



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

Taxation Circular 4/2017

To

All Addl. SEs/Sr. Xens/AOs (DDOs)
Under PSTCL

Memo No: -1435-1483/CFO/Taxation/11

Dated: - 27.04.2017

Subject: - Amounts not deductible in respect of expenditure exceeding Rs. 10000/- as per Section 40A(3) of Income Tax Act, 1961.

As per amendment made in Section 40A(3) of Income Tax Act, 1961 by the Finance Act, 2017, if an assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a single day in excess of Rs.10000/- (earlier limit was Rs.20000/-) otherwise than by account payee cheque, account payee bank draft or use of electronic clearing system through a bank account, no deduction shall be allowed in respect of such expenditure. Even payment made for purchases of goods also falls under the ambit of this Section. However there are some exceptions of the cases and circumstances under Rule 6DD in which payment in excess of Rs. 10000/- can be made otherwise than by account payee cheque, account payee bank draft or use of electronic clearing system through a bank account which are as follows:

(a) where the payment is made to:

- (i) the Reserve Bank of India or any banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949).
- (ii) the State Bank of India or any subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959).
- (iii) any co-operative bank or land mortgage bank.
- (iv) any primary agricultural credit society or any primary credit society as defined under section 56 of the Banking Regulation Act, 1949 (10 of 1949).
- (v) the Life Insurance Corporation of India established under section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956).

(b) where the payment is made to the Government and, under the rules framed by it, such payment is required to be made in legal tender.

(c) where the payment is made by:

- (i) any letter of credit arrangements through a bank.
- (ii) a mail or telegraphic transfer through a bank.

- (iii) a book adjustment from any account in a bank to any other account in that or any other bank.
 - (iv) a bill of exchange made payable only to a bank.
 - (v) the use of electronic clearing system through a bank account.
 - (vi) a credit card.
 - (vii) a debit card .
- (d) where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied or services rendered by the assessee to such payee.
- (e) where the payment is made for the purchase of:
- (i) agricultural or forest produce or
 - (ii) the produce of animal husbandry (including livestock, meat, hides and skins) or dairy or poultry farming or
 - (iii) fish or fish products or
 - (iv) the products of horticulture or apiculture, to the cultivator, grower or producer of such articles, produce or products.
- (f) where the payment is made for the purchase of the products manufactured or processed without the aid of power in a cottage industry, to the producer of such products.
- (g) where the payment is made in a village or town, which on the date of such payment is not served by any bank, to any person who ordinarily resides, or is carrying on any business, profession or vocation, in any such village or town.
- (h) where any payment is made to an employee of the assessee or the heir of any such employee, on or in connection with the retirement, retrenchment, resignation, discharge or death of such employee, on account of gratuity,' retrenchment compensation or similar terminal benefit and the aggregate of such sums payable to the employee or his heir does not exceed fifty thousand rupees.
- (i) where the payment is made by an assessee by way of salary to his employee after deducting the income-tax from salary in accordance with the provisions of section 192 of the Act, and when such employee (i) is temporarily posted for a continuous period of fifteen days or more in a place other than his normal place of duty or on a ship and
 - (ii) does not maintain any account in any bank at such place or ship.
- (j) where the payment was required to be made on a day on which the banks were closed either on account of holiday or strike.
- (k) where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person.
- (l) where the payment is made by an authorised dealer or a money changer against purchase of foreign currency or travellers cheque in the normal course of his business.

Therefore you are requested to strictly compliance the above provisions in order to avoid any disallowance of expenditure to PSTCL in future.



Accounts Officer/ Taxation
PSTCL, Patiala.

Endst No: -1484-1522/CFO/Taxation/11

Dated: - 27.04.2017

Copy of the above is forwarded to the following for information and further necessary action please.

1. Engineer-In-Chief/TS, PSTCL, Patiala.
2. Chief Engineer/SLDC, PSTCL, Patiala.
3. Chief Engineer/P&M PSTCL Ludhiana.
4. Chief Engineer/HIS&D PSTCL, Patiala.
5. Financial Advisor PSTCL Patiala.
6. Company Secretary, PSTCL.
7. Chief Auditor, PSTCL, Patiala.
8. All Dy.CEs/SEs under PSTCL.
9. All Dy. CAOs / Dy. CAs/ Dy. FAs under PSTCL.
10. All Addl. SEs/Sr. Xens (under PSTCL)
11. All AOs under PSTCL (other than DDOs).
12. SE/IT, PSTCL, Patiala for placing the circular on website of PSTCL.



Accounts Officer/Taxation
PSTCL, Patiala.

CC:

1. Sr. PS to CMD, PSTCL, Patiala for kind information of CMD, please.
2. Sr. PS to Director/F&C, PSTCL, Patiala for kind information of Director, please.
3. Dy. Secy. to Director/Tech., PSTCL, Patiala for kind information of Director, please.
4. Sr. PS to Director/Admn., PSTCL, Patiala for kind information of Director, please.