

V.O. CHIDAMBARANAR PORT TRUST
FINANCE DEPARTMENT
TAX SECTION

No. FIN-OFFD2-MIS-TDSDE--V1-18

Dated: 21.04.2018

Circular No:004 /2018-19

Sub: Deduction of Tax at Source at the time of credit or payment
whichever is earlier by Port Users – Reg.

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Presently the port users are remitting the full service value while availing the services from the Port and the TDS component is being refunded by the Port on submission of proof of TDS remittance.

2.1. In this regard, the port users represented by Tuticorin Stevedores' Association has requested the Chairman to dispense the above mentioned procedure stating that Income Tax Department insisting for deduction of Tax at Source and hence to recover the TDS at the time of credit or payment whichever is earlier.

2.2. Accordingly, Chairman has considered the request of the port users represented through Tuticorin Stevedores' Association and accorded approval for deduction of at the time of credit or payment whichever is earlier subject to submission of Indemnity Bonds by the Port Users with an undertaking to recover/adjust the TDS effected at the time of credit or payment, if the users fail to submit the TDS Certificate within 30 days from the last date of filling of TDS Return due date / period or if the TDS amount not reflected in Form 26AS.

2.3. The Indemnity Bond proforma is attached herewith for necessary action.

3. The EDP Section shall make necessary modification in the EPIS/SAP Software, so that as and when the port users submits the **Indemnity Bond**, the existing practice of collection at 100% of service and refund of TDS can be stopped to that particular user. Further, auto paring of receipts with the bills raised also to be addressed and TDS Receivable is to be maintained party wise.

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4. The Traffic Department shall obtain the **Indemnity Bond** from the Port Users and forward the same with its recommendation to RE Section of Finance Department for necessary action. RE section shall monitor the same on quarterly basis, & ensure that all such users who have submitted indemnity Bond, has submitted TDS certificate and 26AS credit is available and pass necessary accounting entries.

5. The RE Section of Finance Department also responsible for reconciliation of TDS Receivable Ledger with that off TDS Certificates and Form 26 AS on quarterly basis and passing of necessary entries for transfer of TDS to respective accounts in consultation with Tax Section.

6. The AAB Section of Finance Department shall create a new GL Code for accountable of TDS Receivable-party wise in consultation with EDP Section, and also for exiting GL Codes used for TDS entry may be reviewed to be dispensed with.



Financial Advisor &
Chief Accounts Officer