

Ref.No.23221/79/N3
Dated: 26-6-1979.

FOREST DEPARTMENT

Office of the Chief Conservator
of Forests, A.P., Hyderabad.

Sri P.S.Rao, I.F.S.,
Chief Conservator of Forests.

CIRCULAR NO. 29/79 (Accounts) Dt. 26-6-79.

Sub:- Recovery of Income Tax @ 2% from the petty Contractors.
Ref:- Lr.No. F.No.275/9/72-TTJ from the Dy.Secy.to Govt.of
India, Ministry of Finance, New Delhi, dt.29th May '72.

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A copy of Government of India's letter cited is communicated herewith for information and immediate necessary action.

As per Section 194 (c) of the Income Tax Act, Income Tax should be collected @ 2% from the sums of money paid for carrying out any work or for supplying labour, for carrying out any work. The question of Collection of Income Tax arises only when the value of contract exceeds Rs. 5,000. Further as per the provisions of the Act. No. deduction is required to be made. If the consideration for the contract does not exceed Rs. 5,000 or where payment is made before 1.6.1972.

Further, Income Tax 2% has to be collected with ref. to gross payment due to the contractor without taking into account deduction of advance paid to the contractor. The Income Tax so deduction should be credited, by the disbursing officer to the following Head of account for transactions arising out within the State.

"858 - Suspense P.A.O. Suspense Tax, deducted at Source suspense, Deduction from contractors bills (PAO.I.T).

The receipt of the Circular along with the extract of Income Tax Act, may please be acknowledged in the following proforma.

Sd/- A.Rama Krishna,

Addl. Chief Conservator of Forests.