



**PUNJAB STATE TRANSMISSION CORPORATION LIMITED**  
Regd. Office: PSEB, Head Office, The Mall, Patiala-147001, Punjab, India  
(O/o CHIEF ACCOUNTS OFFICER/F&A, 3<sup>RD</sup> FLOOR SHAKTI SADAN, PATIALA),  
CIN:U40109PB2010SGC033814  
(Loan and Banking Section),  
Phone/Fax No.0175-2970183, Email:fa@pstcl.org, Website:www.pstcl.org

To

All Addl. SEs/Sr. Xens/AO.s (All accounting Units/DDOs)  
PSTCL.

Memo No. 2905/2960  
Date 16/9/19

**Subject: Tax deduction at source on cash withdrawal.**

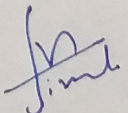
In order to discourage cash transactions and move towards less cash economy, the Finance (No. 2) Act, 2019 has inserted a new section 194N in the Income Tax Act, 1961 (copy attached) to provide for the levy of tax deduction at source @2% on cash payments in excess of one crore rupees in aggregate made during the year. Ministry of Finance, GOI has further clarified that section 194N inserted in the Act, is to come into effect from 1st September, 2019. Hence, any cash withdrawal prior to 1st September, 2019 will not be subjected to the TDS under section 194N of the Act. **However, since the threshold of Rs. 1 crore is with respect to the previous year, calculation of amount of cash withdrawal for triggering deduction under section 194N of the Act shall be counted from 1st April, 2019 to 31<sup>st</sup> March 2020.**

In case, threshold limit of cash withdrawal of Rs. one crore is crossed during FY 2019-20 considering the withdrawal transactions executed through all the accounts of PSTCL from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, any further cash withdrawal by any DDO of PSTCL shall attract TDS @2% from Sep 2019 onwards. Therefore, practice of cash payments needs to be curbed strictly. Further, other issues regarding reconciliation of cash withdrawal and payments made will arise because bank will automatically deduct 2% TDS from the amount to be withdrawn in cash by the concerned office.

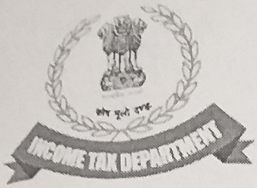
It has come to the notice of this office that cash is being withdrawn from current accounts of PSTCL for the purpose of making petty payments and others i.e. imprest. It is hereby instructed to all the DDOs of PSTCL that such transactions relating to cash withdrawal from the current accounts of PSTCL be avoided and the same should be made only in unavoidable situations and that too for petty purpose only. It is also instructed to all the DDOs that while sending the Bank Reconciliation statement (BRS) for August 2019, the transactions relating to cash withdrawal from 01.04.2019 to 31.08.2019 will be reported in separate annexure of BRS. After that, the same will be reported monthly through BRS.

This issues with the approval of Chief Accounts Officer/F&A, PSTCL.

DA/As Above

  
Dy CAO/Finance-I  
PSTCL, Patiala

2961/16/9/19  
CC: Sr Xen/IT, PSTCL with a request to upload the circular on the official website of PSTCL



194N. *Payment of certain amounts in cash.*—Every person, being,—

- (i) a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);
- (ii) a co-operative society engaged in carrying on the business of banking; or
- (iii) a post office,

who is responsible for paying any sum, or, as the case may be, aggregate of sums, in cash, in excess of one crore rupees during the previous year, to any person (herein referred to as the recipient) from one or more accounts maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount equal to two per cent of sum exceeding one crore rupees, as income-tax:

**Provided** that nothing contained in this sub-section shall apply to any payment made to,—

- (i) the Government;
- (ii) any banking company or co-operative society engaged in carrying on the business of banking or a post office;
- (iii) any business correspondent of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the guidelines issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 (2 of 1934);
- (iv) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007);
- (v) such other person or class of persons, which the Central Government may, by notification in the Official Gazette, specify in consultation with the Reserve Bank of India.