill will be classified under the head “8670 Cheques and Bills – 00 – 111 PAO Electronic Advices”.

- o The digitally signed e-payment authorizations are inserted into the 'e-payment Authorization Issue Register'.
- o All e-payment authorization digitally signed by the PAO are written in a text file as per format [Annexure P-1 *not printed*] along with the digital Signature file and archived in a cabinet file in the demarcated folder of the COMPACT application. The e-payment authorization file along with the digital signature file enclosed in the cabinet archive is simultaneously also stored in the COMPACT database along with the COMPACT User ID and date time stamp of e-payment authorizations generated.

4. **e-Payment Authorization Upload to GePG Server on e-payment gateway**

- The e-payment gateway application is launched by the PAO with appropriate user ID / password authorization for facilitating the upload of e-payment authorization. In GePG server a Registration interface to PAOs for obtaining the user id and providing the digital certification along with the root certificates would be available.
- A registration interface in COMPACT and e-payment gateway at the controller level as explained at (A) above would be available to verify /validate the following
- Provision of only upload of authority generated through the particular pay & Accounts Officers has to be validated.
- Cases where the registration of a Particular Pay & Accounts Officer has been withdrawn in GePG server with effect from a particular date and another Pay & Accounts Officer is authorized /registered, the upload of authorization generated during his tenure but uploaded in the registration tenure of the successor would be validated.
- The upload of e-payment authorizations on the GePG Server would be done in a secure medium to ensure that it is authentic, confidential and non reputable.
- Each pair of e-payment authorization file along with its digital signature file archived in the cabinet files which were stored in the demarcated folder of COMPACT is then manually uploaded at scheduled intervals by the Pay and Accounts Office on the e-payment gateway Server (GePG) through an interface provided for such uploads.
- At the time when the PAO submits the upload of e-payment authorization and digital signature file pair archived in the cabinet file on the GePG server on e-payment gateway, the digital signature is verified and if the digital signature fails, the authorization is rejected. Similarly, if the validation fails with respect to the details as provided in the Registration interface of the Pr AO the authorization would be rejected.
- If the digital signature verification process is met with success, the validity of the digital signature certificate against the Certificate Revocation List (CRL) of the Certifying Authority would be checked by the e-payment gateway application and if the validation check succeeds, the file pair is inserted into the GePG Server database along with User ID and date time stamp/

5. e-Payment Authorization download from GePG Server on e-payment gateway by PAO's Accredited Bank and crediting beneficiary's account.

- The e-payment gateway application would be launched by the Accredited Bank with appropriate user id /password authorization for facilitating the download of e-payment authorization. A Registration interface is provided updating the bank profile after obtaining the user id and access credentials from the respective Principal Accounts Office and providing the digital certificate of the bank signatory along with the root certificates.
- The download of e-payment authorizations from the GePG Server is to be done in a secure medium to ensure that it is authentic, confidential and non-reputable. All Bank login to the e-payment gateway server would be through https so as to facilitate a secure medium for e-payment authorization download.
- The Bank on successful login will be provided with an interface for download of e-payment authorizations (with selection for pending and date wise selected authorizations). The e-payment authorization and Digital signature file pair will be available for download in a zipped archive. The Banks should download the files to synchronize the downloads at least 15 minutes in advance to the timing of NEFT.
- The accredited Bank will download all pending e-payment authorizations and digital signature file pair, verify the digital signature on their system and then process e-payments. The banks will be required to follow a set of guidelines for crediting the amount to the beneficiary accounts —
 - a) Core Banking if beneficiary account resides with the accredited banks core banking system.
 - b) NEFT if beneficiary account resides in other valid bank branches with valid IFSC codes and amount < 2,00,000/-.
 - c) RTGS if beneficiary account resides in other valid bank branches with valid IFSC codes and amount > 2,00,000/-.
 - d) ECS if beneficiary account resides in a valid MICR branch.
 - e) If none of the conditions are satisfied the bank will return the e-payment authorization as 'Failed' in the e-payment scroll.
- On successful download of authorization file pair by the bank, the information regarding success and counter of no. downloads for the file pair along with date time stamp of download is updated in the GePG Server database.

6. Digitally signed e-Payment Scroll Upload to GePG Server on e-payment gateway by PAO's Accredited Bank.

- The e-payment gateway application is launched by the Accredited Bank with appropriate userid / password authentication for facilitating the upload of e-payment scrolls.

- The upload of e-payment scrolls to the GePG Server is to be done in a secure medium to ensure that it is authentic, confidential and non repudiable.
- The authorized e-payment branch of the Bank would work both as the dealing branch as well as the focal point branch for reporting of e-scrolls to the PAO
- E-payment scrolls as per format [Annexure-IIA) will be uploaded by the Banks on the GePG by submitting the e-payment scroll file and the Digital Signature file pair.
- At the time when the Bank submits the upload of e-payment scroll and digital signature file pair on the GePG server on e-payment gateway, the digital signature is verified by the system and if the digital signature fails, the e-payment scroll is rejected by the system itself.
- If the digital signature verification process is met with success, the validity of the digital signature certificate against the Certificate Revocation List (CRL) of the Certifying Authority is checked and if the validation check succeeds, the file pair is inserted into the GePG Server database along with User Id and Date time.
- However, if the e-payment authorization(s) in the e-payment scrolls are ONLY IN SCROLL (not available in GePG Server for the PAO) or have a variance in the amount reported against the e-payment authorization, such e-payment scrolls would be rejected by the e-payment gateway application with a valid error message to the Bank for them to correct and re-upload.
- The GePG Server will update the status of individual e-payment authorisations on the successful bank upload as per the e-payment scroll to enable ltm wise tracking of each e-payment authorisations.

7. Digitally signed e-Payment Scroll download from GePG Server on e—payment gateway by PAO's for incorporation into COMPACT and associated Reconciliation Process.

- The e-payment gateway application is logged in by the PAO with appropriate user Id / password authentication for facilitating the download of e-payment scrolls.
- The PAO on successful login would be provided with an interface for download of e-payment scrolls (with selection for pending and date wise selected scrolls). The e-payment scroll file along with Digital Signature file pair will be available for download in a zipped archive.
- The e-payment scrolls so downloaded will then be incorporated into the COMPACT software at PAO's system for accounting and reconciliation. All the e-payment scrolls and their associated digital signature files will be preserved in the GePG Server for future reference and viewing by PAOs and PAO will not be required to preserve these file in COMPACT serve.
- The scrolls are then incorporated and accepted at the Dealing Hand and AAO (Assistant Accounts Officer) levels at the Compilation section of the PAO.
- The Success (S) or Failure (F, X) of each e-payment authorisation tracked through the e-

payment Authorisation Id is indicated in the scroll along with the Date, Mode of e-payment and associated Clearance Details.

- At the AAO level acceptance of e-payment scroll in COMPACT, the following accounting transactions are effected for each successful (5) e-payment authorisation —

8670-00-111-00-00 PAO Electronic Advices

(-)Cr e-payment authorisation amount

In case of Public Sector Bank

8658-00-108-00-00 Public Sector Bank Suspense

Cr e-payment authorisation amount

In case of Private Sector Bank

8658-00-138-00-00 Other Nominated Banks (Private Sector Banks) Suspense

Cr e-payment authorization amount

8. Fund Settlement Procedure Reconciliation of Successful Transactions reported by Bank to PAO and amount claimed by Bank as reported in Put Through from RBI.

- For the e-payment Scroll details pertaining to only Successful (S) Transactions for the day the accredited bank will claim reimbursement from RBI in their books of accounts at CAS, Nagpur. In case of settlement through RTGS)CBS only the amount relating to the payments materialized would be reimbursed to the accredited bank and in case of ECS/NEFT the debit to Government Account will be given for the total amount of advice and subsequently the un-credited items would be credited to the Government Accounts.
- A Date wise Statement of Put Through from RBI, CAS, Nagpur will be sent to Pr.A.O. for clearance of PSB Suspense.

8658-00-108-00-00 Public Sector Bank Suspense/

865S-00-138-00-00 Other Nominated Banks (Private Sector Banks) Suspense

Cr e—payment Put Through amount

8675-00-101-00-00 Reserve Bank Deposits

Cr e-payment Put Through amount

- Any discrepancies generated through exception reports will be taken up with the Banks and Penal Interest provisions as per rule will be enforced.

Reconciliation of Failed Transactions reported by Bank to PAO.

- The banks would effect the e-payment authorisations through Core Banking, NEFT or RTGS or ECS mode depending upon the amount of transaction as well as the capability of the branch in which the beneficiary account resides. The bank would credit all the beneficiary accounts and would claim reimbursement for the entire amount considering that all the transactions are successful by the end of the day. However, if the failure is reported by the RBI gateway before the end of the day, then the accredited bank would not claim reimbursement for the failed transactions from the Government and will be reflected as 'F' (failed) in the scroll.

- In case of failure of transactions, i.e., uncredited amount reported by Banks after it has claimed reimbursement from RBI, the bank on receipt of intimation from RBI will arrange to credit the amount with Government account through scroll while reporting failed transactions the accredited bank will have to furnish the authorisation Id/Unique Transaction Reference (UTR) relevant there to.
- The bank for each failed transaction reported as 'X' (after reimbursement is claimed from RBI) will send electronic e-receipt scroll along with electronic advice having the reference of issued authorization ID which is already reported as a successful transaction in an earlier payment scroll.
- The incorporated e-challan and e-scroll will be available in COMPACT for further processing. The e- challan is saved in the COMPACT database with the below mentioned accounting transaction.

8658-00-108-00-00 Public Sector Bank Suspense/

8658-00-138-0000 Other Nominated Banks (private Sector Banks) Suspense

Dr Challan Amount

8658-00-102-25-00 Suspense Account (Civil)-Uncredited Items under e-payment

Cr Challan Amount

- Subsequently, On receipt of Put through statement by PrAO the following entries would be made

8675-00-101-00-00 Reserve Bank Deposits

Dr Challan Amount

8658-00-108-00-00 Public Sector Bank Suspense/

8658-00-138-00-00 Other Nominated Banks (Private Sector Banks) Suspense

Cr Challan Amount

9. **e-payment Authorization Cancellation and Reissue for Failed Authorizations reported through e-payment Scroll**

- For all failed e-payment authorisations reported by the Bank in their e-payment scrolls, the e-payment authorisations have to be cancelled (permanent cancellation) or reissued.
- The failed e-payment authorisations will be displayed and if permanent cancellation is opted the system will suggest a transfer entry for reversing the accounting transactions against the e-payment authorization, Voucher No and DDO code. The Dealing Hand will feed in the accounting classification/amount and put a TE No. and date against the failed authorizations and forward it to AAO for final acceptance.
- The AAO will modify in the accounting classification/amount and accept the permanent cancellation request put by the Dealing Hand.
- At the acceptance of the AAO level, the reversed expenditure entry will be posted in the ECR and the budget will be appropriately updated. The Transfer entry so accepted will participate in the compilation of accounts with the following Accounting Classification:

8658-00-102-25-00 Suspense Account (Civil)-Uncredited Items under e-payment
8670-00-111-00-00 PAD electronic advices
(-) Cr (e-payment cancellation amount)

- If however, the dealing hand opts for Reissue of the e-payment authorization, the e-payment details like IFSC Code, beneficiary Account No, etc. is allowed to be edited, without changing the authorized amount. After the changes are made by the dealing hand, the e-payment authorization to be reissued is forwarded to the AAO for Acceptance.
- At the acceptance of the AAO level, the e-payment authorization is marked to be reissued and forwarded to the PAO for Authorization finalization process as described in 1.3

For Failed Authorisations reported receipt scroll along with e-challan by Bank after reporting as successful in earlier e-payment Scroll.

- For all such failed e-payment authorisations reported by the Bank through receipt scroll along with e-challan, the e-payment authorisations have to be cancelled (permanent cancellation) or reissued.
- Such failed e-payment authorisations will be displayed and if permanent cancellation is opted the system will suggest a transfer entry for reversing the accounting transactions against the e-payment authorization, Voucher No and DDO code. The Dealing Hand will feed in the accounting classification/amount and put a TE No. and date against the failed authorization and forward it to AAO for final acceptance.
- The AAO will modify in the accounting classification/amount and accept the permanent cancellation request put by the Dealing Hand.
- At the acceptance of the AAO level, the reversed expenditure entry will be posted in the ECR and the budget will be appropriately updated. The Transfer entry so accepted will participate in the compilation of accounts with the Following Accounting Classification:

Bill Classification (Expenditure Head + Recoveries)
(Reversal) - Dr/ -Cr e—payment cancellation amount

8658-00-102-25-00 Suspense Account (Civil) - Uncredited Items under e- payment
- Cr e-payment cancellation amount

- If however, the dealing hand opts for Reissue of the e-payment authorization, the e-payment details like IFSC Code, beneficiary Account No, etc is allowed to be edited, without changing the authorized amount. After the changes are made by the dealing hand, the e-payment authorization to be reissued is forwarded to the AAO for Acceptance.

**1(1)/2006/TA/ECS/313
Ministry of Finance
Department of Expenditure
Controller General of Accounts
Lok Nayak Bhavan, Khan Market
New Delhi-110003**

Dated: 2.11.2007

ACCOUNTING PROCEDURE

Sub: Introduction of payments and receipts of Government department through electronic media-Issue of accounting instructions.

In terms of Central Government Accounts (Receipt & Payment) Rules, 1983 government servants are permitted to draw their salary etc. in cash or by cheque at their option. In cases where the employees of an office have expressed their desire to draw their salary through their bank account in a particular bank a cheque for the consolidated amount may be issued by Pay & Accounts Officer in favors of the banker along with a list indicating the names of the government servants, the amounts payable and the bank account particulars etc. The banker will credit the amounts to the respective accounts of the government servants.

2. According to CGA (R&P) Rules, payments to suppliers etc. may be made by the officer by any recognized mode of payment.

3. This office has been considering for some time to implement the system of E-payments to government servants and suppliers, contractors, autonomous bodies etc. and collecting Government revenues and receipts through the Electronic media by adopting suitable procedure (as discussed in the subsequent paras), where these facilities are available. Government Ministries/ departments may also consider introducing collection of their revenues and receipts through on-line, wherever feasible.

The following guidelines are issued to Pay & Accounts Officers for implementation of the revised procedure:-

(I) Payments of Government Departments through Electronic Clearing Service/Electronic Fund Transfer/ Real Time Gross Settlement/Core Banking Solutions.

- (i) Extent of Applicability: The revised procedure will be introduced in the first instance, in the payments that are made by Pay & Accounts Offices (Cheque Drawing DDOs are kept outside the purview of these instructions for the present).
- (ii) Mode of payments: Pay & Accounts Officer will arrange payments through ECS/EFT/RTGS only through their accredited bank. Any other information with regard to functioning of

different schemes / facilities may be obtained from the website of Reserve Bank of India or from the accredited bank.

- (iii) Registration with National Clearing Cell (NCC): The user namely the Pay & Accounts Officer should get himself registered with the National Clearing Cell through their accredited bank for using the ECS/EFT. The application form for this purpose will be furnished in the prescribed proforma by PAO to their accredited bank, be communicated by the accredited bank to the Pay & Accounts Office. User number already allotted if any, to the Pay & Accounts Officer by National Clearing Cell would suffice in this case also i.e. there is no need for a separate user number for making payments to the third party.

Action to be taken in Pay& Accounts Officer:

- (a) The Pay & Accounts Officer will pass the bills after exercising necessary checks as per the Civil Accounts Manual and Central Government Accounts (Receipt & Payment) Rules, 1983 and GFRs. If any error is noticed, that should be got rectified by the DDO.
- (b) On the basis of floppies/CD furnished with the bills by DDOs and to the extent admitted by the Pay & Accounts Officer, at the end of the day, the Cheque writer will consolidate the credit information (with the help of software installed by the bank). For the payments to be made through Electronic Clearing Service, the magnetic media and the record layout of the input file would be in a standard format to be specified by Reserve Bank of India from time to time. After working out the total amount payable through ECS/EFT he will generate an advice for the total amount of the bills that are required to be paid through ECS/EFT/RTGS. Separate advices will be prepared for salary and non-salary payments and for each DDO under the payment control of the PAO.
- (c) The advice will be accompanied by the documents in standard format as prescribed by Reserve Bank of India for different schemes from time to time. The floppy/CD containing the credit information will be forwarded to the sponsoring bank. The advice should clearly indicate the total amount of credits advised and also the number of accounts to be credited (both in words & figures). The settlement date, if any, should be clearly indicated in the data provided to the sponsor bank in addition to the usual superscription "Payable on or after— ——" recorded on the salary bills.
- (d) In order to avoid any wrong/excessive amounts being credited to any account, either intentionally or accidentally, the maximum amount of a single credit included in the credit information should be indicated in the advice against the item "Upper limit of the individual item".
- (e) The advices will be serially numbered for a particular financial year i.e. they will have a running serial number starting from April to March in a financial year. The number of the advice will be noted conspicuously on the bill (s), its details entered in the Register of Electronic Advices in Annexure submitted along will the bill(s) to the Pay & Accounts Officer. The Sl. No. of the Electronic advice will be recorded on the relevant bill after defacing the pay order by the PAO. The amount of advice would be classified under the head 8670- Cheques and Bills- Pay & Accounts Offices Electronic Advices (new minor head).

- (f) It would be the collective responsibility of the DDO and PAO to ensure that the advice for payment to bank along with the documents/ floppy should reach the accredited bank at least 6 (six) working days in advance to the due date, if any, for credit. Therefore, in cases where the payment is due to be made before a prescribed date, DDOs should submit the bills sufficiently in advance.
- (g) The advice along with the requisite documents digitally signed in an encrypted floppy should be sent in a sealed cover to the accredited bank who will approach the National Clearing Cell (NCC) (in the case of ECS and EFT), as the case may be.
- (h) A separate set of registers similar to those prescribed in the case of cheque will have to be maintained for Electronic Advices by PAO.
- (i) In the system of ECS, the accredited bank will pass on the floppy/CD containing the credit information to their Local service branch, who will in turn, transmit the same to local National Clearing Cell. Reserve Bank of India will transmit funds transfer data to the respective destination Centre. NCC at the destination centre will transmit the data file to the destination banks. In the case of EFT, payment will be credited on the fourth day of the cycle. The acknowledgement of the electronic advices by the bank may be preserved by Pay & Accounts Office.
- (j) A day before the due date for credit of payment in the bank account of the individual, NCC would supply to the sponsor bank two copies of User-wise Settlement Report- R6 which would indicate the volume and value of transactions, which would be debited to the sponsor bank by credit to various destination banks. One copy of this report would be received by the PAO from the accredited bank. On receipt of the same the amount shown in the settlement report (R6) would be compared with the amount as per the advice in the input data and also with the payment scroll. In the payment scroll the bank will clearly indicate the E-Payment items. The PAO will also make entries in the Register of Electronic Advices. After verifying the amount, PAO will make normal accounting entries i.e. minus credit to 8670-Cheques and Bills- Pay & Accounts Offices Electronic Advices by credit to 8658- Suspense Accounts- 108 PSB Suspense.
- (k) The bank will follow the existing procedure in preparing and forwarding the scroll to the concerned PAO on day-to-day basis except that there will not be paid instruments in so far as e-payments are concerned (In such payments advices duly stamped by Bank will be returned to PAO).
- (l) At the end of the cycle of ECS/EFT, a few credits may remain unaccredited due to reasons like furnishing of wrong bank account no., code no., and account closed/ transferred etc. The destination banks will pass on immediately the amounts and also the details of those credits to the NCC. RBI will credit the amount representing the unaccredited items to the account of the accredited bank. On receipt of the Final report R-8 indicating items finally credited/unaccredited, the accredited bank will send a copy thereof to PAO. This report will be treated as the evidence of payment against the bills presented by the DDO. This should be compared with the advice issued earlier and discrepancy if any should be taken up with

- the accredited bank. A consolidated report of unaccredited items R-7 will also be received by the PAO through the accredited bank. The amount received by the bank on account of unaccredited items will be included in the scroll. PAO would take two photocopies of this report for taking action as mentioned in the following paras. The total amount in respect of such unaccredited items will be compared with the credit that appears in the receipt scroll on account of such items and discrepancy, if any, got rectified with the accredited bank.
- (m) The unaccredited items should be credited to government account without any challan and it will be clearly indicated in the scroll to be sent to PAO. The PAO will account for these credits under the head "MH 8658-Suspense Accounts-102- Suspense Accounts (Civil)- Unaccredited items under e-payments" (new sub-head to be opened). Details of unaccredited amounts will be entered in the Register of Electronic Advices. In respect of such items PAO will initiate action in consultation with DDO to settle the same through cheques in the names of the parties or otherwise.
 - (o) The Pay & Accounts Officer will make payment by issue of cheque by drawing a bill in the form of a simple note and by classifying the amount of cheque as minus credit to the sub-head mentioned in the previous Para.
 - (p) Credit to government account for the unaccredited amounts should be received promptly i.e. within 48 hours excluding holidays or RBI guidelines. Any unaccredited amount not refunded to government Account within the permissible time by the bank would attract penal interest, which should be changed from the accredited bank as in the case of belated remittance of government receipts.
 - (q) After entering the voucher number in respect of the bill a photocopy of each of the reports i.e. Final Settlement Report and the Report of Unaccredited items duly attested by JAO/AAO should be handed over to the messenger of the DDO who will surrender token. DDO will initiate the party with regard to the payment credited to their bank account.
 - (x) A photocopy of the Report of Uncredited items will be kept in a Guard file by the PAO and preserve for 15 days or until the Audit is over, whichever is later. The Register of Electronic Advices will be reviewed on 10th of every month and the non-receipt of scroll for any advice will be taken up with the bank. Any missing scroll not received for more than one month should be reported by PAO both to his Pr.CCA/CCA/CA and the higher authorities of the bank for remedial action.
 - (y) Although the amounts remaining unaccredited will be rare, if such amounts are claimed later, the payee shall be asked to get a certificate from his bank to the effect that the details of the bank account furnished is correct and the bank account is operative, to avoid any reoccurrence of the non-crediting of the amounts.
 - (z) The Government of India will not pay any commission/fee/service charges to the bank for the above purpose and the Government in no way concerned with the additional facilities offered by the bank.
 - (aa) It is the responsibility of the banks to ensure that the amounts are correctly and promptly

credited to the accounts of the payees as per the credit information provided by the Pay & Accounts Officers. Pay & Accounts Officers would be responsible for any amount wrongly paid to another account holder and he would not accept the debit for such sums. Banks would have to recover the amount wrongly paid as per their existing procedure system.

- (bb) The software package to be developed/already developed for implementing the revised procedure should provide for built-in authentication and authorization, fire wall protection, PKI encryption, digital signatures, electronic evidence generation, backup and recovery procedures, proper log and audit trail.
- (cc) These are only guidelines for the implementation of the scheme. Pay & Accounts Officers are requested to refer to the website of Reserve Bank of India or approach their accredited bank to have a firsthand knowledge about the schemes and follow the instructions issued by them from time to time.

(II) Collection of Government revenues/ receipts through Electronic Media

Under the existing procedure, Government dues or other moneys receivable on Government account may be realized in cash or by cheques or drafts drawn on any local branch of scheduled bank or by money orders or postal orders or in such other form as may be prescribed by Government. These revenues or dues of the Government are generally received by department Officers or by specified branches of the accredited bank in the form of crossed local drafts or cheques or in cash unless otherwise specifically ordered vide Rule 18 of Central Government Accounts (receipt & Payment) Rules, 1983.

Any person or party paying money into bank on Government account shall present with it challan (in duplicate, triplicate or quadruplicate as specified by the concerned Ministry or Department) in form GAR-7.

Now banks have been offering facilities to customers like payment through Internet etc. Therefore, this office has decided that standard guidelines should be issued for the Ministry/ departments who would like to introduce collection of their receipts/revenues etc. through internet. The procedure in brief will be that the system would involve transacting with the department through a receipt processing application Portal that is accessible through Internet. E-filing will involve downloading of the specified formats from the portal and these can be filled in and signed by users through digital signature. The e-receipt application system would check the correctness of the amount payable and also the completeness of the formats. Once the format is accepted the user will be prompted to choose one of the following payment options:-

- (c) Credit Card
- (d) Internet banking

After the user opts for a particular mode of payment he will be directed towards the bank's computer system. A challan in the prescribed format will be generated :

- (1) As of now PAO receives the original copy of the challan with the Receipt Scrolls on the basis of which he classifies the amount under the relevant head of account. With the

introduction of the revised procedure instead of physical challans the receiving bank will forward a consolidated statement containing the details of the remittances that are statement containing the details of the Remittances that are normally available in the Physical (GAR7). The electronic copy of the challans can also be generated and sent to PAO for incorporation in COMPACT. This procedure was approved by CAG of India in the case of MCA-21 (Ministry of Company Affairs)

- (2) The Departments would standardize the electronic challan formats which would be used for depositing money in to Government Account by Departmental Officers, Private parties, contractors etc. The banks authorized for collections will feed the data in their computer and pass on the data electronically to PAO. The banks will ensure that the process of uploading and transmission of data is done in a secure manner.
- (3) The Bank will also be responsible for prompt remittance of collections to government Account at Reserve Bank of India, CAS, Nagpur through Link Cell, Nagpur/GAD, State Bank of India as the case may be. It will also be responsible for reconciliation of figures with PAO.
- (4) Focal point Branch will also send a hard copy of the receipt scroll accompanied by the physical challans as at present.
- (5) The PAO will get printed Receipt Scrolls along with Challan Incorporation and corresponding electronic files from the Focal Point Branches on daily basis.
- (6) There is no change in the reporting and reconciliation procedures except that the reconciliation would be done on the basis of electronic strings relating to the receipts provided by the banks through the scroll Incorporation Report. Rest of the accounting drill and procedure will remain unchanged in the new system. PAO will continue to get DMA I and DMA II Statement from RBI, CAS, Nagpur as per the current practice.
- (7) Although this OM provides for payment of Government dues/receipts by Credit Cards, Ministries/ Departments may allow the payment through Credit Cards only with the approval of CGA/ O/o C&AG

(Necessary amendments to Central Government Accounts (Receipts & Payment) Rules, 1983 are issued separately).

Sd/-
(RENU C. DESHPANDE)
Dy. Controller General of Accounts

To All Pr. CCAs/CCAs/CAs

Annexure
(para 3.(i)(e) of the Appendix 4)

Register of Eletronic Advices

Sl. No.	Name of DDO	Amount	Date of Issue	System under payment has been advised ie. ECS/ EFT/ RTGS	Amount cleared	Date of Clearance	Amount of remaining uncleared	Date of Clearance of the amount under col.No.(8)	Mode of clearance
1	2	3	4	5	6	7	8	9	10

Chapter 11

Personal Deposit Account

- **Commissioners of Income Tax are required to open Personal Deposit Accounts with the Reserve Bank of India/ State Bank of India to deposit the amounts seized during the Income Tax raids by the Department.**
- **The sanction of the Department and the approval of the CGA will be necessary to open a new PD Account.**
- **The administrator of the P D Account is responsible for maintaining the account and reconciling the figures with the ZAO on monthly basis.**
- **ZAO will have to ensure that the balance in the PD Account does not result in minus figures at any point of time.**

11.1 Under the existing Income Tax Rules, each of the Commissioners of Income Tax is required to open a Personal Deposit account at a branch of Reserve Bank of India/ State Bank of India for depositing money seized from persons suspected to have evaded tax. When a new account is to be opened Government's sanction should be obtained in terms of Rule 191 of the Central Government Account (Receipts and Payments) Rules, 1983 and the approval of CGA is also required to be obtained. On receipt of a copy of the sanction of the Department the Pr. CCA, CBDT shall send a proposal for opening a new PD account by giving the particulars of the bank, branch, its location and the Designation of the Officer who is going to operate the PD account, for the approval of CGA. After obtaining the approval of the CGA, the Pr. CCA, CBDT shall write to the Reserve Bank of India / State Bank of India for opening the bank account. The account shall be opened in a branch of RBI/ SBI at the location of CIT Headquarters.

11.2 The CIT should obtain the necessary cheque books from the ZAO. The CIT should then send his specimen signatures, duly attested by some other officer to the bank if these are not already available with the bank. In case of CIT's transfer, he should hand over the cheque books and other accounts relating to Personal Deposit Account to his successor and the fact of handing over the accounts and the cheque books along with serial number of unused cheques should be mentioned in the handing over note.

11.3 Monies seized during the course of search operations should be deposited in the PD account.

Monies seized at other places, under the jurisdiction of a CIT, should be deposited, by the concerned officers, in one of the authorized branch of the SBI at their respective places with a request to transfer the same to Personal Deposit Account of the CIT.

11.4 Money in Personal Deposit Account should be deposited along with challans; withdrawals should be made by means of electronic advices or cheques as per the provisions of CGA(R&P) Rules, 1983 by the concerned account holder. The amount in the P.D. account is transferred to the RBI, (CAS), Nagpur on day-to-day basis for credit to the government account and the balance in this account is only a notional balance. The transactions relating to PD account should also be reported by the banks in the same procedure as that of tax collections/ refunds. In other words, the bank branch shall upload the challan / scroll information relating to Personal Deposit Account as prescribed in OLTAS-vide Para of 5.Chapter of this Manual. The delay in transferring the receipts under the Personal Deposit account to the Government account will also attract penal interest at the rate as in the case of delayed remittance direct tax collections.

11.5 The CIT who should be responsible for maintaining the Cash Book and ledger in respect of the Personal Deposit Account should enter each transaction in the Cash Book as soon as it takes place. It may happen that certain transactions entered in the cash Book do not find a place in the bank scroll or vice versa. Such items should be brought out in the Bank Reconciliation statement to be prepared by the CIT's office at the end of each month. In the case of monies seized at other places the transactions will find place in the Cash Book of the CIT immediately on receipt of the advice from the concerned. Credit for such monies should be watched in the bank scroll to be received. Cheques issued but not encashed and money deposited but not yet credited in the books of bank will also appear in the reconciliation statement.

11.6 The CIT should send to the ZAO concerned a monthly statement by the 10th of the following month consisting of the opening balance, deposits made during the month, withdrawals made during the month and the closing balance at the end of the month. Since July 1978, Tax Recovery Officers are also allowed to maintain Personal Deposit accounts.

11.7 ZAO shall also verify the transactions as appearing in the Monthly Statement sent by the PD Account holder and in the case of any transaction not appearing in the scroll, appropriate action should be taken by the ZAO. The procedure relating to reporting of these transactions will be the same as other transactions of the Government. The bank should also send at the end of every month (by the 5th of the following month) to ZAO and the Account holder a monthly statement through the Nodal branch indicating the following:-

- (i) Opening balance
- (ii) Total receipts
- (iii) Total payments and
- (iv) Closing balance

The ZAO verifies the statement with reference to the payment and receipt scrolls and returns one copy of the Bank scroll (after recording the certificate of verification over his signature). The receipts and

payments are booked by the ZAO under the head '8443-Civil Deposits-Personal Deposits' by contra debit / credit to the head '8658-Suspense Accounts-Public Sector Bank Suspense / 8675-Deposits with Reserve Bank', as the case may be.

11.8 ZAO shall ensure that balances under a Personal Deposit Account below the head '8443-Civil Deposits-Personal Deposits' does not show minus figures at any point of time. ZAO shall periodically review the operation of PD Accounts that appear in his books and ascertain from the Department the necessity of continuance of such PD Accounts where no transactions are taking place for long time and in cases where closure of PD Accounts is decided by the Department, necessary action shall be taken to close the same and appropriate adjustments made in accounts.

Chapter 12

Preparation of Accounts

- Monthly accounts are compiled by the Zonal Accounts Offices by using the software packages 'RAMS' and 'COMPACT'.
- The compiled accounts received from 52 ZAOs are consolidated by the Principal Accounts Office, CBDT.
- The software 'COMPACT' is used by ZAOs for compiling the Expenditure accounts of ZAOs.
- 'COMPACT' covers all the major accounting functions i.e. Pre-check, Compilation, GPF, Budget and Pension.

12.1 Compilation of accounts

The Government Accounting System encompasses various stages from recording the initial transactions appearing through challans /vouchers to the preparation of Annual Accounts. The monthly accounts are compiled by the Zonal Accounts Offices by using the software packages 'RAMS' and 'COMPACT' on the basis of receipt scrolls received from the accredited Bank and paid vouchers. The compiled accounts are then submitted to the Principal Accounts Office. The accounts from all 52 ZAOs are being received in the Electronic Format (e-lekha) in the Pr. Accounts Office. The Pr.A.O. consolidates the accounts received from all the ZAOs and submits the same to the Office of Controller General of Accounts through e-lekha.

12.2 COMPACT

12.2.1 "COMPACT" is a comprehensive Financial Management Information System software for the computerization of various payment and accounting functions of Pay and Accounts Offices. The workflow of the ZAO, starting with the building of master data on budget i.e. feeding in the DDO-wise budget allocations under the various heads, issuance of token numbers to the bills received for payment and ending with monthly consolidation of accounts and post consolidation adjustment, has been computerized.

The major accounting tasks covered through this software are:

- (1) Bill Processing and Payment.
- (2) Compilation & Consolidation of Accounts.
- (3) Maintenance of GPF accounts of subscribers.
- (4) Processing & Payment of Pension.

It has six modules viz. “Pre-check”, “Budget”, “Compilation”, “GPF”, “Pension” and “Master Maintenance”.

12.2.2 The COMPACT software is being used for the following purposes:

1. Compilation of monthly as well as annual accounts
2. Calculation of GPF interest
3. Generation of the GPF monthly statements and Annual Statement of each individual working in this Secretariat and subscribing to G.P. Fund
4. Calculations with reference to the Deposit Linked Insurance Scheme/Pension Arrears
5. Calculation of Retirement Benefits including pension in respect of retiring employees
6. Forwarding of Daily Account Abstract to O/o CGA through “e-lekha”.

12.2.3 The software ‘COMPACT’ permits electronic incorporation of text files. The particulars of the bills namely bill no, amount, nature of payment, classification of payments and receipts are entered at the first stage. The bills should be scrutinized / pre-checked manually at the different levels of checking viz. Sr. Accountant, AAO and AO/Sr. A.O.

12.2.4 The ‘User Guide’ issued by the NIC (CGA) is available to all the Accounts Offices for guidance. However, the functional coverage of the software, the information to be integrated at different stages/module and the operational efficiency thereof are mentioned below:-

12.2.5 Functional Coverage

- (i) The COMPACT /PAO-2000 software is at the lowest level of Accounting and it provides information to higher levels of accounting systems for further processing.
- (ii) The Software covers all the major Accounting functions i.e. Pre check, Compilation, GPF, Budget and Pension.
- (iii) The software supports the batch upload and integration of day-end financial data to a central database which drives a web enabled application ‘e-Lekha’ for Fiscal management.

12.2.6 Information Integration

- (i) It will capture the accounts data from the original source i.e. the bill to improve the quality of data used for compilation and consolidation of accounts.

- (ii) Functional interfaces among various modules to enhance data integrity and to enforce process validations.
- (iii) Electronic incorporation from text files viz.
 - List of Payments (Vouchers and their cheque entries) and Challans from the CDDOs generated by the CDDO2PAO software can be incorporated in the Compilation Module.
 - Bills generated by systems installed at DDOs can be incorporated in the Pre-check Module.
 - GPF schedules generated by the Composite Payroll Software are incorporated in the GPF Module.
 - The Bank Scrolls are incorporated in the Compilation Module.
 - Compiled accounts of 'Supply works', 'Revenue Accounts' can be incorporated electronically through proper interfaces.
 - Electronic interface for 'Transfer IN' / 'Transfer OUT' of GPF subscribers
 - e-PPO generation which can be incorporated at CPAO. Further, electronic interface provided for revision and corrigendum of pension case for incorporation at CPAO.

12.2.7 Operational Efficiency

The operational efficiency of the accounting processes will be improved due to proper validations, speed, user-friendly interface and security features.

- (i) Vital checks and validations for passing a bill.
- (ii) Online validation of Budget allocations head wise.
- (iii) Reporting on the cases of budget overriding.
- (iv) Capture of Reasons for rejection of bills.
- (v) Online reconciliation of cheques and Challans during Bank scroll entry and proper updation of budget allocation in case of refund of payments.
- (vi) Mapping of all valid combinations of 13-digit function head with 2-digit Object head and 1-digit Category. This is further mapped to the 3-digit demand for grant and 6-digit DDO code.
- (vii) Access to the software for authorized users.
- (viii) Predefined access rights to the users of the forms and reports of the application.
- (ix) Client/Server application with Multi-user facility.
- (x) Locking of MS-SQL server instance running COMPACT.
- (xi) Backup option through software.

12.2.8 Other Features of the Software package

- (i) Generation of Monthly Consolidated Accounts data in the electronic format for incorporation at the Principal Accounts Offices in the CONTACT Software.
- (ii) Preparation of daily data abstract containing both Fiscal as well as administrative data to be uploaded to the central database server for driving the web enabled e-Lekha application for fiscal management. This facilitates availability of pre-audited, committed as well as compiled accounting figures on a daily basis to respective ministries for fiscal analysis.
- (iii) Generation of various managerial reports for expenditure analysis like Expenditure Control Register, Budget Vs Monthly Expenditure Comparison.
- (iv) Trial Consolidation to facilitate generation of Flash figures.
- (v) Generation of cheques for payment on pre-Printed stationery issued from RBI.
- (vi) Bank reconciliation statements for Outstanding, Variance and Only in Scroll cheques.
- (vii) Recasting of GPF Accounts on final Settlement.
- (viii) Tracking of missing credits of GPF accounts.
- (ix) Authority letter generation and Electronic PPO, Revision and Corrigendum to CPAO in the Pension Module.
- (x) Auto generation and printing of Pension Payment Order facilitated through software.
- (xi) Processing of Foreign Letter of Credit, Secret fund Letter of Credit and Authorization across PAO's.
- (xii) All the reports support the export functionality to export the report queried to common formats viz. rtf, doc, HTML, excel etc.

Note: The general instructions for operation of the package contained in Para 7 of the User Guide issued by NIC (CGA) need to be scrupulously by the users.

12.3 Preparation of Appropriation Accounts

12.3.1 Appropriation Accounts are the accounts reflecting the Government's expenditure in a financial year compared against the amounts of voted grants and charged appropriations, as specified in the schedules appended to the Appropriation Act passed by Parliament. These accounts contain information regarding re-appropriation of the sanctioned provision from one unit of appropriation to another, saving and excess of expenditure if any against these appropriation as well as the supplementary grants. The appropriation account is an aid for the Parliament and the Public Accounts Committee to ascertain the performance of Government against the budgeted provisions. The Secretary of each Ministry/Department acts as the Chief Accounting Authority under the departmentalized system of accounting and is finally responsible to approve and sign the Head wise Appropriation Accounts of the grants/appropriations, administered by his Ministry/Department. The Financial Adviser/Pr. Chief Controller/Chief Controller/Controller assists him in the preparation of these accounts.

12.3.2 Each Principal Accounts Office shall prepare Head wise Appropriation Accounts for each grant/appropriation of the Ministry/Department in the prescribed form, strictly in accordance with the given nomenclature/lettering up to sub-head level. It is based on the budget estimates as per Detailed Demands for Grants and the Supplementary estimates, if any, and prepared in thousands of rupees. The 'Statement of Recoveries' separately supports the account indicating the recoveries adjusted in accounts in reduction of expenditure.

12.3.3 The Office of Pr.CCA, CBDT should prepare the Head-wise Appropriation Accounts in respect of the Grant relating to 'Direct Taxes'. In this Grant, two major heads viz., 2020-Collection of Taxes on Income and Expenditure' and '2031-Collection of Taxes on Wealth, Security Transaction Tax and Other Taxes. In the Capital Section three Major Heads viz., '4075- Capital Outlay on Miscellaneous General Services', '4059- Capital Outlay on Public Works' and '4216 -Capital Outlay on Housing' are operated. The Appropriation Accounts of CBDT will be signed by the Secretary (Revenue) as the Chief Accounting Authority. The provisions of the chapter 11 of CAM and the periodical instructions issued by the Office of CGA should be followed in the preparation of Appropriation Accounts.

12.4 Preparation of Finance Accounts

12.4.1 The Finance Accounts of the Union Government comprises of the accounts of the Central Government ministries/ and departments as a whole and it includes transactions of Civil Ministries/Departments, Ministries of Defence and Railways and the Departments of Posts & Telecommunication. Finance Accounts present the accounts of receipts and outflows of the Central Government for the year together with the financial results disclosed by different accounts and other data coming under examination. These accounts include the Revenue and Capital Account, Public Debt account and other liabilities and assets worked out from the balances in the accounts. These are supplemented by the accounts separately presented in the form of Appropriation Accounts for Grants and charged Appropriations. The Finance Accounts are an Auditor's presentation of the general accounts of the Government to Parliament.

12.4.2 The Finance Accounts comprise of two Parts - Part I and Part II. Part I presents the summarized statements in respect of Revenue, Capital, Debt, Deposit, Suspense and Remittances transactions and Contingency Fund, while Part II has detailed statements in respect of these transaction, along with other related statements.

The basic inputs for compilation of Finance Accounts are taken from:-

- (i) Statement of Central Transactions (SCT)
- (ii) Journal Entries
- (iii) Prior Period Adjustments, if any
- (iv) Proforma Adjustments, if any and
- (v) Progressive figures upto the end of the previous year.

12.4.3 While the Statement of Central Transactions of Revenue and Expenditure Accounts of CBDT are

prepared separately, these are put together in the Finance Accounts which depicts balances under Debt, Deposit, Suspense and Remittance Heads. The Finance Accounts Section in the office of Controller General of Accounts issues a circular by the end of March every year, prescribing the time schedule for closing of Union Government Accounts. Circulars are also issued by that section detailing guidelines relating to the preparation of Statement of Central Transactions and other materials for the Finance Accounts.

12.5 e-lekha

12.5.1 "e-lekha" is a web based application that has been developed for the consolidation of Union Government accounts and maintenance of account codes. The requisite information is being uploaded, by using "e-lekha", on to a central database/ central server maintained by the O/o CGA.

12.5.2 "e-Lekha" has been developed in accordance with existing procedures and rules pertaining to Civil Accounts Manual, List of Major and Minor Heads and other statutory documents and manuals adopted by the Controller General of Accounts for reporting, compilation and consolidation of accounts. Reports generated from the e-Lekha application are as per existing formats.

12.6 Comprehensive Pay Roll system

The Comprehensive Payroll System (CPS), the software developed by NIC for generation of bills related to Pay and Allowances of all central government employees was implemented on a trial basis in this Office with effect from December 2008. The software has been made fully operational in this financial year, with effect from 1st April 2009. The Pay Bills and Pay slips for the Salary, DA Arrear Bills, Salary difference Bills in respect of officials on the payroll of P&AO have been generated through this software.

12.7 e-Samarth

e-Samarth is being implemented under Government of India where employees would be able to view GPF Account details on e-Samarth portal. It follows a very transparent approach in providing a comprehensive resource of GPF-related information through a website open to all account holders and accounting units. This powerful e-governance initiative focuses on increasing value in the management of General Provident Fund Accounts and enhancing subscriber relationships with its minimum agenda of e-governance. Through this application, all account holders can get information regarding their GPF accounts directly from the place of their living or even from a nearby kiosk. GPF subscribers will be able to view the current status of their request for GPF Withdrawal, Advances, Final Payment, DLIS, and Transfer out etc. It will also help managers in getting MIS of their GPF accounts, viz. pendency of GPF ledger updation, missing debits and credits, Transfer IN and OUT, final settlement, status of bill payments pertaining to GPF, etc so that they can bring in efficiency in the overall management of GPF accounts. This will also reduce the time to process bill payments and annual statements and bring in greater efficiency as well and also help limit malpractices.

12.8 CDDO2PAO PACKAGE : The CDDO2PAO package introduced by O/o the CGA as one of the modules of COMPACT for incorporation of expenditure details of CDDOs in monthly account has been installed in all FPU's under the ZAOs.

Chapter 13

Miscellaneous

(TDS deduction by DDOs and booking by ZAOs and reconciliation)

- TDS deductors are responsible for deducting tax and crediting the amounts to the Government account.
- In the case of the payments made by the Central Government ministries/ departments DDOs make deductions of TDS recoveries from the amounts payable to the government servants/ vendors.
- ZAO is also responsible for filing a quarterly statement of tax deduction at source (TDS) containing the prescribed details of deduction of tax made during the quarter by the prescribed due date.
- ZAO intimates the Book Identification Number or BIN generated by the agency to each of the deductors in respect of whom the sum deducted has been credited.
- BIN consists of receipt number of Form 24G, DDO sequence number in Form No. 24G and date on which tax is deposited.
- DDO should furnish to the employee a certificate in Form 16 detailing the amount of TDS and certain other particulars.
- TDS certificate (Form 16) would be generated for the deductee only if Valid PAN is correctly mentioned in the Annexure II of Form 24Q in Quarter 4 filed by the deductor.

13.1 Tax Deduction at Source

13.1 For quick and efficient collection of taxes, the Income-tax Law has incorporated a system of deduction of tax at the point of generation of income. This system is called as “Tax Deducted at Source”, commonly known as ‘TDS’. The provisions of deduction of tax at source are applicable to several payments such as salary, interest, commission, brokerage, professional fees, royalty, contract payments, etc. In respect of payments to which the TDS provisions apply, the payer has to deduct tax at source on the payments made by him and he has to deposit the tax deducted by him to the credit of the Government. Under Chapter XVII-B of the Income-tax Act, the person who is responsible for payment is required to

deduct tax, at source from certain payments made by him, at the specified rates, if the payment exceeds the specified threshold. Tax is deducted by the payer and is remitted to the Government by the payer on behalf of the payee.

CBDT have issued detailed instructions with regard to the duties and responsibilities to be played by the deductors of Income tax and the ZAOs who have to credit the amounts of tax to the relevant heads of accounts in their books-vide their Circular 17/2014/F.N. 275/192/2014-IT(B) dated 10-12-2014. These detailed instructions contained in the Circulars issued by CBDT should be scrupulously followed by them. Based on those instructions, the main functions of both the DDOs and ZAOs in this regard have been explained in the subsequent paras for the guidance of the DDOs and ZAOs.

13.2 Duties of DDO in tax deductions

In so as far as the payments drawn by the Government departments/ Ministries, the DDO is responsible for deducting the TDS deductions, wherever applicable, at the specified rates prescribed by the Government. The employer or a person responsible for payment of salary is liable to deduct the tax at source, pay it into Government account and submit various returns. Any salary Disbursing Authority shall, at the time of payment deduct income tax on the amount payable at the average rate of income tax computed on the basis of the rates of tax in force for the financial year in which the payment is made, on the estimated income of the assessee under this head for the financial year. The aggregate tax calculated on the estimated income divided by 12 and rounded off to the nearest rupee is required to be deducted from the monthly salary. **(Section 192)**

The DDO should obtain Tax Deduction Account Number (TAN).

As per Section 204(iv), in case the credit, or as the case may be, the payment is made by or on behalf of Central Government or State Government, the DDO or any other person by whatever name called, responsible for crediting, or as the case may be, paying such sum is the “persons responsible for paying” for the purpose of Section 192. The tax determined as per the provisions of the Income Act should be deducted by the DDO from the salary u/s 192 of the Act.

13.3 Responsibilities of ZAO, CBDT with regard to booking of TDS

13.3.1 The recoveries made on account of TDS deductions are not required to be remitted by the ZAOs into the bank for credit to Government account. The ZAO, in whose books these recoveries appear, is responsible for booking the amounts under the relevant final heads in their books. While passing the amounts of salary bills / contractors’ bills the credits should be directly classified under the relevant receipt head.

Due dates for payment of TDS

The prescribed time of payment / deposit of TDS to the credit of the Central Government account is as under:-

Sl.No.	Description	Time up to which to be deposited
1	Tax deposited without challan (Book entry)	Same day
2.	Tax deposited with challan	7th day next month
3.	Tax on perquisites opt to be deposited by the employer	7th day next month

13.3.2 Compulsory filing of Statement by ZAO, CBDT etc. in case of payment of TDS by Book Entry

In the case of an office of the Government, where tax has been paid to the credit of the Central Government *without the production of a challan* [**Book Entry**], the Pay and Accounts Officer (ZAO in the case of CBDT) or the Cheque Drawing and Disbursing Officer or any other person by whatever name called to whom the deductor reports about the tax deducted and who is responsible for crediting such sum to the credit of the Central Government, shall?

- (a) submit a statement in **Form No. 24G** within ten days from the end of the month to the agency authorized by the Director General of Income-tax (Systems) [*TIN Facilitation Centres currently managed by M/s National Securities Depository Ltd*] in respect of tax deducted by the deductors and reported to him for that month; and
- (b) intimate the **Book Identification Number or BIN** generated by the agency to each of the deductors in respect of whom the sum deducted has been credited. BIN consists of receipt number of Form 24G, DDO sequence number in Form No. 24G and date on which tax is deposited.

The procedure of furnishing Form 24G as detailed in Annexure III to Ministry of finance, Department of Revenue, CBDT's Circular No. no. 17/2014 dated 10-12-2014 has been reproduced in Annexure 13.1 to this Chapter. ZAOs/DDOs should also go through the FAQs in Annexure III to CBDT's Circular dated 10-12-2014 mentioned above to understand the correct process to be followed.

13.4 Furnishing of Certificate for Tax Deducted (Section 203) by DDO

Section 203 requires the DDO to furnish to the employee a certificate in Form 16 detailing the amount of TDS and certain other particulars. Rule 31 prescribes that Form 16 should be furnished to the employee by 31st May after the end of the financial year in which the income was paid and tax deducted. **Revised Form 16 which was annexed to Notification No 11 dated 19-02-2013 has been furnished in Annexure 13.3 to this Chapter.**

The certificate in Form 16 to be furnished by the DDO shall specify

- (a) Valid permanent account number (PAN) of the deductee;
- (b) Valid tax deduction and collection account number (TAN) of the deductor;

- (c) (i) Book identification number or numbers (BIN) where deposit of tax deducted is without production of challan in case of an office of the Government;
- (ii) Challan identification number or numbers (CIN*) in case of payment through bank.
*(*Challan identification number (CIN) means the number comprising the Basic Statistical Returns (BSR) Code of the Bank branch where the tax has been deposited, the date on which the tax has been deposited and challan serial number given by the bank.)*
- (d) Receipt numbers of all the relevant quarterly statements of TDS (24Q). The receipt number of the quarterly statement is of 8 digit.

13.5 Further as per Circular 04/2013 dated 17-04-2013 all deductors (including Government deductors who deposit TDS in the Central Government Account through book entry) shall issue the Part A of Form No. 16, by generating and subsequently downloading it through TRACES Portal and after duly authenticating and verifying it, in respect of all sums deducted on or after the 1st day of April, 2012 under the provisions of **section 192** of Chapter XVII-B. Part A of Form No 16 shall have a unique TDS certificate number. 'Part B (Annexure)' of Form No. 16 shall be prepared by the deductor manually and issued to the deductee after due authentication and verification alongwith the Part A of the Form No. 16.

If the DDO fails to issue these certificates to the person concerned, as required by section 203, he will be liable to pay, by way of **penalty, under section 272A(2)(g)**, a sum which shall be Rs.100/- for every day during which the failure continues.

It is, however, clarified that there is no obligation to issue the TDS certificate in case tax at source is not deductible/deducted by virtue of claims of exemptions and deductions

[Note: TRACES is a web-based application of the Income - tax Department that provides an interface to all stakeholders associated with TDS administration. It enables viewing of challan status, downloading of NSDL Conso File, Justification Report and Form 16 / 16A as well as viewing of annual tax credit statements (Form 26AS). Each deductor is required to Register in the Traces portal. Form 16/16A issued to deductees should mandatorily be generated and downloaded from the TRACES portal].

13.6 The essential points regarding the filing of the Statement and obtaining TDS certificates, authentication by Digital signature (wherever they are digitally signed) as mentioned in Para 4.6 of the CBDT's Circular dated 10-12-2014 should be scrupulously followed by DDOs.

13.7 Mandatory Quoting of PAN and TAN:

Section 203A of the Act makes it obligatory for all persons responsible for deducting tax at source to obtain and quote the Tax deduction and collection Account No (TAN) in the challans, TDS-certificates, statements and other documents. If a person fails to comply with the provisions of section 203A, he will be liable to pay, by way of penalty, under section 272BB, a sum of ten thousand rupees. Similarly, as per Section 139A(5B), it is obligatory for persons deducting tax at source to quote PAN of the persons from

whose income tax has been deducted in the statement furnished u/s 192(2C), certificates furnished u/s 203 and all statements prepared and delivered as per the provisions of section 200(3) of the Act.

All tax deductors are required to file the TDS statements in Form No.24Q (for tax deducted from salaries and 26Q from payments other than salaries). Tax deductors are required to procure and quote correct PAN details of all deductees in the TDS statements for salaries in Form 24Q. Taxpayers are also liable to furnish their correct PAN to their deductors. Non-furnishing of PAN by the deductee (employee) to the deductor (employer) will result in deduction of TDS at higher rates u/s 206AA of the Act.

13.8 Statement of deduction of tax under section 200(3) [Quarterly Statement of TDS]:

13.8.1 The person deducting the tax (employer in case of salary income), is required to file duly verified Quarterly Statements of TDS in **Form 24Q** for the periods [details in Table below] of each financial year, to the TIN/facilitation Centres authorized by DGIT (System's) which is currently managed by M/s National Securities Depository Ltd (NSDL). Particulars of e-TDS Intermediary at any of the TIN Facilitation Centres are available at <http://www.incometaxindia.gov.in> and <http://tin-nsdl.com> portals. The requirement of filing an annual return of TDS has been done away with effect from 1.4.2006. The quarterly statement for the last quarter filed in Form 24Q (as amended by Notification No. S.O. 704(E) dated 12.5.2006) shall be treated as the annual return of TDS. Due dates of filing this statement quarterwise is as in the Table below:

13.8.2 Dates of filing Quarterly Statements e-TDS Return 24Q –TABLE

Sl.No.	Return for Quarter ending	Due date for Government Offices	Due date for Other Deductors
1	30th June	31st July	15th July
2	30th September	31st October	15th October
3	31st December	31st January	15th January
4	31st March	15th May	15th May

13.8.3 The statements referred above may be furnished in paper form or electronically under digital signature or along with verification of the statement in Form 27A verified through an electronic process in accordance with the procedures, formats and standards specified by the Director General of Income-tax (Systems). The procedure for furnishing the e-TDS/TCS statement is detailed at Annexure 13.2 to this Chapter.

13.8.4 Fee for default in furnishing statements (Section 234E)

If a person fails to deliver or caused to be delivered a statement within the time prescribed in section 200(3) in respect of tax deducted at source on or after 1.07.2012 he shall be liable to pay, **by way of fee** a sum of Rs. 200 for every day during which the failure continues. However, the amount of such fee shall not exceed the amount of tax which was deductible at source. This fee is **mandatory in nature** and to be paid before furnishing of such statement.

13.8.5 Rectification of mistake in filing TDS Statement

A DDO can also file a **correction statement** for rectification of any mistake or to add, delete or update the information furnished in the statement delivered earlier.

13.8.6 Penalty for failure in furnishing statements or furnishing incorrect information (section 271H)

If a person fails to deliver or causes to be delivered a statement within the time prescribed in section 200(3) or furnishes an incorrect statement, in respect of tax deducted at source on or after 1.07.2012, he shall be liable to pay, by way of penalty a sum which shall not be less than Rs. 10,000/- but which may extend to Rs 1,00,000/-. However, the penalty shall not be levied if the person proves that after paying TDS with the fee and interest, if any, to the credit of Central Government, he had delivered such statement before the expiry of one year from the time prescribed for delivering the statement.

13.8.7 At the time of preparing statements of tax deducted, the deductor is required to:

- (i) mandatorily quote his tax deduction and collection account number (**TAN**) in the statement;
- (ii) mandatorily quote his Permanent Account Number (**PAN**) in the statement except in the case where the deductor is an office of the Government(including State Government). In case of Government deductors “**PANNOTREQD**” – to be quoted in the e-TDS statement;
- (iii) mandatorily quote **PAN** of all deductees;
- (iv) furnish particulars of the tax paid to the Central Government including book identification number or challan identification number, as the case may be.
- (v) furnish particular of amounts paid or credited on which tax was not deducted in view of the issue of certificate of no deduction of tax u/s 197 by the assessing officer of the payee.

13.8.8 It may be noted that under the new TDS procedure, TAN of the deductor/ PAN of the deductee and receipt number of TDS statement filed by the deductor act as unique identifier for granting online credit of TDS to the deductee. Hence due care should be taken in filling these particulars. Due care should also be taken in indicating correct CIN/ BIN in TDS statements.

Duties of DDOs as Tax deductors

- The DDO, who has not been allotted a tax deduction account number shall, within the prescribed time limit, should obtain Tax Deduction Account Number (TAN) from the Assessing Officer — Section 203-A
- He should deduct the TDS at the prescribed rates from the salary of employees. (Section 192) and the other payments where deduction of TDS is mandatory.
- DDO should procure and quote correct PAN details of all deductees and his TAN and furnish particulars of tax paid to the Central Government including the book identification number, the

amount (s) paid credited on which tax was not deducted in view of the issue of certificate of No Deduction of tax by the Assessing Officer of the payee, in the TDS Statements in Form 24 Q

- He should clearly indicate the details of deductions in the pay bills/ other bills so that the PAO/ZAO would be able to book the total amount under the final head account in time.
- Issue TDS Certificate in Form 16 to employees for tax deducted by 30th April (Section 203; Rule 31)
- Tax deductor should file the TDS statements in Form No. 24Q (for tax deducted from salaries) and 26 Q (for payments other than salaries) within the prescribed time limit.

Duties of ZAO with regard to TDS

- The tax shall be deducted from the salary bills of the employees and credited to the appropriate head of account which will ultimately be adjusted to the Government account by book transfers.
- ZAO should give credit to the Central Government on the same day where tax is paid without production of challan/by book adjustment— (Rule 30(1)).
- ZAO who is crediting the sum to Central Government is to submit a statement in form 24G (Rule 30(4) (a)). The PAO/DDO/Treasury officer is also to intimate Book Identification Number to each of Deductors (Rule 31(4)(b)).
- Along with Form 16 details of Tax deducted and deposited by Book entry in respect of the employee has to be provided in Annexure A.

**Copy of Annexure III to Ministry of Finance, Department of Revenue,
CBDT's Circular No. 17/2014 dated 10-12-2014**

POINT NO.4.4.2.1 OF CIRCULAR OF DEDUCTION OF TAX AT SOURCE – INCOME TAX DEDUCTION FROM SALARIES U/S 192 OF THE INCOME-TAX ACT, 1961 – FINANCIAL YEAR

Compulsory filing of Statement by PAO, Treasury Officer, etc. in case of payment of TDS by Book Entry

1. Procedure of preparation and furnishing Form 24G at TIN-Facilitation Centres (TIN-FCs)

The Form 24G should be prepared by the PAO/DTO/CDDO (hereinafter referred to as AOs) as per the data structure (File format) prescribed by the DIT (Systems), Delhi which is available on TIN website www.tin-nsdl.com. The AOs can prepare Form 24G either by using in-house facilities, third party software or by using form 24G Return Preparation Utility (RPU) developed by NSDL e-Governance Infrastructure Limited (NSDL), which is freely downloadable from the TIN web-site www.tin-nsdl.com.

After preparation of form 24G, the AO is required to validate the same by using the Form 24G File Validation Utility (FVU) which is freely available on TIN website.

Once file is validated through FVU, '.fvu file' in CD/DVD/Pen Drive along with physical Statement Statistic Report (SSR) signed by the AO, to be furnished at TIN-FCs. On successful acceptance of Form 24G at the TIN-FC, an acknowledgement containing 15 digit Token no. is provided to the AO. The AO can view the status of Form 24G on TIN website.

Book identification Number (BIN) is generated for each DDO record with valid TAN' reported in Form 24G, which is further disseminated to the AOs on email ID mentioned in Form 24G. AOs need to communicate the BIN details to respective DDOs. BIN is to be quoted by the DDOs in quarterly e-TDS/TCS statements. BIN consists of receipt number of Form 24G. DDO serial number and date of transfer voucher.

The AO is required to furnish Form 24G within ten days from the end of the month in respect of tax deducted by the deductors and reported to him for that month. Only one regular Form 24G for a month-FY' can be submitted.

1.1 Correction in Form 24G

AO can file a correction Form 24G for any modification or cancellation of Form 24G accepted at TIN central system. Preparation and validation of correction Form 24G is in line with regular form 24G. The validated Form 24 G correction file (.fvu file) copied on a CD/pen drive is to be submitted along with the provisional receipt of original Form 24G and SSR to TIN-FC. On successful acceptance of correction Form 24G at the TIN-FC, an acknowledgement containing 15 digit Token no. is provided to the AO. The AO can view the status of Form 24G on TIN website.

2. Online upload of Form 24G at TIN websites

For online upload of Form 24G at TIN website, the Accounts Office Identification Number (AIN) is a pre-requisite. For online AIN registration, AO need to file at least one Form 24G through TIN-FC. After AIN registration, AO can file Form 24G through AO Account at TIN website. Preparation and validation of correction Form 24G is in line with regular Form 24G (submitted at TIN-FC). The validated Form 24G correction file (.fvu file) is to be uploaded at TIN website. There is no need to submit SSR in online upload. For Form 24G accepted at TIN Central System an online acknowledgement containing a 15 digit token number is generated and displayed to the AO. The format of the acknowledgement is identical to the one issued by the TIN-FC.

No charges are applicable to AOs for online upload of Form 24G. On login, AO can also View/Download BIN details and update demographic details. No Digital Signature Certificate (DSC) is required for registration and online uploading of Form 24G.

2.1 Online uploading of correction Form 24G at TIN website:

AO can file a correction Form 24G for any modification or cancellation of Form 24G accepted at TIN Central System. Preparation and validation of correction form 24G is in line with regular form 24G. The validated Form 24G correction file (.fvu file) can be uploaded online through AO account at TIN website. For correction Form 24G accepted at TIN central system, an online acknowledgement containing a 15 digit token number is generated and displayed to the AO. The format of the acknowledgement is identical to the one issued by the TIN-FC. There is no need to submit SSR and provisional receipt of original form 24G in online upload.

3. For FAQs and further details, AOs are advised to log on TIN website www.tin-nsdl.com

**Copy of ANNEXURE VI to Ministry of Finance, Department of Revenue,
CBDT's Circular No. 17/2014 dated 10-12-2014**

POINT NO. 4.9 OF CIRCULAR OF DEDUCTION OF TAX AT SOURCE FROM SALARIES U/S 192 OF THE INCOME TAX ACT, 1961 –

PROCEDURE OF PREPARATION OF QUARTERLY STATEMENT OF DEDUCTION OF TAX UNDER SECTION 200(3) OF THE ACT

1. Quarterly e-TDS statement/return should be prepared by Deductor/DDO as per the data structure (File Format) prescribed by the DIT (Systems), Delhi which is available on TIN website www.tin-nsdl.com. Deductor/DDO can prepare e-TDS statement/return either by using in-house facilities, third party software or by using Return Preparation Utility (RPU) developed by NSDL e-Governance Infrastructure Limited (NSDL), which is freely downloadable from the TIN website.

After preparation of e-TDS statement/return, the Deductor/DDO is required to validate the same by using the File Validation Utility (FVU) which is freely available on TIN website.

2. Procedure of furnishing of e-TDS statement/return at TIN Facilitation Centres (TIN-FCs)

Once file is validated through FVU, ?.fvu file' is generated. Copy of this ?.fvu file' in CD/DVD/Pen Drive along with physical Form 27A duly filled and signed by the Deductor/DDO or by the person authorized by the Deductor/DDO, to be furnished at TIN-FC, an acknowledgement containing a unique 15 digit token number is provided to the Deductor/DDO. Deductor/DDO can view the status of e-TDS statement/return on TIN website.

Only one regular e-TDS statement/return for a ?FY-Quarter-TAN-Form' can be submitted.

2.1 Correction in e-TDS statements/returns:

2.1.1	CPC-TDS portal (www.tdscpc.gov.in) has also introduced online correction of statements whereby personal information, PAN correction, add/update of challan information, add/update of salary detail, add/update/movement of deductee row etc. can be done in the statements filed by the deductors, with or without the digital signatures . For further details, kindly refer the matrix below: Default Summary View	Personal Information	Challan Correction (Unmatched, matched Deductee + Deductee Movement)	PAN Correction (Annex. I)	PAN Correction (Annex. II)	Add Challan to statement	Interest, Levy Payment	Modify/Add deductee rows	Delete/Add salary deducted rows
	Online Correction (with digital signature, 2013-14 onwards)	Y	Y	Y	Y	Y	Y	Y	Y
	Online Correction (with digital signature, prior to 2013-14 onwards)	Y	Y	Y	N	N	Y	Y	N
	Online Correction (without digital signature, 2013-14 onwards)	Y	N	Y	N	N	Y	Y	N
	Online Correction (without digital signature, prior to 2013-14 onwards)	Y	N	Y	N	N	Y	Y	N

For more information, deductors are advised to refer to e-tutorials/FAQs available on TRACES portal. Online correction entails no charges and does away with the requirement of downloading conso file and visiting TIN-FCs.

2.1.2 With effect from 1st January, 2015, TRACES will be providing a correction window of 7 days from date of processing at CPC-TDS (generally 2 days after date of filing of statement). This facility will enable the filer to correct PAN errors and challan mismatch cases identified by CPC-TDS and avoiding of issuance of demand notices. Therefore, deductors are advised to check the processing status promptly so as to utilize this facility.

2.1.3 Deductor/DDO can also file a correction e-TDS statement for any modification in the e-TDS statement. Correction statement can be prepared by using the TDS Consolidated file that is available at TRACES (www.tdscpc.gov.in). Validation of correction statement is in line with regular e-TDS statement, physical Form 27A duly signed and Statement Statistical Report at TIN-FC. On successful acceptance of correction e-TDS statement at the TIN-FC, an acknowledgement containing a unique 15 digit token no. is provided to the Deductor/DDO. Deductor/DDO can view the status of e-TDS statement on TRACES website.

3. Procedure of preparation and furnishing of paper TDS statement/return at TIN-Facilitation Centres (TIN-FCs)

All statement/return in Form 24Q are required to be furnished in computer media except in case where the number of deductee records are equal to or less than 20. Paper statement/return duly filled and signed by the Deductor/DDO can be furnished at TIN-FC. On successful acceptance of paper statement/return at the TIN-FC, an acknowledgment containing a unique 15 digit token no. is provided to the Deductor/DDO. Deductor/DDO can view the status of paper statement/return on TIN website. No charges are applicable for paper TDS statement/return.

3.1 Correction in paper statements/returns

The physical TDS statement/return is to be filed again in case of any correction to a physical TDS statement/return accepted at TIN. The deductor will submit the duly filled and signed physical TDS statement/return along with a copy of provisional receipt of regular paper statement/return at TIN-FC. On successful acceptance of correction paper statement/return at the TIN-FC, an acknowledgement containing a unique 15 digit token number is provided to the Deductor/DDO. Deductor/DDO can view the status of paper statement/return on TIN website.

4. Procedure of furnishing of e-TDS statement/return online at TIN website

Deductor/DDO is required to procure Digital Signature Certificate (DSC) for online upload of e-TDS statement/return. After registration on TIN website, an authorization letter by the Deductor/DDO should be provided on the letter head of the organisation to NSDL. Once application is approved by NSDL, user ID is created and intimated to Deductor/DDO on their registered email ID provided at the time of registration. Preparation and validation of e-TDS statement is in line with regular e-TDS statement/return (submitted at TIN-FC). Deductor/DDO can login with its user ID and DSSC and upload the validated e-TDS file (.fvu file) generated by the FVU to the TIN website. On successful acceptance of e-TDS statement/return at TIN, an acknowledgement containing a unique 15 digit token no. and 8 digit receipt number is generated and displayed. There is no need to submit physical form 27A in online upload. Deductor/DDO can view the status of e-TDS statement/return on TIN website.

No charges are applicable for online upload of e-TDS statement/return.

4.1 Correction of e-TDS statement/return online at TIN website

Deductor/DDO can file a correction e-TDS statement/return for any modification in e-TDS statement/return accepted at TIN central system. Correction statement/return can be prepared by using the TDS consolidated file only, available at the CPC-TDS portal www.tdscpc.gov.in through TAN registration. Preparation and validation of e-TDS statement is in line with regular e-TDS statement/return (submitted at TIN-FC) Deductor/DDO can login with its user ID and DSC and upload the validated e-TDS file (.fvu file) generated by the FVU to the TIN website. On successful acceptance of correction e-TDS statement/return at TIN, an acknowledgement containing a unique 15 digit token number is generated and displayed. There is no need to submit copy of provisional receipt of regular e-TDS statement/return, physical Form 27A and SSR in online upload. Deductor/DDO can view the status of e-TDS statement/return on TIN website.

- 5.** For FAQs and further details, Deductors/DDOs are advised to log on website www.tin-nsdl.com