

**TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED
(ACCOUNTS BRANCH)**

From
K.Malarvizhi, B.A.(Corp), ACA., PGDHRM,
Chief Financial Controller/General,
144, Anna Salai,
Chennai-600 002.

To
All Chief Engineers,
All Superintending Engineers,
All Financial Controllers,
TANGEDCO Circles.

Circular No.CFC/GL/FC/AAO/TAXATION/F.Circular/D.29/2020, dt.29.08.2020

Sub: Income Tax – TDS on various income received by TANGEDCO from Companies/Contractors etc.-> TDS effected by the Payer – Avoidance of TDS – Instructions issued – Pro-active measures insisting of – Reg.

Ref: Circular No.CFC/GL/FC/ACCTS/DFC/AO/TAX/F.TEC/D.120/2020, dt.20.02.2020.

In the reference cited above, certain details regarding income estimated to be received by TANGEDCO for the year 2020-21 were called for, so as to avail No Deduction/Tax Exemption Certificate from Income Tax department. Since TANGEDCO has unabsorbed business losses to be carried forward and it is not expected to pay Income Tax in the near future, the Company is availing Nil deduction certificate for TDS on income from various HT consumers, Companies, Contractors etc. every year, to avoid locking up of funds as TDS.

Deduction of Tax at source in TANGEDCO's income will affect its revenue/cash inflow to a greater extent at this critical financial crunch and also obtaining refund from Income Tax Department will take longer time. **Hence, the active involvement of our staff/officers in this regard, will bring considerable reduction of TDS, which is beneficial to TANGEDCO.**

In this regard, it was already instructed that 'Responsibility is fixed with the Financial Controllers/Deputy Financial Controllers/Accounts Officers concerned to furnish the data and to inform all the technical head and consumers to obtain exemption certificate well in advance instead of claiming refund at a later date'. **But it has come to the knowledge that TDS has been deducted by some Companies during this financial year since the Companies/Contractors have not been apprised regarding Tax Exemption Certificate, before accepting revenue receipts.**

Pro active efforts:

- 1) It is the need of hour to take proactive efforts by all officers of TANGEDCO for the effective performance, cost optimisation, attain savings, etc. while issuing demand notice, Sanctions/Approval, letters to remit any income, miscellaneous revenue related correspondences, etc. Following instructions shall be included.
 - a) Not to deduct any TDS on TANGEDCO's Income.
 - b) Furnish required details of such payer/beneficiary companies like TAN, estimated amount receivable for F.Y.2020-21 for applying Nil deduction/ Tax Exemption Certificate by TANGEDCO.
 - c) Tax Exemption Certificate will be issued by TANGEDCO on online approval from the Income Tax Department.

- 2) Tax Exemption certificate could be obtained from Income Tax Department since TANGEDCO is having huge accumulated losses and continues to make losses every year and the company has no Income Tax Liability. In the present scenario of online issue of Tax Exemption Certificate forms for each case, application will have to be filed by Head Quarters as and when circles request for Tax Exemption Certificate is received.
- 3) As and when any income, DCW deposit, payment is demanded through any notice letters, correspondence, etc. for which TDS is applicable, then the necessary details for applying Tax exemption certificate i.e. the Name & Address of the Company, TAN, nature of income and estimated income to be received etc. may be obtained and furnished to Head Quarters so as to apply for Tax Exemption Certificate.
- 4) Since the payer of any income, DCW Deposits, Charges/Fees to TANGEDCO are functioning with integrated financial package, the levy of TDS might be more automatic and stringent. In order to appropriately respond from TANGEDCO side, adherence of Tax provisions i.e. furnishing Tax Exemption Certificate of Income Tax department is essential to avoid deduction of TDS on Income to TANGEDCO.
- 5) The required details of payer shall be instantly obtained through mail and immediately forwarded to Head Quarters for applying Tax Exemption Certificate. Proper follow up on Tax Exemption Certificate may also be made for early realization of TANGEDCO's income without TDS, duly furnishing Tax Exemption Certificate to payers.
- 6) Effective sensitisation of the above aspects shall be made to all the Engineers/Officers who are involved in raising demands for income, issuing letters etc. so as to take proactive steps in achieving no TDS on TANGEDCO's income.

Though most of circles are performing well in identifying payers, incomes, etc. and obtaining Tax Exemption Certificate by furnishing required details, few areas of income of TANGEDCO are still subjected to TDS, due to lack of awareness among responsible officers concerned.

It is hereby instructed to have a special meeting at circle level to implement the proactive measures at once, with an aim to reach "NIL TDS on TANGEDCO's INCOME", as there are huge carried forward losses and no Income Tax liability to TANGEDCO.

Any clarification on above shall be addressed to ftaxation@tnebn.net instantly.



CHIEF FINANCIAL CONTROLLER/GL.

Copy submitted to all the Directors/TANGEDCO.

Copy to the Chief Engineers/Head Quarters – Special income in the nature of Consultancy charges, Load flow studies, Infrastructure Development Charges, Name transfer, Registration charges, Power evacuation application charges, Long term open access charges etc. are prevailing in O/o.CE/NCES which are huge in value. Thus utmost care shall be taken proactively to avoid TDS while realizing such revenue of TANGEDCO.