



PUNJAB STATE TRANSMISSION CORPORATION LIMITED
(Regd. Office: PSEB, Head Office, The Mall, Patiala-147001, Punjab, India)
Corporate Identity Number - U40109PB2010SGC033814,
Office of CFO, AO/Taxation, Shakti Sadan, Patiala
E-mail: ao-taxation@pstcl.org, Tel/Fax No. 0175-2203637

Taxation Circular no.11/2015

To

1. All Addl. SEs/Sr. Xens under PSTCL
2. All Accounts Officers under PSTCL

Memo No: -2414-2468/CFO/Taxation/11

Dated: - 26/11/2015

Subject: - Applicability of TDS on payments made to PESCO for outsourcing Services.

Govt. of India vide circular no 7/2015 dated 23/04/2015 decided that the corporations covered under Section 10(26BBB) of Income Tax Act, 1961 which satisfy the two conditions i.e. unconditional exemption of income under Section 10 and no statutory liability to file return of income under Section 139 will be entitled for non-requirement for tax deduction at source from the payments made to such corporations since their income is anyway exempted under the Act. Punjab Ex-Servicemen Corporation is a State Govt. Corporation set up by the Govt. of Punjab vides PESCO Act, 1978. PESCO has outsourced the security staff, data entry operators, skilled and unskilled workers to the PSTCL on contract basis.

It has come to the notice that PESCO has been submitting to the field offices a copy of above said circular and claiming the non-deduction of TDS on the payments and some of the accounting divisions are not deducting the TDS by relying on the same. But the PESCO has not provided any exemption certificate or order from the Income Tax Department to the effect that corporation (PESCO) is covered under section 10(26BBB) of Income Tax Act, 1961.

The matter has been examined at the corporate level in consultation with our Retainer Counsel. It has been decided that TDS should be deducted on payments made to PESCO unless they submit **exemption certificate or any order/letter from the Income Tax department** to the effect that PESCO is covered under section 10 (26BBB) of Income Tax Act, 1961.

This is for your information and compliance.


Accounts Officer/ Taxation
PSTCL, Patiala.

Endst No: -2469-2488/CFO/Taxation/11

Dated: - 26/11/2015

Copy of the above is forwarded to the following for information please.

1. All Engineer-in -Chief/ Chief Engineers in PSTCL
2. Financial Advisor, PSTCL, Patiala
3. Company Secretary, PSTCL, Patiala
4. All Dy. CEs/SEs under PSTCL
5. All Dy. CAOs/ Dy. FAs under PSTCL
6. SE/IT, PSTCL, Patiala with a request to upload the circular on PSTCL website.


Accounts Officer/ Taxation
PSTCL, Patiala.

CC: Sr. PS to Director/F&C, PSTCL, Patiala for kind information of Director, please.