

APS RTC  
No PA6/201(l)/94 AD

O/o the VC & MD Audit Wing  
Mushirabad Hyderabad  
Dated 15 04 95

**AUDIT CIRCULAR No 2/1995**

Sub INCOME TAX - Certain important aspects in the matter of Income Tax deduction from Salaries U/s 192 of the IT Act 1961 - Reg

Ref Audit Cir No 8/1994 dated 21 07 1994

Referring to Chief Commissioner of Income Tax Andhra Pradesh Lr No CCIT/IDS/94 dated 05 04 94, we have advised all the Drawing and Disbursing Officers (DDOs) to comply with the statutory provisions relating to deduction of Income Tax from salary income

It has come to notice that certain Employees have requested the Drawing and Disbursing Officers to take note of loss on House Property or donations for charitable purpose while computing Income Tax on salary income which is not correct as follows

- 1 "Sub section (28) enables a tax payer to furnish particulars of income under any head other than "salaries" and of any tax deducted at source thereon in the prescribed form (No 12 C) Such income under any other head should not be a loss The employer shall take such other income and tax if any deducted at source from such income, into account for the purpose of computing tax deductible under section 192 of the Income tax Act However if such aggregation results in tax deductible which is less than in the case where income under the head "salaries" alone is taken into account for computing tax deductible then such aggregation under sub-section (28) is not permissible In other words a loss from any other source cannot be adjusted by the DDO against salary income To meet the requirements of these provisions the Central Government have enacted Rule 26 B in the Income tax Rules Detailed instructions in this regard were issued by the Department vide Circular No 504(F No 275/138/87 IT(B)) dated 08 02 1988 " (Para 7 (c) of C B D T Cir No 690, dated 01 09 1994)
- 2 "No deduction should be allowed by the DDO from the salary income in respect of any donations made for charitable purposes The tax relief on such donations as admissible under Section 80 G of the Act will have to be claimed by the tax payer in the return of income" (Para 4 (xv) of C B D T Cir No 690 dated 01 09 1994)

Further as per procedure regulating tax deduction at source where the tax is deducted at source and paid by the branch office (Depots Civil Engineering Offices Regional Offices and Zonal Offices etc) such Branch Office would be treated as a separate unit independent of the Head Office Hence the Drawing and Disbursing Officers shall be fully responsible for deduction and remittance of income tax as per the provisions of the Income tax Act 1961 without any reference to or advice from the Corporate Office

All the Officers are advised to take action accordingly

Sd/ (A Krishna Murthy)  
FINANCIAL ADVISER AND  
CHIEF ACCOUNTS OFFICER