

TOP PRIORITY

**GOVERNMENT OF PUDUCHERRY
DIRECTORATE OF ACCOUNTS & TREASURIES**

No.DAT/B&A/CSS/PFMS/2021-22/ 193

Puducherry, dated: 26/03/2022.

I. D. NOTE / MEMORANDUM

- Sub: DAT – New procedure for release of funds under CSS and monitoring its utilization through PFMS – Payment of statutory deductions - Reg.
- Ref: 1. O.M.No.F.No.1(13)PFMS/FCD/2020, dated 23.03.2021 of the Ministry of Finance, Department of Expenditure, New Delhi.
2. Letter F.No.1(13)/PFMS/FCD/2020, dated 16.03.2022 of the Ministry of Finance, Department of Expenditure, New Delhi.

A copy of the letter under reference second cited issued by the Ministry of Finance, Department of Expenditure, New Delhi, is forwarded herewith.

The Ministry of Finance has issued instructions regarding opening of separate Bank Account viz., Holding Account, to facilitate payment and settlement of various deductions/taxes while processing payments through PFMS. SOP issued in this regard is also enclosed herewith.

All the Heads of Departments are requested to comply with the above instructions issued by the Ministry, while payment/settlement of various deductions/taxes.


(S. PRABAVADY)

DIRECTOR OF ACCOUNTS & TREASURIES

To
27/30
All Heads of Departments dealing with Centrally Sponsored Schemes,
Puducherry.

Copy to

1. The Under Secretary (Finance), Chief Secretariat, Puducherry.
2. The Pay & Accounts Officer, PFMS State Directorate,
Revenue Complex, Old Collectorate, Saram, Puducherry.
- ✓ 3. The Programmer, EDP Section, DAT, Puducherry. - with a request to upload this in the
DAT Website.
4. The P.S. to Development Commissioner-cum-Principal Secretary to Govt.(Finance),
Chief Secretariat, Puducherry.

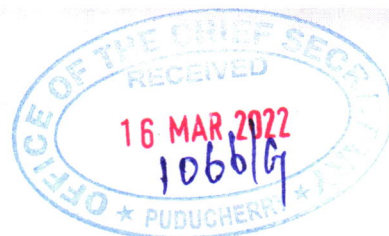
DAT Complex, DAT Main Road, Rainbow Nagar, Puducherry – 605 001.

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O/o. DC -Cum- Principal Secy. (Finance)
Chief Sectt. Puducherry - 001.
(Finance, Planning & Research, ECO & Stat,
Commercial Tax, Excise, D.A.T)
Tapal / File No.: 711/DC/2022
Received on: 17/03/2022
Despatched on: 18/03/2022

F. No 1(13)/PFMS/FCD/2020
Government of India
Ministry of Finance
Department of Expenditure



PS
DAT to discuss
on 18/3 at
10:30 am & 17/3

5th Floor, Block 11, CGO Complex
New Delhi, the 16 March, 2022

To

All Chief Secretaries/Principal Secretaries (Finance) of all States/UTs.

Subject: **Procedure for release of funds under the Centrally Sponsored Scheme (CSS) and monitoring utilization of the funds released – reg. payment of statutory deductions**

I am directed to refer to this Department's letter of even number dated 23rd March, 2021 on the above mentioned subject. After taking into consideration the issues raised by various Ministries/Departments to facilitate payment and settlement of various deductions/taxes while processing payments through PFMS, it has been decided that the following procedure may be adopted regarding payment of statutory deductions:

- i. A separate Bank account [to be called 'Holding Account'] shall be opened by the Agencies for holding the tax/statutory deductions.
This Holding Account would be permitted to make payments outside of PFMS, through cheques or internet banking to effect the statutory payments with the challan details being captured simultaneously.
The Holding Account will serve the purpose of holding tax/duties/levies/fees/municipal charges etc. of State Government, municipalities etc. which the Agencies need to process.
2. The Holding Account will have the following conditions:
 - i. Account shall be opened preferably in the same bank as is the SNA/ZBA Account.
 - ii. Maximum time for which money can be held in this account shall be fourteen days, after which the money shall be credited back to the Agency Account.
3. A copy of the Standard Operating Procedure (SOP) for payment of Statutory Deductions/Taxes through PFMS is enclosed.
4. This issues with the approval of Finance Secretary and Secretary (Expenditure).

Abhay Kumar
(Abhay Kumar)
Director
Tel. No. 24360647

Copy to: All State Directorates of PFMS.

SoP for tax/statutory deductions and payments on EAT Module of PFMS

1. Implementing Agencies shall open a separate bank account (Holding Account) preferably in the same bank where the main operational account (SNA/ZBA etc.) is held. This will be used for temporarily holding the taxes /statutory deductions etc.
2. The Holding Account will be a non-interest bearing account, where the transferred funds can be held for a maximum period of 14 days. This account can be used only for transfer of funds from PFMS (and not from any other source), and for processing the payment of deductions.
3. The Implementing Agency shall register the Holding Account details for the relevant scheme on PFMS for account validation.
4. While processing payments to a vendor, Implementing Agency (IA) shall specify the following in the EAT module of PFMS:
 - a. gross amount of payment
 - b. relevant statutory/tax deductions
5. Implementing Agency shall first approve the net payment to vendor (i.e. the gross amount less the deductions) either through the DSC mode or the ePA/PPA mode.
6. After the vendor's payment is successful (as approved at Pt. 5 above), the Implementing Agency shall
 - a. in case of DSC payments, apply the DSC again for transferring the deductions to the Holding Account
 - b. in case of ePA/PPA payments, approve a separate ePA/PPA to transfer the deductions to the Holding Account
7. Implementing Agencies to use the Holding Account to make statutory payments outside PFMS through Internet Banking, or other mechanisms like cheques or challan payments. This will now be shown as 'Outstanding' in the 'Deduction Settlement' form on PFMS.
8. The Implementing Agencies shall use the 'Deduction Settlement' feature in PFMS to enter the tax / deduction / other challan details for all vendor payments which are reported as success by bank. This will clear the 'Outstanding' status of settlements.
9. Implementing Agencies need to make statutory deductions payment at the earliest, and not later than 14 days from the date of transfer of funds to Holding Account. After lapse of 14 days' period, the unutilized money shall be credited back to the Agency account.
