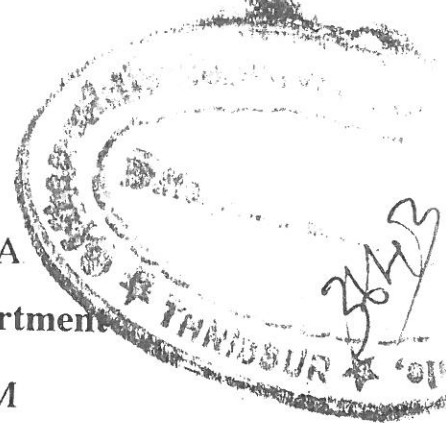


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GOVERNMENT OF KERALA  
Finance (Ways & Means-I) Department  
CIRCULAR MEMORANDUM



No. 11/2001/Fin.

Dated, Thiruvananthapuram, 27th February, 2001.

*Sub:*—Circular Memorandum—Deduction of Income Tax at source from salaries u/s 192 of the Income Tax Act, 1961 during the Financial Year 2000-2001—The Taxation Laws (Amendment) Ordinance, 2001.

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- Ref:*—1. Cir. No. 60/2000/Fin. dated 27-11-2000.  
2. Circular No. 4/2001 dated 12-2-2001 from Government of India, Ministry of Finance.

Copy of Circular 2nd cited is forwarded to all Heads of Departments, Chief Executives of Public Sector Undertakings etc., for information and guidance. The Heads of Departments and Chief Executives are requested to communicate the contents of Circular to the officers under their control immediately.

P. K. RADHAKRISHNAN,  
Deputy Secretary (Finance).

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- All Heads of Departments and Offices.  
All Departments of the Secretariat.  
The Secretary, Kerala State Electricity Board, Thiruvananthapuram.  
The Registrar of High Court, Ernakulam.  
The Chairman, Kerala State Road Transport Corporation, Thiruvananthapuram.  
The Registrar, University of Kerala/Cochin/Calicut/Kannur.  
The Registrar, M. G. University, Kottayam.  
The Registrar, Kerala Agricultural University, Mannuthy, Thrissur.  
All Secretaries, Special Secretaries, Additional Secretaries and Under Secretaries to Government.  
The Secretary to Governor.  
The Under Secretary to Chief Secretary.  
The Private Secretary to Honourable Speaker.  
The Private Secretary to Chief Minister and all other Ministers.  
The Private Secretary to the Leader of Opposition and Government Chief Whip.  
All Public Sector Undertakings.

[F. No. 275/14/2001—IT (B)]

GOVERNMENT OF INDIA

Ministry of Finance

Department of Revenue

Central Board of Direct Taxes

*New Delhi, dated the February 12, 2001.*

**Sub:—**Deduction of income tax at source from Salaries u/s 192 of the Income Tax Act, 1961 during the Financial Year 2000-2001—The Taxation Laws (Amendment) Ordinance, 2001—Regarding.

An additional surcharge of 2% has also been levied vide the Taxation Laws (Amendment) Ordinance, 2001 for the purpose of Deduction of Tax at Source. In view of this, the amount of income tax computed at the prescribed rates shall be reduced by the amount of rebate of income tax calculated under Chapter VIII A and the income tax so reduced shall be increased by a surcharge.

- (a) @ 12% of such income tax where the total income exceeds sixty thousand rupees but does not exceed one lakh fifty thousand rupees.
- (b) @ 17% of such income tax where the total income exceeds one lakh fifty thousand rupees.

Surcharge is payable by both resident and non-resident assesses.

In view of this, Drawing and Disbursing Officers are required to take into account the revised rates of surcharge of 12% or 17%, as the case may be, while computing the tax deductible at source u/s 192 of the Act during the Financial Year 2000-2001.

2. Reference is invited to the Taxation Laws (Amendment) Ordinance, 2001 dated February 3, 2001 whereby it has been notified that the benefit of 100% deductions will be available to the assessee u/s 80G of the I.T. Act, 1961 in respect of donations made to:

- (i) any fund set up by the State Government of Gujarat exclusively for providing relief to the victims of earthquake in Gujarat.

(ii) any trust, institution or fund during the period beginning on the 26th day of January, 2001 and ending on the 30th day of September 2001, for providing relief to the victims of earthquake in Gujarat.

3. In this regard attention is drawn to Para 5.4 (6) dealing with 'Deductions under Chapter VI A of the Act' of Circular No. 798 dated October 30, 2000 on the above subject wherein it is clarified that no deduction should be allowed by the Drawing and Disbursing Officers from the salary income in respect of any donations made for charitable purposes. The tax relief on such donations as admissible under section 80G of the Act, will have to be claimed by the tax payer in the return of income. However, DDOs on due verification may allow donations to the extent of 50% or 100% of the contribution, as the case may be, to such bodies as mentioned in the aforesaid Circular.

4. The matter relating to deduction of Tax at source from Salaries has been considered by the Board in the light of the extension of benefit of 100% deduction u/s 80G of the Act as discussed in Para 2 above. It has been decided that in such cases where the donations are being deducted out of the salaries payable to the employees by the employers themselves for making payment of the consolidated donations to any trust, institution or fund for providing relief to the victims of earthquake in Gujarat, the Drawing and Disbursing Officers may allow the benefit of 100% deduction on such donations in respect of such employees while computing the tax deductible at source under the provisions of Section 192 of the Act during the Financial Year 2000-2001. However, the employers must ensure that the payment of consolidated donations deducted out of the salaries payable to the employees during the current financial year is made latest by April 15, 2001 to approved trust, institution or fund for providing relief to the victims of earthquake in Gujarat and the fact of such payment should be clearly indicated in the receipt issued to the employees by the employers in this regard.

(Sd.)

NAROTTAM MISHRA,  
Deputy Secretary (Budget).