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OFFICE OF THE REGISTRAR
KAKATIYAUNIVERSITY
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CIRCULAR

Sub:- Finance Wing – Effecting TDS (Tax Deducted at Source) on all payments as per Income Tax rules and crediting to the Income Tax Department with intimation to the Finance wing – Reg.

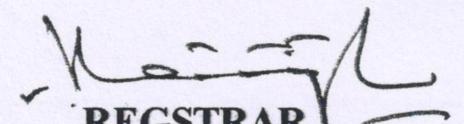
Ref:- Visit of Income Tax Officials from Hyderabad to the University on 22/11/2019.

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The officials from the Income Tax Department, Hyderabad has conducted a survey on 22/11/2019 regarding the effecting of TDS (Tax Deducted at Source) on the disbursement of salaries, pensions and all the payments done by the University. After going through the records, they have informed the University to effect TDS on all the payments done by the University every month and remit to the Income Tax Department.

Hence, all the Drawing and Disbursing Officers, Controlling Officers, etc. are informed to deduct tax (TDS) on all the payments made at their respective colleges, offices, etc. every month as per the prevailing Income Tax rules and remit the same to the Income Tax department with intimation to the Finance Wing.

The T.D.S. chart containing the relevant provisions only for the financial year 2019-2020 is also enclosed.


REGISTRAR

KAKATIYA UNIVERSITY

BRIEF NOTES EXPLAINING THE CONSEQUENCES OF NON DEDUCTION OF TDS

Date: 21.01.2020

A deductor would face the following consequences if he fails to deduct TDS or after deducting the same fails to deposit it to the credit of Central Government's account.

- **Disallowance of expenditure under section 40(a)(i) of and section 40(a)(ia) of Income Tax Act,1961**

As per section 40(a)(ia), any sum payable to a resident, which is subject to deduction of tax at source, would attract 30% disallowance if it is paid without deduction of tax at source or if tax is deducted but is not deposited with the Central Government till the due date of filing of return.

That means if Exam Remuneration of 10,000/- is paid without Tax deduction, University has to pay 3000/- as tax and may lead to cancellation of 12AA registration.

- **Levy of Penalty under section 271C for TDS non-deduction or non-payment**

Penalty of an amount equal to tax not deducted/paid could be imposed under section 271C. Penalty shall be charged under section 221 if deductor fails to deduct and pay tax to the credit of Central Government. The penalty shall be levied to the extent the Assessing Officer directs, however, the total amount of penalty shall not exceed the amount of tax in arrears.

Which means if Exam Remuneration of 10,000/- is paid without deduction University has to pay upto 10,000/- as penalty in addition to the 3,000/- as tax above and may lead to cancellation of 12AA registration.

- **Prosecution under Section 276B**

Further, Section 276B lays down that if a person fails to pay to the credit of the Central Government within the prescribed time, as above, the tax deducted at source by him, he shall be **punishable with rigorous imprisonment for a term which shall be between 3 months and 7 years, along with fine.**

In Conclusion if an amount of 10,000/- is not subjected to TDS University has to pay upto 13,000/- along with rigorous imprisonment.

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