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Through email only

No: WSU/6(1)2019Incometax/Part-I (E-33306)/9362

Date: 22.07.2022

To:

All Zonal ACCs
All Regional PF Commissioners
Incharge of Regions/OICs

Sub: Interim instruction for deduction of TDS while settling claims in view of TDS on interest-regarding

Ref: 1. CBDT Notification G.S.R 604 (E) dated 31.08.2021.
2. HO Circular No: WSU/6(1)2019Incometax/Part-I (E-33306)/4581 dated 06.04.2022 (a copy attached).
3. HO email dated 22.06.2022 (a copy attached)

Madam/Sir,

Please refer to the subject cited above and letters under reference,

2. Consequent to CBDT Notification and HO Circular dated 06.04.2022 which was issued after due consultation with various divisions. HO circular dated 06.04.2022 containing the detailed procedure for implementation of the various procedures as per Income Tax Act 1961 was issued.
3. Further, as necessary action by ISD to develop and update the application software is underway and is yet to be effected and also in view of the difficulties being informed by the various field offices, a procedure to follow action uniformly is enclosed herewith to aid in the process of claim settlement/deduct TDS to keep the accounts and maintain data in this regard. The same may be followed till the IS division develops the application software for field offices as stated above and releases the software.

(This has the approval of Competent Authority)

Encl: As Above

Yours faithfully

(V.Ranganath)

Additional PF Commissioner (WSU)

Copy to:

1. All Divisional Heads (Head office) for information please
2. OSD to CPFC for information please.
3. ACC (IS) for necessary action please especially with respect to para 7 of the enclosure.
4. ACC (Audit) for necessary action please.

Detailed procedure for Calculation and deduction of TDS **Manually while processing claims**

1. **Applicability :-** Field offices may have to deduct TDS manually in following cases:
 - a) At the time of claim settlement.
 - b) At the time of Transfer cases, all the transfer cases by transferring office will be dealt as settlement and the office initiating transfer will have to deduct TDS and the same may also be mentioned in Annexure-K (manually by email).
 - c) At the time of payment of Advances.
2. **Limit:** As mentioned in Head office circular dated 06.04.2022, TDS shall be deducted on the basis of interest accrued only from employees' share exceeding the specified limit of Rs. 2.5 Lakh for the previous year 2021-22 or subsequent previous years.
3. **Process Flow at the level of Dealing Assistant:**
 - i. An Excel Worksheet (IBB Interest Calculator) to be developed having Taxable and Non-Taxable heads. Calculate interest for previous year i.e. 2021-22 and subsequent previous years and on taxable part and TDS amount (@10%/20%/30%) to be deducted as applicable (called "A").
 - ii. Deduct "A" from member's EPF Account(Taxable PF account) through VDR special and record in a manual register for TDS (the format for maintaining record is as per attached Annexure- A)
 - iii. Send Note to Cash Section through an e-office file for remittance to Income Tax department and file may be returned after necessary action.
 - iv. Settle/transfer the remaining amount.

4. Process flow at the level of DA (Cash Section):

- i. Cash section to deduct and process the amount to Income Tax department immediately thereafter through challan by due date and file returns.
- ii. A separate register to be maintained with amount of TDS paid until the manual process of deduction is being followed and till the introduction of the required application software by IS division.
- iii. The above may also be kept in a report form for intimating to HO periodically.

5. Rate at which TDS is to be deducted:

- i. The rates are as mentioned in HO circular dated 06.04.2022.
- ii. All the cases where member have not submitted their PAN will be treated as Non-resident and the rate at which TDS will be deducted will be 30% as section 195 of Income Tax Act treating them as non-resident. However

