

**OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES: ODISHA:
CUTTACK**

No.III (I) 38/09-----/CT.,

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CIRCULAR

Sub: Tax Deduction at Source-its timely deposit & issue of Tax Deduction at Source Certificates in time.

Section 54 of the Odisha Value Added Tax Act provides for deduction of tax at source on payments made to works contractors and sub section (2) thereof read with rule 59 of OVAT Rules provide for issuing a certificate in Form VAT- 605 by the tax deducting authorities for the tax deducted at source in favour of the contractors from whom tax was deducted at source and to send a copy thereof to the Assessing Authority within whose jurisdiction the works contract is executed. The time period prescribed for issuing such certificate is 30 days from the date of deduction. The tax deducting authorities are also required to furnish a consolidated statement of tax deducted during a quarter in Form VAT-605-A on or before the 14th day of the expiry of the quarter to the concerned Deputy/Assistant Commissioner or Sales Tax Officer having jurisdiction. Despite such statutory provisions, instances have come to the notice of the undersigned that the tax deducting authorities are not adhering to the date line for deposit of tax deducted at source or issuing of such certificates.

It appears in some cases that tax deducting authorities do not have a clear understanding of provision of law regarding tax deducted at source , as a result of which there are instances of no deduction of appropriate tax at source and non credit of the tax deducted into the Government account within the stipulated period of seven days from the date of deduction. It is therefore considered expedient to impress upon all tax deducting authorities to ensure

appropriate tax deducted at source and proper credit of the tax deducted into the Government account within the stipulated period of seven days from the date of deduction, timely issue of Tax Deduction at Source Certificates & submission of consolidated statement in respect of all deposit of the tax into Government account within the prescribed period to the assessing authorities.

In case of default in deduction of tax or deposit of tax deducted at source or non-issue of certificates as prescribed under the rules the assessing authorities can initiate penal proceedings against the defaulting tax deducting authorities. In the interest of safe guarding State revenue, it is impressed upon all tax deducting authorities to ensure deduction of appropriate tax at source and proper credit of the tax deducted into the Government account & issue of Tax Deduction at Source Certificate within the stipulated period laid down in Section 54 of the Odisha Value Added Tax Act read with rule 59 of OVAT Rules. Deviation of provisions of law will invite legal inconvenience for the deducting authorities.


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