

ANDHRA PRADESH POWER GENERATION CORPORATION LIMITED  
VIDYUT SOUDHA: : GUNADALA

Memo.No.JS(Per)/DS(Estt)/AS(Reg)/PO-Reg/F.No.15/2017-3, Date:21.12.2017.

Sub:- Estt-APGENCO-Income Tax Act-Applicability of TDS on retirement benefits-Instructions-Issued

Ref:- D.O. No. PAG(Audit)/ES-II(Power)/TDS/PDP-4/ TDS/ 2017-18/ 53, dtd: 02.11.2017.

-: O :-

In the letter cited (Copy enclosed), Senior Deputy Accountant General (ES), Office of Principal Accountant General (Audit) , Andhra Pradesh, Hyderabad has stated that “ As per the provisions of Income Tax Act, 1961 and specific circulars issued by the Central Board of Direct Taxes from time to time for the benefit of DDOs, retirement benefits viz. gratuity, pension commutation amount and earned leave encashment are liable for TDS subject to the exemption limits specified. Since the company is a State PSU, gratuity exemption limit is Rs.10 lakh, earned leave encashment exemption limit is Rs.3 lakh and 1/3<sup>rd</sup> of the pension commutation amount is exempted. During the recent audits of some of power sector companies, it was observed that the companies are exempting entire retirement benefits amount from income tax purview. This is clear violation of the provisions of Income Tax Act which is a matter of serious concern. In this connection it is requested that concerned officers may be directed to confirm whether TDS has been made from the retirement benefits paid to the retired officials as specified in the Income Tax Act from time to time. Concerned officers may also be directed to furnish the details of retirement benefits paid to all the officials retired in the company from April 2013 to till date for further examination of the issue.”

02) The issue was placed before the Board in its 157<sup>th</sup> Board Meeting held on 13.12.2017. The Board had directed to deduct the taxes as per the provisions of the Income Tax Act,1961.

03) Therefore all the Pay disbursing Officers are hereby instructed to deduct the taxes as per the provisions of the Income Tax Act, 1961 without fail.

Encl:- As above

**V.USHA**  
**JOINT SECRETARY (PERSONNEL)**

To  
All the Pay Disbursing Officers/APGENCO  
All the Chief Engineers/Superintending Engineers/APGENCO  
The FA & CCA (A&T)/APGENCO/VS.

Contd...2