



GOVERNMENT OF KERALA
Finance (Streamlining) Department

No.05/2022/Fin

Dated, Thiruvananthapuram, 15/01/2022.

CIRCULAR

Sub:- Non Deduction and Short Deduction of TDS (on Income Tax) by State Government DDOs- Avoidance of unnecessary tax demands- Directions issued.

The Income Tax TDS (Tax Deducted at Source) as deducted by the State Government constitutes a major portion of the overall TDS collection from the State. There is also large outstanding demand pertaining to TAN holders of State Government. The Commissioner of Income Tax has raised certain issues concerning TDS defaults by the State Government Organisations. It is informed that the top TDS defaulters of TDS in Kerala are State Government entities, including various State Government Departments, Boards, Corporations and Autonomous bodies. The TDS demands have not been liquidated by these organisations either through the filing of correction statements or through the remittance of the amount to the Central Government which had resulted in effecting recovery through attachment and initiation of prosecution against the officers/officials responsible for the default.

A substantial portion of the demand is on account of “short deduction” raised by the system at the time of processing TDS returns. The main reasons for short deduction demand reported are:-

- (i) if deductee (person to whom payment is made) PAN is wrongly quoted by the deductor (TAN holder).
- (ii) if the unique number on ‘TDS Non-Deduction Certificate’ is not quoted or wrongly quoted at the time of filing of the TDS return.
- (iii) similar clerical errors.

Another major source of demand is on account of “short payment” which is mainly due to the wrong entry of challan/ transfer voucher details while filing TDS returns. Also amount claimed in the return may be more than available in the chalan, which leads to the creation of tax demand by the System.

Similarly considerable demand is raised by the system u/s 234E of the Income Tax Act, i.e., ‘Late filing levy’, which primarily arises because of delay in filing quarterly returns which leads to penal fee of Rs.200 per day of delay.

Commissioner of Income Tax has informed that DDOs are allowing excess deduction from salary income while deducting Tax. The wrong claim on account of

interest on housing loans and the amounts paid towards medical treatment are a few of the examples of such irregularities.

Drawing and Disbursing Officers (DDOs) play an important role in collecting Income Tax while ensuring necessary compliance on behalf of the State Government. A diligent and careful role played by DDOs can not only reduce but also avoid creation of unnecessary tax demands. In order to liquidate/reduce the tax demands and to ensure filing of error free TDS returns, the following directions are ordered for strict compliance:

- (1) DDOs shall prepare quarterly TDS returns with due care so that the short deduction demand can be avoided. The existing demand must be reduced by filing correction statements to the TDS returns filed.
- (2) DDOs shall take due care while filing TDS returns to prevent creation of demand on account of short payment.
- (3) DDOs shall file quarterly returns in time so that late filing levy can be avoided.
- (4) DDOs must be more vigilant while allowing deductions and must ensure that excess deductions from salary income are not allowed while deducting TDS since wrong claim on account of interest on housing loan (Section 24(b)), amounts paid towards medical treatment u/s 80DDB are prone to abuse.
- (5) All the defaulters of TDS including various State Government Departments, Boards, Corporations and Autonomous bodies are directed to file revised TDS statements and reduce the demand or liquidate the demand.
- (6) List of officers nominated from the TDS Ranges in Kerala, to act as Nodal officers to attend to the issues related to their Territory/Jurisdiction is enclosed as Annexure-1. Similarly, all State Government Departments shall nominate an officer to the TDS wing of the office of the Commissioner of Income Tax (TDS), Kochi for getting suitable assistance/guidance in liquidating/reducing the Tax demand related to their Department.

Preetha B.S.,
Additional Secretary (Finance).

The Principal Accountant General (A&E), Kerala, Thiruvananthapuram

The Accountant General (Audit II), Kerala, Thiruvananthapuram.

All Heads of Departments and Offices.

All Departments (all Sections) of the Secretariat including Law Department (through e-office Notice Board).

The Director of Treasuries, Thiruvananthapuram.

The Secretary, Kerala Public Service Commission, Thiruvananthapuram.

The Secretary, Kerala State Electricity Board, Thiruvananthapuram.

The Managing Director, KSRTC, Thiruvananthapuram.

The Registrar, High Court of Kerala, Ernakulam.

The Registrar, University of Kerala/ Cochin/Calicut/Mahatma Gandhi/Kannur/ Kerala Agricultural University/ APJ Abdul Kalam Technological University/ Kerala University of Fisheries and Ocean Studies/ Kerala University of Health Sciences/ Kerala Veterinary and Animal Sciences University/ Thunchath Ezhuthachan Malayalam University.

The Advocate General, Kerala, Ernakulam.

The Director of Public Relations, Thiruvananthapuram.

The Managing Directors/General Managers of all Government Companies/ Boards/ Corporations/ Autonomous Bodies.

The Nodal Officer, www.financekerala.kerala.gov.in

The Stock File/Office copy (E1899349).

Forwarded/By Order,



Section Officer.

List of Nodal Officers of TDS Wing, Income Tax Department.

Sl. No.	Name of the Officer	Designation	Range & Territory	Contact Number
1.	Sri. Girish Soman	Income Tax Officer, Ward (TDS), Kochi-1	TDS Range Kochi. Districts of Ernakulam, Idukki, Thrissur & Palakkad	8547000086
2.	Sri. Arun Prashanth I N	Income Tax Officer Ward (TDS), Kozhikode	TDS Range, Kozhikode. Districts of Malappuram, Kozhikode, Wayanad, Kannur and Kasargode	8547001067
3.	Smt. Preethi L	Inspector of Income Tax, Circle TDS, Thiruvananthapuram	TDS Range, Thiruvananthapuram. Districts of Thiruvananthapuram, Kollam, Pathanamthitta, Kottayam & Alappuzha	8547000865