

**OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES:
ORISSA: CUTTACK.**

No.III(I)38/09-23255/CT.,

Dt.04/12/2009

CIRCULAR

Sub: Maintenance of registers for proper monitoring of receipt of TDS certificates and issue of no deduction certificates.

Section 54 of the Orissa Value Added Tax Act provides for deduction of tax at source on payments made to works contractors and sub section (2) thereof as well as rule 59 of OVAT Rules provides for issuing a certificate in Form VAT-605 by the tax deducting authorities for the tax deducted at source in favour of the contractors from whom tax was deducted at source and to send a copy thereof to the Assessing Authority within whose jurisdiction the works contract is executed. The time period prescribed for issuing such certificate is 30 days from the date of deduction. The tax deducting authorities are also required to furnish a consolidated statement of tax deducted during a month in Form VAT-605-A on or before the 14th day of the succeeding month to the concerned Assistant Commissioner or Sales Tax Officer having jurisdiction. Despite such statutory provision, this item of work has not been given due attention as a result of which the tax deducting authorities are not adhering to the date line for issuing such certificates.

The Assessing authorities do not have a clear idea of all the tax deducting authorities operating within their respective jurisdiction, as a result of which there is no effective monitoring of the tax deducted at source and proper credit of the tax deducted into the Government account within the stipulated date line of seven days from the date of deduction. It is therefore considered expedient to maintain a register in every circle in the proforma prescribed at **Annexure-I** containing the list of all the tax deducting authorities operating within the jurisdictional area of the circle, tax deducted at source by each such authority, certificates issued, consolidated statement issued and above all deposit of the tax into Government account within the prescribed date line. By doing this the

Assessing authorities can watch and initiate penal proceedings against the defaulting tax deducting authorities in case of default in deduction of tax or deposit of tax deducted at source or non-issue of certificates as prescribed under the rules.

Sub section (5) of Section 54 read with Rule 60 provides for issue of certificate of no deduction / deduction of tax at source, by the sales tax authority to the works contractor in Form VAT-606. Instances have come to the notice of the undersigned that the authorities granting such certificates neither following any uniform principle while issuing such certificates nor maintaining any register of the certificates issued for inspection by the higher authorities. As a result the revenue interest of the State is not properly safeguarded and the objective behind the provision for deduction of tax at source is defeated. It is, therefore, decided to maintain a register in every circle in the proforma prescribed in **Annexure-II** for recording the particulars of certificates issued u/s 54(5) of the Orissa Value Added Tax Act.

The registers in the format prescribed in Annexure-I and II shall be maintained in every circle forthwith and it shall be open for inspection by all the higher authorities. Any deviation in this regard shall be viewed seriously.

Sd/-
(Nikunja B. Dhal, I.A.S)
Commissioner of Commercial Taxes,
Orissa, Cuttack.

ANNEXURE-I

(Register of TDS certificates)

Name of the circle _____

Sl. No.	Name of the tax deducting authority	Name of the contractor	TIN of the contractor	Gross amount of the works bill passed for payment	Amount of tax deducted at source
(1)	(2)	(3)	(4)	(5)	(6)

Bill No./date	Date of deposit into Government account	Date of submission of statement of tax deducted at source in Form VAT-605A	Date of initiation of penal proceeding in case of default	Date of disposal of the penal proceeding	Remarks
(7)	(8)	(9)	(10)	(11)	(12)

ANNEXURE-II

(Register of non-deduction certificate issued under section 54(5) of the OVAT Act)

Name of the Circle _____

Sl. No.	Name and address of the contractor	TIN	Name and address of the deducting authority under whom work is executed	Date of receipt of application in Form VAT-606	Total value of the work as per work order	Work order No. and date
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Broad nature of the work	Extent of labour and service component	Material component and value thereof to be used in the work	Date of issue of such certificate	Remarks
(8)	(9)	(10)	(11)	(12)