

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

O/o the VC & MD Accounts Wing
Mushirabad Hyderabad

No SA/IT/194H/2001 02

Date 22nd Oct 2001

ACCOUNTS CIRCULAR No 4 of 2001

Sub EARNINGS Ticket Booking Agents - Deduction of Income tax at source on Commission paid to the Ticket Booking Agents – Reg

The Finance Act 2001 has inserted new Section 194 H making it obligatory on the part of all persons responsible for paying any income by way of Commission or Brokerage to the Agents for services rendered to deduct Income tax at source with effect from 1Jun 2001 Statutory requirements to be complied within this connection are outlined below

- 1 The person responsible for paying Commission (APS RTC) shall deduct Income tax at 10 2 percent (IT @ 10 % plus SC @ 2 % on IT) at source while paying Commission with effect from 1st Jun 01 (Sec 194 H)
- 2 The person deducting Income tax (APS RTC) shall remit the amount deducted at source to the Govt within one week from the last day of the month in which the deduction is made that is before 7th of every month (Sec 200)
- 3 The person responsible for deducting tax has to apply for and obtain Tax Deduction Account No (Sec 203 A)
- 4 The person deducting tax shall issue Certificate in Form 16 A to the Agent for the financial year before 30th Apr (Sec 203)
- 5 The person responsible for deducting tax is required to file annual return in Form 26 I with the local Income tax Officer before 30th Jun (Sec 206)
- 6 The person receiving Commission (Agent) may obtain Certificate from the Income Tax Officer authorising the payer not to deduct tax or deduct tax at lower rate (Sec 197)

The following Working Instructions are therefore issued for implementation

- 1 1 Provisions of Section 194 H apply only in cases where Commission paid during the financial year (Jun to Mar in 2001 02 and Apr to Mar from 2002 03) exceeds Rs 2500 So in cases where the Commission does not exceed Rs 2500 during the financial year Income tax should not be deducted This situation may arise in case of Agents appointed at the fag end of the year In cases where Commission paid exceeds Rs 2500 in a financial year TDS has to be made on whole of Commission paid during the financial year because there is no exemption limit as such upto Rs 2500
- 1 2 Some of the Agents may not be having Taxable Income during the Financial Year There is a provision in Section 197 according to which an Agent having his income below the Exemption limit could apply to and obtain a Certificate from the IncomeTaxOfficer authorising the APSRTC either notto deduct Income tax at all or deduct Income tax at a lower rate as the case may be So issue Notices in writing to all the Agents advising them that Income tax would be deducted on Commission paid to them with effect from 1^t Jun 01 unless they produce Certificates obtained from the Income Tax Officer (jurisdiction may not be questioned by us) authorising the APSRTC either not to deduct Income tax at all or deduct Income tax at a lower rate as the case may be Instructions were already issued in this connection vide this Office Lr No Even dt 8th Oct 01 addressed to all the Regional Managers
- 1 3 If an Agent obtains and submits the Certificate for not deducting Income tax donot deduct Income tax Ifan Agent obtains Certificate fordeduction of Income tax at lower rate affect recovery only at the rate specified in the Certificate
- 1 4 In cases where Certificates are not produced on or before 25th Nov 01 start recovery of Income tax with effect from Remittances received from the Agents on 1^t Dec 01 Also prevail on the Agents to pay Income tax arrears from Jun to Nov 01 on or before 15th Dec 01
- 1 5 Normally Income Tax Officers specify a date up to which Certificates issued are valid This should be registered in our records clearly so that Commission paid after the said date would be subject to recovery of Income tax
- 1 6 In case of Agents appointed in future follow the similar procedure
- 2 1 In our case we do not physically pay Commission Agents deduct their Commission and remit only net amount So all the Ticket Booking Agents for Tickets be required to make remittance of Income tax due amount along with Fare & Reservation Charges TheAgents shouldbe required to furnish details of Sales Commission and Income tax at the bottom of Daily Cash Remittance Statement of Private Agents (Form RTC 133) as illustrated below

SUMMARY	Rs
(a) Fare amount for 50 tickets	7500
(b) Less Agent s Commission	<u>500</u>
(c) Net Fare amount	7000
(d) S R T amount	250
(e) IT & SC @ 10 2 % on Commission	<u>51</u>
(f) Net amount remitted	<u>7301</u>

- 2 2 Summary in the above form is required not only for Income tax deduction but also for accountal purpose Hence all the Ticket Booking Agents should be required to furnish Summary inthe above form even in cases where there is no Income tax deduction Our Computers Dept is taking necessary action to develop and load the Software for making data entry so as to generate Daily and Monthly Reports with required details Similar action is being taken in respect of Ticket Booking Agents under net working in Hyderabad
- 2 3 Accounting and action for recovery and remittance of Income tax as well as issue of Certificates and filing Annual Returns has to be carried out at the Accounting Units which receive Remittances from the Ticket Booking Agents as illustrated below
- 2 3 1 In case of Hyderabad City all the Ticket Booking Agents remit amounts to the ATM (MGBS) So all the above phases of work have to be carried out by the ATM (MGBS) although Buses belong to various Depots throughout the Corporation
- 2 3 2 Ticket Booking Agents in Bangalore City submit RTC131 Form and remit net amount due to the ATM (Bangalore) Hindupur Depot maintains accounts for Bangalore Point So all the above phases of work have to be carried out by the DM (Hindupur) although Buses belong to various Depots throughout the Corporation
- 3 1 Based on Monthly Summary generated Accounts Wings of Depots or Bus Stations at which remittances are received have to allocate the amounts through Traffic Revenue Register (TRR) as follows
- | | | |
|------------------------|----------|------------------|
| Net amount of Fare | A H 8501 | Credit (Rs 7000) |
| S R T amount | A H 8540 | Credit (Rs 250) |
| Income Tax & Surcharge | A H 1035 | Credit (Rs 51) |
- 3 2 Based on information in Auxiliary Way Bills Accounts Wings of Depots to which vehicles belong should credit only Net amount of Fare In other words Depots to which vehicles belong should NOT book Income for Reservation Charges (as this income relates or belongs to the Depot or Bus Station which collects amounts)
- 4 Sec 203 A makes it obligatory on the part of every person responsible for deducting tax has to apply for and obtain Tax Deduction Account No As all the Accounting Unit Offices have already been recovering Income tax from salaries and making remittance the same TDN No may suffice there requirement However this aspect may be checked up with the local Income Tax Office
- 5 The Accounts Wings of Depos which allocate Income tax & Surcharge Recovered (by way of addition to the amount remittable by the Ticket Booking Agent) to the credit of AH 1035 shall remit the amount to the Govt by way of Challan every month on or before 7th of the following month by debiting AH 1035 Ascertain the correct form of Challan from local Income tax Office

- 6 Agents submit Daily Cash Remittance Statement of Private Agents (RTC 133) in duplicate At present first copy is sent to the Regional Office as part of Way Bills bundle and Second Copy is retained in Traffic Wing Traffic Wings shall forward second copies of RTC 133 of all Agents along with Monthly Reports for Agents TDS printed by Computer These should be retained in the Accounts Wings of the Depots for production to the Income Tax Department when required issuing Certificates to the Agents filing Annual Returns etc
- 7 At the end of every Financial Year Sec 203 requires the person deducting tax shall issue Certificate in Form 16 A to the Agent for the financial year before 30th Apr Also the person responsible for deducting tax is required to file Annual Return in Form 26 I with the local Income tax Officer before 30th Jun under Sec 206 Accounts Wings of the Depots and Bus Stations which are accounting for Income tax recovery and remittance should take necessary action for summarizing Agent wise yearly Commission Income tax etc issue of Certificates to the Agents filing Annual Returns etc as per Law
- 8 The Dy CAOs/AOs are advised to organize one day Training Classes in co ordination with the local Training Colleges to all the Accounts Supervisors if necessary by hiring the services of local practicing Chartered Accountants about Sec 194 H provisions The Dy CAOs/AOs are also advised to keep abreast of latest developments or changes in IncometaxAct for necessary action without waiting for HO instructions

Sd/ (RP Singh)

VICE CHAIRMAN &
MANAGING DIRECTOR

To
All the EDs RMs Dy CAOs DVMs
All the AOs DMs and ATMs
A P S R T Corporation