

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 2133 /F., Bhubaneswar, dated the 25.01. 2017
FIN-CT1-TAX-0011-2016

To

**All Departments of Government,
All Heads of the Department**

Sub: Timely deposit of tax deducted at source from the payment made to the works contractors.

Section 54 of the Odisha Value Added Tax Act, 2004 and rules made thereunder provide for deduction of tax at source from payment to works contractor by the deducing authorities. The amount of tax so deducted from the bill/invoices of works contractors shall be deposited into the Government Treasury within one week from the date of deduction and the proof of payment is produced before the Deputy/Assistant Commissioner or the Sales Tax Officer of the area. As per sub-section (6) of section 54 of the Odisha Value Added Tax Act, 2004, if any person contravenes the provisions of sub-sections (1), (2) and (3) of section 54, the assessing authority shall after giving him an opportunity of being heard, impose on such person a penalty equal to twice the amount required to be deducted and deposited by him into Government Treasury.

2. The Public Works Divisions of the Government Departments namely Works, Rural Development, Water Resources, Housing & Urban Development and Energy are using the Works & Accounting Management Information System (WAMIS) and Integrated Financial Management System (IFMS), Odisha for processing of Works Bill. In such Departments, arrangement has been made between VATIS (software of Commercial Tax Organization), WAMIS and IFMS to ensure book transfer to tax deducted at source since November, 2015 as per Finance Department O.M. No.23988/F.

3. In case of other works, the executing agencies belonging Government, non-Government, State Autonomous Bodies, Public Sector Undertakings and other agencies such as DRDAs, Municipalities, Blocks, other agencies including Central Government and private organizations should deduct the tax as per the aforesaid provisions of

the Odisha VAT Act, 2004 and remit the same to the State Government through the Treasury within one week from the date of deduction of tax.

4. It has/come to the notice of the Government that in many cases the tax deducting authorities ignore the provisions of law and fail to deposit the TDS into Government Treasury within the stipulated time. In certain cases assessing authorities have imposed penalties for default as per the statute and the deducting authorities concerned are facing problem.

5. It is therefore, requested to bring it to the notice of all such tax deducting authorities to deposit the amount of tax so deducted from the bill/ invoices of works contractors into Government Treasury within one week from the date of deduction in order to avoid penal action, failing which the penalty will be recovered from the concerned deducting authorities as per the statute.

6. All subordinate offices under the control of the Administrative Department/ Heads of the Department may be instructed accordingly.

Sd/-

(T.K. PANDEY)

Principal Secretary to Government