Accounting Circular No.12

Sub: Guidelines on Accounting of Income tax TDS deducted by others-
Reg.

As you are aware, the income of Prasar Bharati is exempt from income tax under section 10(23BBBH) of Income tax Act 1961 and no TDS is required to be deducted in the light of provision of section 196 of Income Tax Act, 1961. This has also clarified by Central Board of Direct Taxes (CBDT), Deptt. of Revenue, Ministry of Finance, Govt. of India vide its Circular No. 18/2017 dated 29th May, 2017. However, it has been noticed that some of the clients/ banks/ third parties are deducting income tax while making payment to Prasar Bharati. It should be ensured that no deduction of income tax should be made by any person from amount payable to Prasar Bharati.

In case any person deducted income tax while making payment to Prasar Bharati then the gross receipt (i.e. amount received plus tax deducted by client/bank/third party) should be shown under appropriate head mentioned in Receipts side of Receipts and Payments Account and income tax deducted should be shown under the head "Other payments- TDS non plan" mentioned at Sl. no. (VIII)(f) of Payment side in ‘Receipts and Payments Account’. For e.g. Mr. X, a client, has made a payment of Rs. 1,16,000 after deducting income tax (@2%) of Rs.2000, it implies that Prasar Bharati has received Rs.1,18,000 (i.e. Amount actually received- Rs.116,000 plus TDs deducted by Mr.X- Rs.2000) as Gross Commercial Receipts including GST@18% then it should be booked in Receipts and Payments Account as under:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Amount</th>
<th>Head under which amount should be booked</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,00,000</td>
<td>Commercial Receipts [Sl.No. VI(a)(i) under Receipts side]</td>
</tr>
<tr>
<td>2</td>
<td>18,000</td>
<td>Service tax/ GST [Sl.No. VI(a)(ii) under Receipts side]</td>
</tr>
<tr>
<td>3</td>
<td>2,000</td>
<td>Income tax/ TDS non plan [Sl.No. VIII(f) under Payments side]</td>
</tr>
</tbody>
</table>

The purpose of abovementioned head “Income Tax/ TDS” under Payment side is booking income tax deducted by clients/banks/third parties and recoverable from Income Tax Department. However, it has been observed that some field units
are booking income tax deducted by them while making payment of salary and contractors payments under this head. This leads to short booking of respective expenditure and wrong depiction of income tax amount recoverable from Income Tax Department on account of TDS deducted by clients/ banks/ third parties. This should be immediately stopped and rectification entries in respect of such types of wrong entries made during the current year should be made by reducing head “Income tax/ TDS” and increasing respective expenditure head(s) under Payment side in Receipts and Payments Account for the month of January 2019 positively.

Both Directorates are requested to circulate the above instructions among all the field units under control for their guidance and information and ensure that the instructions are followed by the field units scrupulously.

(C.K Jain)
DDG (Fin.)

Copy for n/a to:
1. ADG(Fin.), DD/AIR
2. ADG(Admin.), DD/AIR
3. ADG(Comm.), DD & AIR
4. ADG (Sports), PB Sectt.
5. CE(Civil), CCW
6. DDG(Fin.), DD/AIR, New Delhi
7. Director(Admin.), Prasar Bharati Sectt.
8. DD(Accounts)/(Budget)/(F&A), Prasar Bharati Sectt.
9. DDG(Tech), Prasar Bharati Sectt. with the request to upload this circular on website of Prasar Bharati.

Copy for information to:
1. SO to CEO, PB
2. PS to M(F), PB