GOVERNMENT OF N.C.T. OF DELHI
DIRECTORATE OF TRAINING AND TECHNICAL EDUCATION
MUNI MAYA RAM MARG: PITAMPURA: DELHI-110034
E-mail ID: dttehq@gmail.com Phone no: 27321076

No.F.DTTE/AC/X(5)/Cir./2008-09/ 269 Dated 11/10/18

ENDORSEMENT

A copy of the under mentioned paper is forwarded for information & necessary action to the following:-

1. Programmer, DTTE(HQ) for uploading on the website under the link circulars.

List of paper forwarded:-

Sr. No.	Received From	Letter No. and Date	Subject
1.	Finance Department, 4th Level, A-Wing, Delhi Secretariat, New Delhi-110002	No.F.3(8)/2015-16/Infra/01234736 4/jsfina/2580-2675 Dated-29/08/2018	Regarding Guidance Note on Accounting for 'Fixed Assets'
2.	Finance (Accounts) Department Govt. of NCT of Delhi	No.F.12(04)/2017/ T-I/Pr. AO/PF/1937-2036 Dated-13/09/2018	Regarding review of pay fixation.
3.	Govt. of NCT of Delhi Department of Trade & Taxes Vyapar Bhawan, I.P. Estate, New Delhi-110002.	No.F.3(201)/Policy-GST/2018/754 Dated-28/09/2018	Regarding Guidelines and deposit of TDS by the DDOs under GST Law.

(KRISHAN KUMAR)
ACCOUNTS OFFICER

2184
31/8/18

No.F.3(8)/2015-16/Infra/012347364/jsfina/2580-2675
Finance (Infra) Department
4th Level; A-wing; Delhi Secretariat
New Delhi-110002.

1234/PAS
31-8-18

Dated 29/08/2018

To,

The Administrative Secretary/Head of Departments,
Government of NCT of Delhi

3363
04-09-18

Dir(~~C~~E)

Sub.: Guidance Note on Accounting for 'Fixed Assets'- regarding.

31/8/m

Sir,

Please find enclosed herewith a copy of letter no. F.No.15039/142/2018-UT(Coord.) dated 17.08.2018 received from Advisor (UT), Ministry of Home Affairs, Government of India, on the above matter for examination and for providing comments/difficulties/implementation issues, if any, to the Ministry by 30th September,2018.

04/9/18

Jt.Dir (Plg)

Encl.: as above

Yours faithfully

(L.D. Joshi)
Jt. Secretary (Accounts)
Ph. 23392133

1422/Plg
7/9/18

No.F.3(8)/2015-16/Infra/012347364/jsfina/2580-2675 Dated 29/08/2018

234/AC
17/9/18

Copy for information:

PC. circulate 1. Sh. I.S. Mishra, Advisor(UT), Ministry of Home Affairs, Government of India, North Block, New Delhi w.r.t. letter No. F.No.15039/142/2018-UT(Coord.) dated 17/08/2018.

AO(HQ)-I

AAO(HQ)

14/9/18

RTO

It pertains to planning branch

~~Pl. circulate~~

11/09/18

17/9/18

Mr. Fazlul

19/9/18

~~DCA~~

JD (Plg)

AO (HQ)-I

12/9/18

Con (A&G) 17/9

AO (HQ)

AAO

10/9/18

1894/C Delhi Sachivalaya
SPEED POST

21 AUG 2018
GAD/2018/39488

F.No.15039/142/2018-UT(Coord.)
Government of India/Bharat Sarkar
Ministry of Home Affairs/Grih Mantralaya
*****

North Block, New Delhi
Dated the 17th August, 2018

1. The Advisor to the Administrator, UT of Dadra & Nagar Haveli, Secretariat, Silvassa.
2. The Advisor to the Administrator, UT of Lakshadweep, Kavaratti.
3. The Chief Secretary, UT of Andaman and Nicobar Islands, Port Blair.
4. The Adviser to the Administrator, UT Chandigarh, Chandigarh.
5. The Advisor to the Administrator, UT of Daman & Diu Secretariat, Daman, Moti Daman.
6. The Chief Secretary, Government of Puducherry, Puducherry.
7. The Chief Secretary, Govt. of NCT of Delhi, Delhi Sachivalaya, I.P. Estate, New Delhi-110002.

21.8.18

Subject: Guidance Note on Accounting for 'Fixed Assets' – regarding.

Sir,

I am directed to forward herewith a copy of OM No. 10/42/2017-Bgt.I dated 07/08/2018 along-with copy of OM No. 1(2)-B(AC)/2017 dated 19/07/2018 received from Budget Division, Department of Economic Affairs, Ministry of Finance on the above mentioned subject.

JSF(Acc)

2. It is therefore, requested that the Guidance Note on 'Accounting for Fixed Assets' may be examined and comments/difficulties/implementation issues, if any, be communicated to this Ministry both in hard & soft copy (e-mail at: soplg@nic.in) by 25/09/2018 so that the same may be conveyed to Ministry of Finance.

374, 264

Yours faithfully,

17.8.18
(I.S Mishra)
Advisor (UT)
Ph. 2309...

Encl : As above

1185/UT (Coord.)
16/8/2018

CR NO.- 1316324/JS(UT)/18
10/08/18

182/C

MOST IMMEIDATE 1/18

F. NO. 10/ 42 /2017-Bgt.I
Government of India/ Bharat Sarkar
Ministry of Home Affairs/ Grih Mantaralaya
(Budget-I Section)
*****

Room No. 7, MDCN Stadium, India Gate,
New Delhi, Dated: 07 August, 2018

OFFICE MEMORANDUM

09 AUG 2018

Subject: **Guidance Note on Accounting for 'Fixed Assets' -regarding.**

The undersigned is directed to forward herewith a copy of O.M. No. 1(2)-B(AC)/2017 dated 19.7.2018 received from Budget Division, Department of Economic Affairs, Ministry of Finance on the subject captioned above for information and necessary action.

2. It is requested that the Guidance Note on 'Accounting for Fixed Assets' may be examined and comments/ difficulties / implementation issues, if any, be communicated by 26.9.2018 so that the same may be conveyed to Ministry of Finance in time, before the guidance note is considered by Ministry of Finance for being codified as part of General Financial Rules, 2017.

Encl: As above

07/8/2018
(S.D. Meena)
Under Secretary to the Govt. of India
Tele: 23072232

10.08.2018

EA(UT) 10/08

Adv(UT)

To

1. RGI, New Delhi
2. All the Additional Secretaries in the Ministry of Home Affairs
3. All the Joint Secretaries in the Ministry of Home Affairs
4. As per standard list enclosed

14/8

14.8.18

SO (Co.ord) 16/8

1302299
25/7/18

F.No.1(2)-B(AC)/2017
Ministry of Finance
Department of Economic Affairs
(Budget Division)
...

Budget-1 Section
Ministry of Home Affairs
Dy. No. 1302299
Dt. CA(H) 25.7.18

M/o Home Affairs
Dy. No. 300
Date 26/7

New Delhi,
19th July, 2018.

OFFICE MEMORANDUM

Subject: Guidance Note on Accounting for Fixed Assets – regarding.

Government Accounting Standards Advisory Board (GASAB) in the office of the Comptroller & Auditor General of India has, after following the due process of detailed consultation with various stakeholders including Finance Departments of State and Union Governments, Controller General of Accounts and accounting units of non-civil Ministries, drawn up the guidance note on 'Accounting for Fixed Assets'. The guidance note on 'Accounting for Fixed Assets, which has the approval of Comptroller & Auditor General of India, is applicable, not only to accounting units, but also applicable to all field level administrative offices of Union Government for capturing and maintenance of information on fixed assets for better accountability and informed decision making.

2. At present, Rule 211 of General Financial Rules (GFR) prescribes different set of formats for maintaining (a) fixed assets such as plant, machinery, equipment, furniture, fixtures (b) consumables such as office stationery, chemicals, spare parts, etc. (c) assets of historical/artistic value held by museum/government departments. These formats are prescribed in GFR-22, GFR 23 and GFR 24 respectively. These formats are proposed to be replaced by the formats prescribed in the guidance note on accounting for fixed assets.

3. Accordingly, a copy of the guidance note on accounting for fixed assets, as drawn up by GASAB, is sent to all Ministries/Departments, which may be circulated among all field level administrative offices of Ministries/Departments. The guidance note on accounting for fixed assets may be examined and comments/difficulties/implementation issues, if any, be communicated to this Ministry by 30th September, 2018 before the guidance note is considered for being codified as part of General Financial Rules, 2017.

(T. Udaya Kumar)
Additional Budget Officer

Encl: Guidance Note on Accounting for 'Fixed Assets'

Secretary/Financial Adviser of all Ministries/Departments
Controller General of Accounts, Ministry of Finance, Department of Expenditure
Financial Adviser (Defence Services), Ministry of Defence
Financial Commissioner, Ministry of Railways
Member (Finance), Department of Telecommunications
Director General (Accounts), Office of the C&AG of India.

DY. NO. 388
DATE IN 26/07/18
DATE OUT 27/7/18

O/o Pr. CCA (Home)
Dy. No. 526
In 26/07/2018
Out 26/07/2018
MDCNS, New Delhi-110002

17-8/C

5

GUIDANCE NOTE ON ACCOUNTING FOR FIXED ASSETS

1. Introduction

1.1. The Finance Accounts of the Union, States and the Union Territories with Legislatures, reflect information on capital expenditure as well as on financial assets and liabilities of the Government. However, the information on the fixed assets[1] of the entity, is not captured in the present system of cash basis of accounting as such, information is presented merely as capital expenditure. Fixed assets are valuable resources of the entities. It is, therefore, essential that the government entities have complete information about their fixed assets for better accountability. This Guidance Note would facilitate the availability of information on Capital Expenditure under Primary Units of Appropriation (PUA) as well as information on the fixed assets that have been acquired or inherited over the years in standardized disclosures.

1.2. The Twelfth and the Fourteenth Finance Commissions had proposed, inter alia, that additional information in the form of Statements should be appended to the existing statements in the Finance Accounts to enable informed decision making. The Fiscal Responsibility and Budget Management (FRBM) Act prescribes the preparation of Asset Register by the entity. The Expenditure Management Commission constituted in September 2014 also recommended that the "Government should move towards an IT-enabled e-Asset Register". Further, as per *International Public Sector Accounting Standard: Financial Reporting under Cash Basis of Accounting*, an entity is encouraged to disclose information about its fixed assets.

1.3. The fixed assets in various government entities are of diverse nature. This Guidance Note recommends detailed classification of fixed assets as compared to that provided under the extant PUA[2] (Object Heads), while leaving sufficient flexibility for entities to add additional sub-classes of fixed assets in keeping with their nature of operations. Similar flexibility is sought to be made available to departments and ministries to disclose "strategic" assets in the Fixed Assets Register as per the extant policy of government to safeguard national security.

2. Present System

2.1. The present system of cash basis of accounting in Government discloses capital expenditure up to the Minor Head/ Sub Heads in the Finance Accounts. The existing Statements provide some information on both the current and cumulative capital expenditure on both financial and physical assets of the Governments.

2.2. It is seen that complete details of fixed assets owned/under construction/ constructed/purchased/acquired by a Government entity are not available in the Finance Accounts. Further, fixed assets like computers, furniture etc., booked under revenue object heads viz., Office Expenses and Other Administrative Expenses are currently not captured as capital expenditure. In addition, heritage, intangible and leased assets are not recognized and therefore not included in the Asset Registers. Further, no de-recognition of asset takes place even after the asset is no longer in use.

2.3. In the present system of cash basis of accounting, if the purchase and payment happen in different accounting periods, recognition of asset remains a problem, to the extent that the asset fails to be recognized in the Asset Register till payment is made, even if the asset has been delivered and put to use. In some cases, the asset corresponds only to the capital expenditure incurred and does not reflect the true value to the extent of the unpaid liability.

2.4. Due to the fact that the present system of cash basis of accounting does not recognize fixed assets as such, but recognizes them merely as capital expenditure, Capital Works-in-Progress (CWIP) is

[1] Definition of Fixed Assets at 5.1.6

[2] As per the prevailing Delegation of Financial Power Rules (DFPR), there are only 3 Object Heads

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subsumed in the capital expenditure booked and both the accounts and the existing Asset Registers do not separately depict Capital Works-in-Progress.

2.5. Details like bill/voucher numbers are also not linked, so the information in the existing Asset registers is not transaction driven.

3. Objective

3.1. The objective of this Guidance Note is to prescribe the disclosure requirements for fixed assets for reporting under present system of cash basis of accounting. Compliance with the disclosure requirements laid down in this Guidance Note would enable comprehensive and transparent financial reporting with regard to capital expenditure and provide information about entity's fixed assets including changes therein. Hence, the objective is twin fold, *viz.*,

3.1.1. Preparation of transaction linked Fixed Asset Registers by the Departments (Annexures 1 and 2). These Registers would enable providing of detailed information on the recognition and derecognition of an asset, measurement of its cost by an entity and depiction of various classes of assets, viz. land, building, plant & machinery etc. with an inherent flexibility for entities to add additional sub-classes of fixed assets keeping in view their nature of operations.

3.1.2. Insertion of a separate annual Statement on Capital Expenditure for Acquisition of Fixed Assets in the Finance Accounts. This statement would be prepared by aggregating the information at the level of PUA (Annexure 3). The information will flow from accounts and have direct concordance with extant PUA. It should depict annual additions to the capital expenditure and the resultant cumulative total.

4. Scope

4.1. This Guidance Note applies to Governments at Union level, State level and to the Union Territories with Legislature. The entity that prepares and presents Finance Accounts under present system of cash basis of accounting should apply this Guidance Note through its Administrative and Accounting Authorities to prepare Fixed Asset Registers and the annual Statement on Capital Expenditure for Acquisition of Fixed Assets for insertion in the Finance Accounts. This Guidance Note applies to all fixed assets including the following except those specified in paragraph 4.2:

(i) Infrastructure Assets;

(ii) Heritage Assets;

(iii) Capital Works in Progress (CWIP);

(iv) Intangible Assets except those mentioned in paragraph 4.2 (iv);

(v) The disclosure on Strategic Assets is applicable as per extant government policy.

4.2. This Guidance Note does not apply to:

(i) Biological assets e.g. plants and living animals;

(ii) Natural resources, minerals, oil, natural gas and similar non-regenerative resources and spectrum, etc.;

(iii) Fixed assets obtained on short term lease of less than 3 years; and

(iv) Internally generated intangible fixed assets, except computer software and patents.

5. Definitions

5.1. The following terms are used in this Guidance Note with the meanings specified for the preparation of the Statement on Capital Expenditure for Acquisition of Fixed Assets (for inclusion in the annual Finance Accounts) and the Fixed Assets Registers, to the extent relevant:

*5.1.1. **Book Value** is the amount at which an asset is reflected in the Statement on Capital Expenditure for Acquisition of Fixed Assets in the Finance Accounts and the Fixed Assets Registers.*

*5.1.2. **Capital Works-in-Progress (CWIP)** is the expenditure on fixed assets that are in the process of construction or completion i.e. not ready for intended use at the time of incurring of expenditure.*

*5.1.3. **Custodian** is an authority in the entity that is entrusted with the responsibility of the fixed asset.*

*5.1.4. **De-recognition** is elimination of an item of fixed asset in the Fixed Assets Registers at the time of disposal e.g. transfer/sale/ dismantling of obsolete assets/write-off of asset etc.*

*5.1.5. **Entity** is the Department/ Ministry/ Field Unit for which accounts are prepared.*

*5.1.6. **Fixed Asset** is an asset held for use in the production or supply of goods or services for rental to others, or for administrative purposes and is expected to be used for more than 12 months.*

*5.1.7. **Heritage Assets** are fixed assets with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, such as antiques, books, historic buildings and archaeological sites.*

*5.1.8. **Historical cost** is cost incurred to acquire, purchase or construct an asset including the cost incurred to make them ready for intended use.*

*5.1.9. **Improvement/Up gradation** means additional expenditure on the assets which enhances their utility by increasing their useful life and/or capacity.*

*5.1.10. **Intangible Assets** are identifiable, non-financial assets without physical substance eg. computer software.*

*5.1.11. **Lease** is an agreement whereby one entity (lessor), in return for a payment or series of payments, agrees to transfer the right to use an asset to another entity (lessee) for an agreed period of time.*

*5.1.12. **Legal Ownership** of a fixed asset vests with an entity in whose name the asset is registered or is owned by virtue of the sovereign rights of the Government.*

*5.1.13. **Primary Units of Appropriation** is the unit of accounting (Object Heads) in respect of a Grant or Appropriation for charged / voted expenditure.*

*5.1.14. **Useful life** of a fixed asset is the period over which an asset is expected to be used by the entity.*

6. Recognition

6.1. An item of fixed asset acquired or constructed should be recognized as explained hereinafter in the Fixed Asset Register as and when:

6.1.1. It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and

6.1.2. cost of the asset can be measured reliably except where Guidance Note recommends measurement of the assets at nominal value of ₹ 1.

6.2. Items of fixed asset costing less than the threshold value of ₹ 5,000 (Rupees five thousand) and/or having useful life of less than 12 months from the date of acquisition should be recognized as revenue expenditure.

6.3. Land should be recognised as a fixed asset irrespective of its value and should be recorded in the Fixed Asset Register. Land component should be recognized separately from the built-up structure on wherever they have been acquired separately or where the break-up is readily available. *Ordinarily land has an unlimited useful life.*

6.4. **Items such as spare parts, stand-by equipment and servicing equipment** are recognized as fixed assets in accordance with this Guidance Note when they meet the definition of a fixed asset. Otherwise such items are to be classified as Revenue Expenditure. Where such an item qualifies to be recognized as fixed asset (including consideration of threshold value of ₹ 5000), it should be recorded as a separate item along with the relevant item of fixed asset in the Fixed Assets Register in the field unit. At the time of consolidation of fixed assets at Department/Ministry/State level, cost of all spare parts should be combined with the cost of the main asset in the Fixed Asset Register.

6.5. Capital Works- in-Progress (CWIP) - The expenditure on fixed assets/projects that are in the process of construction or completion and are not ready for intended use on the reporting date, for example, construction of a building or hydro electric power project, should be recorded under CWIP in the Fixed Asset Registers in the given column of the relevant class of fixed assets. On completion or commissioning of the fixed asset/project, the total expenditure of that asset/project should cease to be depicted in CWIP column. In cases, where parts of a CWIP project are independently ready for intended use, the related/ proportionate cost of such project should be removed from CWIP. The Executive Authority in the entity should conduct an annual review (including physical verification) of all projects under CWIP to assess their readiness for intended use and their removal from CWIP.

6.6. **Items of fixed assets may be required for safety or environmental reasons.** The acquisition of such fixed assets, although not directly increasing the future economic benefits or service potential of any particular existing items of fixed asset, may be necessary for an entity to obtain the future economic benefits or service potential from its other assets (e.g. entity's requirement of a retro-fit new sprinkler system for compliance with fire safety regulations). Such items of fixed assets qualify for recognition as fixed assets, because they enable an entity to derive future economic benefits or service potential from related assets in excess of what could be derived had those items not been acquired.

6.7. **Infrastructure Assets** e.g. Roads, Bridges, usually display some or all of the following characteristics. They are:

(i) part of a system or network;
(ii) specialized in nature and do not have alternative uses;
(iii) immovable; and
(iv) in some cases subject to constraints on disposal:

6.8. Heritage assets are of cultural, environmental or historical significance e.g. historical buildings and monuments, archaeological sites, conservation areas, and works of art. Their value is unlikely to be fully reflected in financial terms as they are irreplaceable. It may also be difficult to estimate their useful lives. Governments may have acquired many heritage assets by various means, including purchase, donation, bequest etc.

6.9. **Internally generated intangible assets**, viz., computer software shall be recognized when it is ready for use and patents shall be recognized at the time of registration with the relevant authority.

6.10. Recognition criteria as above should be applicable *mutatis mutandis* for preparation of the Statement on Capital Expenditure for Acquisition of Fixed Assets.

7. **Classification of Fixed Assets**

7.1. Fixed assets should broadly be classified as per the classification recommended hereinafter. for inclusion in the Fixed Asset Registers (including CWIP) (Annexures 1 and 2), so that cost of the existing asset could prima-facie flow from the accounts and there is uniform depiction of the assets across overnment organizations. It is recommended to have a broad concordance with the Object Heads into Fixed Asset Register at the Field Level (Annexure 1) and Consolidated Fixed Assets Register at the epartment/ Ministry level (Annexure 2). The Statement on Capital Expenditure for Acquisition of Fixed ssets, however, should have a direct concordance with the extant Primary Units of Appropriation Annexure 3).

.2. The following broad classification of fixed assets should be adopted in the Fixed Asset Registers epending upon the operations of the entity, duly ensuring that an individual asset does not find a mention in more than one class:

I. Land

II. Buildings

III. Infrastructure Assets including Roads, Bridges, Culverts, Pipelines, Permanent Way etc.

IV. Machinery

V. Furniture, Fixtures and Fittings

VI. Motor Vehicles including Ships, Railway Rolling Stock, Aircraft, Heavy Armory etc.

VII. Equipment including IT related equipment

VIII. Intangible Assets such as Software etc.

IX. Heritage Assets

.3. An entity may further sub-classify the assets to capture further details where appropriate. For example, under 'Buildings', the details of all buildings such as office buildings, workshop/factory buildings, etc., may be provided as per the requirements and operations of that entity.

.4. While preparing the Consolidated Fixed Assets Register at the Ministry/Department level, the assets of ₹ 2 lakhs and above should be presented separately and those below ₹ 2 lakhs should be clubbed under 'Others' for each class of assets.

3. Measurement of Cost at Initial Recognition for Preparation of Fixed Asset Registers

3.1. An item of fixed asset which qualifies for recognition should be measured at its historical cost. If the ull value has not been paid and the asset is ready for intended use, fixed asset is recognized at the amount paid only, and the pending amount should be disclosed in the relevant column. Advances paid towards constructing/ acquiring/ purchasing an asset should also be disclosed in CWIP and any refund/ adjustment should be accounted for in the year of receipt/ adjustment.

3.2. Where cost of a fixed asset (including land) is not ascertainable, it should be measured at nominal value of ₹ 1.

3.3. Where a Fixed Asset is acquired without any consideration (such as gifts, donations, sequestration) t should be measured at nominal value of ₹ 1.

3.4. The CWIP should be measured to the extent of amount paid. In case parts of a CWIP project are ndependently ready for intended use, the related/proportionate paid costs of such projects should be removed from CWIP.

3.5. Assets obtained on long term lease as a lessee, should be recognized at the time of and to the extent of the amount paid and disclosed separately under the relevant class of fixed assets. The remaining amount of unpaid lease installments should be disclosed in the relevant column of Annexures 1 & 2. The interest component of lease payments, wherever separately available, should be recognized as revenue expenditure.

8.6. Land acquired through purchase should be recorded at the purchase price (pending amount disclosed separately) and other incidental costs incurred to bring the asset to its present condition should be included in the cost of land.

8.7. All heritage assets should be identified and measured at historical cost where records are available otherwise at nominal value of ₹ 1.

8.8. Intangible assets such as computer software should be measured at cost, after completion. For intangible fixed assets still under-development, through an external agency, the asset should be disclosed at the amount paid and the pending amounts should be disclosed separately, unless asset is acquired free of cost in which case it shall be measured at nominal value of ₹ 1. However, internally generated intangible assets, viz., computer software and patents should be recognized at nominal value of ₹ 1.

8.9. Elements of cost- the cost of an item of fixed assets (tangible/intangible) comprises:

8.9.1. Its purchase price, including import duties and non-refundable purchase prices after deducting discounts and rebates;

8.9.2. Any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

8.9.3. Examples of directly attributable cost are:

a) Installation and assembling cost;
b) Initial delivery and handling cost;
c) Cost of testing the equipment;
d) Cost of employee benefits arising directly from the construction or acquisition of fixed asset;
e) Cost of site preparation;
f) Professional fee;
g) Registration charges, stamp duty etc. in case of purchase of land;
h) Compensation paid in case of compulsory acquisition of land, cost of development of land, rehabilitation and resettlement cost necessarily incurred in case of compulsory acquisition of land;

8.9.4. Examples of cost that are not included in the cost of fixed assets:

a) Cost of opening a new facility;
b) Cost of introducing a new product or service (including cost of advertising and promotional activities);
c) Cost of providing service in a new location or with a new class of users;
d) Administration cost (including cost of staff training) and other general overhead cost; and
e) Costs incurred after the asset is ready for use but not put to use.

8.10. Some receipts may occur in connection with the construction or development of a project/asset. Such receipts insofar as they relate to ongoing capital expenditure accruing during the process of construction of a project, should be utilized in reduction of capital expenditure. After commencement of commercial production or use for services they are ordinarily recognized as revenue receipt, except under special rule or order of government which should require them to be adjusted in the cost[3].

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[3] As per Rule 101 of GFR, 2017

8.11. The amount of compensation received from third parties for items of fixed assets that were lost, destroyed or given up is recognised as revenue receipts;

8.12. Interest on amounts borrowed for constructing the asset, until the asset is ready for intended use, is recognised as component of cost of constructed item of fixed asset.

8.13. The Statement on Capital Expenditure for Acquisition of Fixed Assets depicts entire capital expenditure incurred on each PUA. Therefore, measurement criteria listed above should be applicable *mutatis mutandis* on the Statement on Capital Expenditure for Acquisition of Fixed Assets.

9. Measurement of Cost Subsequent to Initial Recognition

9.1. Entities incur certain costs of day-to-day servicing of an item e.g. the cost of labour and consumables. Under the recognition principle in paragraph 6, an entity recognises such costs as revenue expenditure and is often described as 'repair and maintenance expenditure'.

9.2. Costs incurred subsequent to initial recognition for enhancing the utility of an existing fixed asset e.g. expenditure incurred on surfacing a road every few years, are to be included in the cost of the relevant fixed asset in case they meet the recognition criteria specified in the Guidance Note. This principle is applicable even in case of those fixed assets which are initially measured at nominal value of ₹ 1. The threshold criterion of ₹ 5000/- is also applicable for such subsequent costs.

9.3. The Statement on Capital Expenditure for Acquisition of Fixed Assets depicts entire capital expenditure incurred on each PUA. Therefore, measurement criteria listed above should be applicable *mutatis mutandis* on the Statement on Capital Expenditure for Acquisition of Fixed Assets.

10. Derecognition

10.1. A fixed asset should be deemed to have been de-recognised from the Fixed Asset Registers of an entity

- on disposal;
- when no future economic benefits or service potential is expected from its use, e.g., on being donated or transferred to any other entity; dismantled/ destroyed on being declared as obsolete or abandoned; or
- lost or destroyed in natural calamity or accident like cyclone, tsunami, fire, public riots, theft etc.

10.2. A fixed asset should be de-recognised after following the due administrative/ legal process and approval of the competent Authority in the Fixed Asset Registers only.

11. Disclosures

11.1. The entity should disclose the following minimum information for each class of fixed assets in the Fixed Asset Registers at the field level:

i. Class of Fixed Asset
ii. Date of Acquisition/ construction & Bill No.
iii. Nature of Acquisition (Purchased/ Donated/ Leased/ Granted)
iv. Vendor/ Donor
v. Location (Pin Code)
vi. Unique identification number
vii. Custodian

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171/C

viii. Relevant Unit of Measurement

ix. Useful Life of Asset

x. Opening Balance as on 01.04..............

xi. Additions (amount paid during the year)

xii. Cost of asset disposed/ de-recognised

xiii. Closing Balance as on 31.3....

xiv. Unpaid amount as on 31.3...

xv. Amount under CWIP

xvi. Remarks, if any

11.2. The Consolidated Fixed Asset Register should be composed of the following minimum information:

i. Class of Fixed Asset

ii. Relevant Unit of Measurement

iii. Opening Balance as on 01.04.............

iv. Additions (amount paid during the year)

v. Cost of asset disposed/ de-recognised

vi. Closing Balance as on 31.3....

vii. Unpaid amount as on 31.3...

viii. Amount under CWIP

ix. Remarks, if any

The threshold limit to capture assets in the Consolidated Fixed Asset Register at the Ministry/Department level should be ₹ 2 lakhs. All assets below ₹ 2 lakhs listed in the Consolidated Fixed Asset Register should be clubbed under the sub-head 'Others' under each class of fixed asset.

11.3. The Statement on Capital Expenditure for Acquisition of Fixed Assets (for inclusion in the annual Finance Accounts) should present the following information:

i. Capital Expenditure Head as per the extant PUA (Object Heads)

ii. Opening balance as on 01 .04.....

iii. Additions During the year

iv Closing balance at 31.03......

11.4. The entity should also disclose the following in the Remarks column of Annexures 1, 2 &3:

i. Transfers to or from other entities, which may be additions or deletions;
ii. The existence and amount of restrictions on fixed assets including on title;
iii. Fixed assets given as securities for liabilities;
iv. Encroachment on land/building;
v. In case of land, the existing circle rate from the land revenue department; and
vi. Cost of rehabilitation and resettlement in case of land acquired and interest paid on loans, that is capitalized as part of the cost of asset.

1790/13

11.5. The fact that certain existing fixed assets have been included in the Fixed Asset Registers at nominal amount of ₹ 1 and not drawn from the accounts should be disclosed by way of a footnote.

12. Effective Date

This Guidance Note will be effective from the date notified by the Government of India....................

13. Way Forward

13.1. The Guidance Note envisages a robust IT system for capturing of complete information at the time of preparation of accounts with least manual interface. It is suggested that the linkages with the accounting procedure be built-in, in the system so that the information on assets flows from the point of acquisition in respect of procurement of an asset.

13.2. Extant rules need to be revisited to facilitate the disclosures e.g. including the process of de-recognition and deletion of obsolete assets to arrive at a listing (progressive capital expenditure) of only the existing assets in the books of account. Thus, post-notification of this Guidance Note, the corresponding rules should be amended by Government, wherever required.

14 1634

1. ACCOUNTING OF CAPITAL EXPENDITURE INCURRED FOR ACQUISITION OF FIXED ASSETS AND FIXED ASSET REGISTERS

1.1. Preparation of Fixed Asset Registers (Annexures 1 & 2)

The Fixed Asset Registers should be prepared at two levels, the Field Unit Level and the Consolidated Register at the Departmental Level. The compilation of complete information on the fixed assets owned/controlled by the government entities following present system of cash basis of accounting should be implemented in two phases for which two separate fixed assets registers should be maintained initially:-

1.1.1 for the assets identified through physical verification which were acquired in the past. The cost of these assets should be duly assigned from available records/ vouchers or measured at nominal value of ₹ 1; *and*

1.1.2 for the fixed assets acquired after notification of the Guidance Note. This Asset Register should be without an Opening Balance in the first year.

On completion of physical verification of existing assets (acquired before notification) as per 1.1.1 above, the values obtained against each class of assets in the Asset Registers should form the opening balance for the Asset Registers prepared post-notification leading to amalgamation of the two asset registers.

The above two phases are further elaborated as follows:

A) **The transition phase** where the existing fixed assets owned and acquired in the past that are expected to have future economic benefits or service potential should be identified through physical verification. These should be identified and listed under the given classes as per paragraph 7 (in accordance with the PUA). The primary requirement of the government is to obtain complete information on the listing of the assets. The value should be assigned at the historical cost from the existing records. Where records are not available, the fixed assets should be measured at nominal value of ₹ 1. Existing fixed assets booked under Revenue Expenditure like Furniture, Fixtures & Fittings, Heritage assets, Office equipment, Computers data processing units & peripherals and Electrical Installations & Equipment above the threshold limit, should be listed after verification. The existing fixed assets should be reflected in the Fixed Asset Registers (Annexures 1 & 2) at the amounts as aforesaid. Preparation of the list of the assets at the field level after due physical verification should be a joint exercise of the Executive Authority and Accounting Authorities. This information should be consolidated in a generic way at the higher levels as per paragraph 7.4. This phase should entail the following processes :

i. Identification of Assets
ii. Listing of all fixed assets that have been identified.
iii. Classification of all assets as per paragraph 7.
iv. Measurement of all fixed assets at paid cost or nominal value of ₹ 1 as per the principles laid down in this Guidance Note.
v. Fixed Asset Registers should be prepared at two levels, viz., Field and Consolidated levels. At the Field Level the item-wise Fixed Asset Registers should be maintained by the Custodian in the entity as per Annexure 1. Thereafter, consolidation of assets should be done at the Department level, in the format given at Annexure- 2 of the Guidance Note. The Fixed Asset Register should be prepared by the Custodian. The detailed proforma in Annexure-1 should be submitted to the Executive Authority on a periodical basis for monitoring and reporting purposes. At the Department level, Consolidated Fixed Assets Register should be prepared in Annexure-2. While consolidating the details in Annexure-2, the individual items of value above ₹ 2 lakhs of each class of assets should be disclosed and all the residual items upto ₹ 2 lakhs should be clubbed and amount should be depicted under 'Others' below each class of asset.

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Post Notification/ Implementation phase: Both the Field and Consolidated Asset Registers ould capture the information on fixed assets acquired/constructed/purchased from the accounts, accordance with the principles laid down in this Guidance Note. Thus, the Fixed Asset Registers need be transaction based and linked with vouchers. The format of vouchers would need modification to early specify whether the expenditure is towards Capital Works-in-Progress or completed fixed assets. is phase should entail the following processes :

(i) Classification of all assets.
(ii) Measurement of all fixed assets at the paid cost or nominal value of ₹ 1 as per the principles laid down in this Guidance Note.
(iii) Preparation of Fixed Asset Registers.

rther, the entity should physically verify all fixed assets over a period of not more than 3 years and screpancy, if any, be recorded. For the purpose of deleting the amount under CWIP, there should be an nual physical verification of all CWIP projects, jointly by the Administrative and Accounting Authority the entity. At the time of transfer of the Custodian, there should be a formal handover of the assets.

2. Preparation of a Statement on Capital Expenditure for Acquisition of Fixed Assets (for inclusion the annual Finance Accounts–Annexure 3)

e Finance Accounts presents information on capital expenditure of the Union, States and Union rritories with Legislature. The existing Statements in the Finance Accounts include the current and mulative capital expenditure on both financial and physical assets of the Governments up to the Minor ead/Sub-Head. There is no aggregation of this expenditure at the PUA (nature of expenditure) level.

e Statement on Capital Expenditure on Acquisition of Fixed Assets as recommended in this Guidance ote proposes to capture expenditure directly from the extant PUA to clearly disclose the nature and ass of asset being acquired. For the purpose of drawing a concordance between the Statement and the xed Asset Registers, some of the principles of recognition of capital expenditure cannot be applied as tant rules need modification. For instance, rules will require modification to address the following ses:

i. to bring in the concept of recognition of CWIP and fixed assets, rather than merely capturing capital expenditure;

ii. to include items of expenditure above the threshold value of ₹ 5,000/- (Rupees five thousand) as capital expenditure and assets with life of more than a period of twelve months only. The items below this amount and consumable within a year should be treated as revenue expenditure;

iii. to recognise and measure assets acquired without incurring expenditure, e.g. for land received free as gift, it will be necessary to create a 'capital reserve head' and depict the asset at a nominal value of ₹ 1/;

iv. to recognize assets hitherto being recognized as revenue expenditure e.g., furniture & fixtures and computers, as capital expenditure;

v. to have direct concordance between the classification depicted in paragraph 7 for the Fixed Asset Register and the extant PUA in this Statement. It is recommended that as far as possible the PUA should match the classification of assets suggested in paragraph 7;

vi. to bring in the principle of de-recognition to the government accounts;

vii. to require Disclosures as specified in paragraph 11 above in the Statement.

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Annexure 1: Fixed Assets Register in the Field Unit

Class of Fixed Asset	Date of Acquisition / construction & Bill No.	Nature of Acquisition (purchased/ Donated/ Leased/ Granted/inherited/vested)	Vendor/ Donor	Location (Pin Code)	Unique identification number	Custodian	Relevant Unit of Measurement*	Useful Life of Asset	Opening balance as on 01.04.......	Additions (amount paid during the year)	Cost of asset disposed/ derecognised	Closing balance as on 31.3....	Unpaid amount as on 31.3....	Amount included as CWIP	Remarks, if any
1	2	3	4	5	6	7	8	9	10	11	12	13=(10+11-12)	14	15	16
I. Land															
II. Buildings															
III. Infrastructure Assets															
IV. Machinery															
V. Furniture Fixtures and fittings															
VI. Motor Vehicles															
VII. Equipment															
VIII. Electrical Installations and Equipment															
IX. Heritage Assets															
X. Intangible Assets															
XI. Other fixed assets															

*In Metric System wherever applicable.

Notes:

1. The format is indicative only, showing the minimum requirements. Thus, sub-classes may be added under the above classes e.g under Buildings, sub-classes of 'Residential' and 'Non-residential' can be disclosed as per the requirements of the entity. The entities also retain the flexibility of adding columns as per their requirement.
2. All assets of strategic nature should be disclosed as per the extant government policy.
3. The Object Heads in the extant DFPR should have a direct concordance with the classes of fixed assets as far as possible.
4. Assets ready for use but remaining unused may be indicated in the remarks column.
5. Extent of completion of verification of assets should be certified in the fixed assets register annually.
6. Derecognition of assets during the year should be depicted in the relevant column along with sanction number.
7. Column numbers 14, 15 & 16 are for additional information only.

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Annexure 2: Consolidated Fixed Asset Register at the Department/Ministry /State Level

Class of Fixed Asset	Relevant Unit of Measurement * 01.04…………	Opening balance as on 01.0[illegible]……	Additions (amount paid during the year)	Amount disposed/derecognised	Closing Balance as on [illegible] …	Unpaid amount as on [illegible]	Amount included as CWIP	Remarks, if any
1	2	3	4	5	6= (3+4-5)	7	8	9
I. Land								
II. Buildings								
III. Infrastructure Assets								
IV. Machinery								
V. Furniture Fixtures and fittings								
VI. Motor Vehicles								
VII. Equipment								
VIII. Electrical Installations and Equipment								
IX. Heritage Assets								
X. Intangible Assets								
XI. Other fixed assets								
TOTAL								

*In Metric System wherever applicable.

Note:

1. This register is compiled from the Field Level Asset Registers. Individual assets above ₹ 2 Lakhs or more should only be disclosed separately
2. In order to capture all assets below ₹ 2 lakhs, listed in the Field Level Asset Registers, a sub-class 'Others' should be created under each class for clubbing such assets at the level of compilation.
3. Column 7, 8, & 9 are for additional information only.
4. Assets ready for use but remaining unused should be indicated in the Remarks column.

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Annexure 3: Statement on Capital Expenditure for Acquisition of Fixed Assets (for inclusion in the annual Finance Accounts)

Capital Expenditure Head as per the extant PUA (Object Heads)	Opening balance as on 01.04.	Additions during the year	Closing balance at 31.03...
	1	2	3= (1+2)
TOTAL			

Office of Pr. Secretary (TTE/HE)
Government of NCT of Delhi
Diary No. 243
Date 26/9/18

FINANCE (ACCOUNTS) DEPARTMENT
GOVT. OF NCT OF DELHI

No. F.12(04)/2017/T-I/Pr.AO/PF/ 1937-2036   Date 13/09/2018

To,

All the Pr. Secretaries/Secretaries,
Heads of the Department,
Govt. of NCT of Delhi, Delhi/New Delhi.

Dte. of Trg. & Tech. Education
Diary No. 1419
25 SEP 2018
Muni Maya Ram Marg
Pitam Pura, Near T.V. Tower
DELHI-110088

Sub: Regarding review of pay fixation.

Sir/Madam,

Please refer to OM No. 18/03/2015-Estt. (Pay-I) dated 02-03-2016 of the Govt. of India, Department of Personnel & Training and endorsed by the Finance Department letter No. 4(73)/Fin. (Est-III)/2010-11/dsv/308 dated 22-03-2016 copy enclosed) regarding the 'Recovery of wrongful/excess payments made to Government servants.'

Utmost care is required in fixation of pay of the employees on promotions, financial up-gradations etc. to avoid the incidents of erroneous pay fixation. In addition, corrective action would be required in existing cases of erroneous pay fixations in consultation with the accounts functionaries posted in the departments to avoid the delay in payment of pensionary benefits if such cases are noticed at the verge of retirement.

It is, therefore, requested that all offices under your control may be advised to carry out the fixation of pay of employees on their promotions, financial up-gradations etc. as per entitlements in consultation with the accounts functionary to avoid the incidents of erroneous pay fixations. In addition, corrective action may be taken in respect of existing cases as per the procedure detailed in OM dated 02-03-2016 of the Govt. of India, Department of Personnel & Training.

Yours faithfully,

Encl : As above

(Neeraj Bharti)
Special Secretary(Finance)
Tel. No. 011-23392132

Copy to All Pay & Accounts Officers, Pay & Accounts Offices, Govt. of NCT of Delhi, Delhi/New Delhi.

Controller of Accounts

AO (Admn) (E&TV)
26/9/18
DCA
SO (Admn)
All Bpl., ITI Polytechnics
26/9
2230/AO/A 26/09/18
632/AC 3/10/18
Urgent PC.
AO (HQ)-I
AO (HQ)-II
27/9/18
PI. Circulate
25.9.2018
Ms. Pradeep

F. No. 4(73)/Fin. (Estt-III)/2010-11/ dsV/308

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
FINANCE DEPARTMENT
4^{TH} LEVEL, 'A WING' DELHI SECRETARIAT.
I.P. ESTATE, NEW DELHI 110002
CD No:- 012143600

Dated: 22/3/16

ENDORSEMENT

The copies of the under mentioned papers are uploaded in the Website of Finance Department and forwarded for information and necessary action to the following Departments:-

1. All Heads of Department, Govt. of NCT of Delhi.
2. All Pay & Accounts Officers, Pay and Accounts Office, Vikas Bhawan. Govt. of NCT of Delhi.
3. All Heads of Autonomous Bodies, Govt of NCT of Delhi.
4. Commissioner M.C.D(North, East & South), Town Hall, Chandni Chowk, Delhi.
5. Chairperson, NDMC, Palika Kendra, New Delhi.
6. Chief Executive Officer, Delhi Cantonment Board, Delhi.
7. CEO, Delhi Urban Shelter Improvement Board, I.P. Estate, New Delhi.
8. Guard File.
9. Website of Finance Department.

(MANOJ KUMAR)
DY. SECRETARY-V(FINANCE)

List of paper forwarded

S No	Name of the Ministry/Deptt.	O.M. No. and Date	Subject
1	Ministry of Personnel, P.G. & Pensions (Department of Personnel & Training), Establishment A-IV Desk GOI	No.31011/3/2015-Estt. (A-IV) Dated: 18.02.2016	Central Civil Services (Leave Travel Concession) Rules, 1988 – Fulfillment of Procedural requirements.
2	Ministry of Personnel, P.G. & Pensions (Department of Personnel & Training),	F.No. 18/03/2015 – Estt. (Pay-I) dated 02.03.2016	Recovery of wrongful / excess payments made to Government Servants.

F.No.18/03/2015-Estt. (Pay-I)
Government of India
Ministry of Personnel, Public Grievances & Pensions
Department of Personnel & Training

New Delhi, the 2nd March, 2016

OFFICE MEMORANDUM

Sub: Recovery of wrongful / excess payments made to Government servants.

The undersigned is directed to refer to this Department's OM No.18/26/2011-Estt (Pay-I) dated 6th February, 2014 wherein certain instructions have been issued to deal with the issue of recovery of wrongful / excess payments made to Government servants in view of the law declared by Courts, particularly, in the case of *Chandi Prasad Uniyal And Ors. vs. State of Uttarakhand And Ors., 2012 AIR SCW 4742, (2012) 8 SCC 417.* Para 3(iv) of the OM *inter-alia* provides that recovery should be made in all cases of overpayment barring few exceptions of extreme hardships.

2. The issue has subsequently come up for consideration before the Hon'ble Supreme Court in the case of ***State of Punjab & Ors vs Rafiq Masih (White Washer) etc in CA No.11527 of 2014 (Arising out of SLP(C) No.11684 of 2012)*** wherein Hon'ble Court on 18.12.2014 decided a bunch of cases in which monetary benefits were given to employees in excess of their entitlement due to unintentional mistakes committed by the concerned competent authorities, in determining the emoluments payable to them, and the employees were not guilty of furnishing any incorrect information / misrepresentation / fraud, which had led the concerned competent authorities to commit the mistake of making the higher payment to the employees. The employees were as innocent as their employers in the wrongful determination of their inflated emoluments. The Hon'ble Supreme Court in its judgment dated 18th December, 2014 *ibid* has, *inter-alia,* observed as under:

> "7. *Having examined a number of judgments rendered by this Court, we are of the view, that orders passed by the employer seeking recovery of monetary benefits wrongly extended to employees, can only be interfered with, in cases where such recovery would result in a hardship of a nature, which would far outweigh, the equitable balance of the employer's right to recover. In other words, interference would be called for, only in such cases where, it would be iniquitous to recover the payment made. In order to ascertain the parameters of the above consideration, and the test to be applied, reference needs to be made to situations when this Court exempted employees from such recovery, even in exercise of its jurisdiction under Article 142 of the Constitution of India. Repeated exercise of such power, "for doing complete justice in any cause" would establish that the recovery being effected was iniquitous, and therefore, arbitrary. And accordingly, the interference at the hands of this Court.*"

> "10. *In view of the afore-stated constitutional mandate, equity and good conscience, in the matter of livelihood of the people of this country, has to be the*

Contd. on pg.2

basis of all governmental actions. An action of the State, ordering a recovery from an employee, would be in order, so long as it is not rendered iniquitous to the extent, that the action of recovery would be more unfair, more wrongful, more improper, and more unwarranted, than the corresponding right of the employer, to recover the amount. Or in other words, till such time as the recovery would have a harsh and arbitrary effect on the employee, it would be permissible in law. Orders passed in given situations repeatedly, even in exercise of the power vested in this Court under Article 142 of the Constitution of India, will disclose the parameters of the realm of an action of recovery (of an excess amount paid to an employee) which would breach the obligations of the State, to citizens of this country, and render the action arbitrary, and therefore, violative of the mandate contained in Article 14 of the Constitution of India."

3. The issue that was required to be adjudicated by the Hon'ble Supreme Court was whether all the private respondents, against whom an order of recovery (of the excess amount) has been made, should be exempted in law, from the reimbursement of the same to the employer. For the applicability of the instant order, and the conclusions recorded by them thereinafter, the ingredients depicted in paras 2&3 of the judgment are essentially indispensable.

4. The Hon'ble Supreme Court while observing that it is not possible to postulate all situations of hardship which would govern employees on the issue of recovery, where payments have mistakenly been made by the employer, in excess of their entitlement has summarized the following few situations, wherein recoveries by the employers would be impermissible in law:-

(i) *Recovery from employees belonging to Class-III and Class-IV service (or Group 'C' and Group 'D' service).*
(ii) *Recovery from retired employees, or employees who are due to retire within one year, of the order of recovery.*
(iii) *Recovery from employees, when the excess payment has been made for a period in excess of five years, before the order of recovery is issued.*
(iv) *Recovery in cases where an employee has wrongfully been required to discharge duties of a higher post, and has been paid accordingly, even though he should have rightfully been required to work against an inferior post.*
(v) *In any other case, where the Court arrives at the conclusion, that recovery if made from the employee, would be iniquitous or harsh or arbitrary to such an extent, as would far outweigh the equitable balance of the employer's right to recover.*

5. The matter has, consequently, been examined in consultation with the Department of Expenditure and the Department of Legal Affairs. The Ministries / Departments are advised to deal with the issue of wrongful / excess payments made to Government servants in accordance with above decision of the Hon'ble Supreme Court in *CA No.11527 of 2014 (arising out of SLP (C) No.11684 of 2012) in State of Punjab and others etc vs Rafiq Masih (White Washer) etc.* However, wherever the waiver of recovery in the above-mentioned situations is considered, the same may be allowed with the

Contd. on pg.3

express approval of Department of Expenditure in terms of this Department's OM No.18/26/2011-Estt (Pay-I) dated 6th February, 2014.

6. In so far as persons serving in the Indian Audit and Accounts Department are concerned, these orders are issued with the concurrence of the Comptroller and Auditor General of India.

7. Hindi version will follow.

(A.K. Jain)
Deputy Secretary to the Government of India

1. All Ministries / Departments of Government of India
2. NIC, DOP&T – with a request to upload this OM on the Department's website under OMs & Orders (Establishment → Pay Rules) and also under "What is New".

Copy also forwarded to:

1. The Comptroller & Auditor General of India.
2. Secretary General, Supreme Court of India.
3. Controller General of Accounts / Controller of Accounts, Ministry of Finance.
4. Union Public Service Commission / Lok Sabha Sectt. / Rajya Sabha Sectt. / Cabinet Sectt. /Central Vigilance Commission / President's Sectt ./ Vice-President's Sectt. / Prime Minister's Office / Niti Aayog.
5. Governments of all States and Union Territories.
6. Department of Personnel and Training (AIS Division) / JCA /Admn. Section.
7. Secretary, National Council of JCM (Staff Side), 13-C, Feroz Shah Road, New Delhi.
8. All Members of Staff Side of the National Council of JCM / Departmental Council.
9. All Officers / Sections of Department of Personnel and Training / Department of Administrative Reforms & Public Grievances / Department of Pensions & Pensioners' Welfare / PESB.
10. Joint Secretary (Pers), Department of Expenditure, Ministry of Finance.
11. Additional Secretary (Union Territories), Ministry of Home Affairs.

Subject: **Guidelines for deduction and deposit of TDS by the DDOs under GST Law**

Date: 28/09/18 03:43 PM

From: Rajesh Goyal <rajesh.goel76@gov.in>

To: ceifcd@gmail.com, pwdhgdelhi@gmail.com, mddsiidc@gmail.com, pshealth@nic.in, diredu@nic.in, coa@nic.in, mddttdc@gmail.com, wcd@nic.in, ceo_delhi@eci.gov.in, pssw@nic.in, divcom@nic.in, cexcise@nic.in, dirdfw@nic.in, talwantsingh@gmail.com, sethi.brijesh@rediffmail.com, ajaypourie@gmail.com, finance@dpsru.edu.in, cdevlop@nic.in, commissioner-ndmc@mcd.gov.in, commissioner-edmc@mcd.gov.in, commissioneredmc@gmail.com, commissioner-sdmc@mcd.gov.in, commissioner-admc@mcd.gov.in, mdmetro@dmrc.org, senv@nic.in, commtpt@nic.in, ceodelhicantt@gmail.com, rg.dhc@nic.in, apccfgnctd@gmail.com, hq.trg-jdb@nccindia.nic.in, dtehedu@gmail.com, vcdtu@dtu.ac.in, dig-tihar@nic.in, pccfgnctd@gmail.com, cp.amulyapatnaik@delhipolice.gov.in, doed.dlfire@nic.in. psud@nic.in, pstechedu@nic.in, secyart@nic.in, comm_sdmc@mcd.gov.in, ps.nsit@gmail.com, finance@nludelhi.ac.in, registrar@nludelhi.ac.in, bfo.dusib@gmail.com, dg.2011@gmail.com, jdplg@nic.in, saoaudit@nic.in, prodjb306@gmail.com, cfood@nic.in, depttofarchaeology@gmail.com, depttofarcheology@gmail.com, dutcs@nic.in, dghome@nic.in, acwmhq@gmail.com, secyart@nic.in, dge.2011@gmail.com, dirge@gov.in, comdis.delhi@nic.in, dvigil@nic.in, psfin@nic.in, cfss.delhi@nic.in, ps2cfs@gmail.com, rct@nsit.ac.in, acwmhq@gmail.com, depttofarchaeology@gmail.com, depttofarcheology@gmail.com, dutcs@nic.in, dghome@nic.in, secyart@nic.in, dge.2011@gmail.com, comdis.delhi@nic.in, dvigil@nic.in, psfin@nic.in, cfss.delhi@nic.in, ps2cfs@gmail.com, rct@nsit.ac.in, delhishelter@gmail.com, kssharma56@gmail.com, ceodelhi.djb@nic.in

Cc: "ctt.delhi" <ctt.delhi@nic.in>, Sh S N Sahai <psfin@nic.in>

Guidelines for Deductions and Deposits of TDS by t... (448kB) Letter.pdf (206kB)

JS(TTE)

AO Admn / DCA

HOO

AO (HQ)-I / DDC

Pl. circulate

3/10/18

To,

All Pr. Secretaries/Secretaries/HoDs,
Departments/Autonomous Bodies/Local Bodies,
Govt. of NCT of Delhi.

Sub: Guidelines for deduction and deposit of TDS by the DDOs under GST Law.

Sir/Madam,

Please find enclosed herewith Circular No.65/39/2018-DOR dated 14.09.2018 of Department of Revenue, Ministry of Finance, Government of India on the subject cited above for compliance.

Yours faithfully,

(Rajesh Goyal)
Addl. Commissioner,
GST (State Tax)

3/10/18

658/AC
1/10/18

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE & TAXES
VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI - 110002.

No.F.3(201)/Policy-GST/2018/554 Dated: 28/09/18

To

All Pr. Secretaries/Secretaries/HoDs,
Departments/Autonomous Bodies/Local Bodies,
Govt. of NCT of Delhi.

Sub: Guidelines for deduction and deposit of TDS by the DDOs under GST Law.

Sir/Madam,

Please find enclosed herewith Circular No.65/39/2018-DOR dated 14.09.2018 of Department of Revenue, Ministry of Finance, Government of India on the subject cited above for compliance.

Yours faithfully,

(RAJESH GOYAL)
ADDL. COMMISSIONER, GST (STATE TAX)

Encl: As above

Circular No. 65/39/2018-DOR

F.No.S.31011/11/2018-ST-I-DoR
Government of India
Ministry of Finance
Department of Revenue
***

New Delhi, Dated the 14th September, 2018

To,

1. Secretaries of the Central Ministries as pe list enclosed.
2. Chief Secretaries of all States/UTs with legislature/ UTs without Legislature.
3. All Finance Secretaries/ CCTs of the States/ UTs with Legislature/UTs without Legislature.
4. Chairman CBIC /All Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/ Commissioners of Central Tax (through Member, GST, CBIC)
5. Pr.Chief Controller of Accounts, CBIC.

Madam/Sir,

Subject: Guidelines for Deductions and Deposits of TDS by the DDO under GST

Section 51 of the CGST Act 2017 provides for deduction of tax by the Government Agencies (Deductor) or any other person to be notified in this regard, from the payment made or credited to the supplier (Deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees. The amount deducted as tax under this section shall be paid to the Government by deductor within ten days after the end of the month in which such deduction is made alongwith a return in FORM GSTR-7 giving the details of deductions and deductees. Further, the deductor has to issue a certificate to the deductee mentioning therein the contract value, rate of deduction, amount deducted etc.

2. As per the Act, every deductor shall deduct the tax amount from the payment made to the supplier of goods or services or both and deposit the tax amount so deducted with the Government account through NEFT to RBI or a cheque to be deposited in one of the authorized banks, using challan on the common portal. In addition, the deductors are entrusted the responsibility of filing return in FORM GSTR-7 on the common portal for every month in which deduction has been made based on which the benefit of deduction shall be made available to the deductee. All the DDOs in the Government, who are performing the role as deductor have to register with the common portal and get the GST Identification Number (GSTIN).

3. The subject section which provides for tax deduction at source was not notified to come into force with effect from 1st July, 2017, the date from which GST was introduced. Government has recently notified that these provisions shall come into force with effect from 1st October, 2018, vide Notification No. 50/2018 – Central Tax dated 13th September, 2018.

4. For payment process of Tax Deduction at Source under GST two options can be followed, which are as under:

Option I: Generation of challan for every payment made during the month

Option II: Bunching of TDS deducted from the bills on weekly, monthly or any periodic manner

5. In order to give effect to the above options from 01.10.2018, a process flow of deduction and deposit of TDS by the DDOs has been finalised in consultation with CGA for guidance and implementation by Central and State Government Authorities. The process flow for Option I and Option II are described as under:

Option I - Individual Bill-wise Deduction and its Deposit by the DDO

6. In this option, the DDO will have to deduct as well as deposit the GST TDS for each bill individually by generating a CPIN (Challan) and mentioning it in the Bill itself.

7. Following process shall be followed by the DDO in this regard:

(i) The DDO shall prepare the Bill based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST.

(ii) The DDO shall login into the GSTN Portal (using his GSTIN) and generate the CPIN (Challan). In the CPIN he shall have to fill in the desired amount of payment against one/many Major Head(s) (CGST/SGST/UTGST/IGST) and the relevant component (e.g. Tax) under each of the Major Head.

(iii) While generating the CPIN, the DDO will have to select mode of payment as either (a) NEFT/RTGS or (b) OTC. In the OTC mode, the DDO will have to select the Bank where the payment will be deposited through OTC mode.

(iv) The DDO shall prepare the bill on PFMS (in case of Central Civil Ministries of GoI), similar payment portals of other Ministries/Departments of GoI or of State Governments for submission to the respective payment authorities.

(v) In the Bill,

   (a) the net amount payable to the Contractor; and

   (b) 2% as TDS

   will be specified

(vi) In case of NEFT/RTGS mode, the DDO will have to mention the CPIN Number (as beneficiary's account number), RBI (as beneficiary) and the IFSC Code of RBI with the request to payment authority to make payment in favour of RBI with these credentials.

(vii) In case of the OTC mode, the DDO will have to request the payment authority to issue 'A' Category Government Cheque in favour of one of the 25 authorized Banks. The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO.

(viii) Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal. This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal. This can be viewed and the details of CIN can be noted by the DDO anytime on GSTN portal using his Login credentials.

(ix) The DDO should maintain a Register as per proforma given in Annexure 'A' to keep record of all TDS deductions made by him during the month. This Record will be helpful at the time of filing Monthly Return (FORM GSTR-7) by the DDO. The DDO may also make use of the offline utility available on the GSTN Portal for this purpose.

(x) The DDO shall generate TDS Certificate through the GST Portal in FORM GSTR-7A after filing of Monthly Return.

Option II - Bunching of deductions and its deposit by the DDO

8. Option-I may not be suitable for DDOs who make large number of payments in a month as it would require them to make large number of challans during the month. Such DDOs may exercise this option wherein the DDO will have to deduct the TDS from each bill, for keeping it under the Suspense Head. However, deposit of this bunched amount from the Suspense Head can be made on a weekly, monthly or any other periodic basis.

9. Following process shall be followed by the DDO in this regard:

(i) The DDO shall prepare the Bill based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST.

(ii) The DDO shall prepare the bill on PFMS (in case of Central Civil Ministries of GoI), similar payment portals of other Ministries/Departments of GoI or of State Governments for submission to the respective payment authorities.

(iii) In the Bill, it will be specified

(a) the net amount payable to the Contractor; and

(b) 2% as TDS

(iv) The TDS amount shall be mentioned in the Bill for booking in the Suspense Head (8658 - Suspense; 00.101 - PAO Suspense; xx – GST TDS)

(v) The DDO will require to maintain the Record of the TDS so being booked under the Suspense Head so that at the time of preparing the CPIN for making payment on weekly/monthly or any other periodic basis, the total amount could be easily worked out.

(vi) At any periodic interval, when DDO needs to deposit the TDS amount, he will prepare the CPIN on the GSTN Portal for the amount (already booked under the Suspense Head).

(vii) While generating the CPIN, the DDO will have to select mode of payment as either (a) NEFT/RTGS or (b) OTC. In the OTC mode, the DDO will have to select the Bank where the payment will be deposited through OTC mode.

(viii) The DDO shall prepare the bill for the bunched TDS amount for payment through the concerned payment authority. In the Bill, the DDO will give reference of all the earlier paid bills from which 2% TDS was deducted and kept in the suspense head. The DDO may also attach a certified copy of the record maintained by him in this regard.

(ix) The payment authority will pass the bill by clearing the Suspense Head operated against that particular DDO after exercising necessary checks.

(x) In case of NEFT/RTGS mode, the DDO will have to mention the CPIN Number (as beneficiary's account number), RBI (as beneficiary) and the IFSC Code of RBI with the request to payment authority to make payment in favour of RBI with these credentials.

(xi) In case of the OTC mode, the DDO will have to request the payment authority to issue 'A' Category Government Cheque in favour of one of the 25 authorized Banks. The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO.

(xii) Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal. This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal. This can be viewed and the details of CIN can be noted by the DDO anytime on GSTN portal using his Login credentials.

(xiii) The DDO should maintain a Register as per proforma given in Annexure 'A' to keep record of all TDS deductions made by him during the month. This Record will be helpful at the time of filing Monthly Return (FORM GSTR-7) by the DDO. The DDO may also make use of the offline utility available on the GSTN Portal for this purpose.

(xiv) The DDO shall file the Return in FORM GSTR-7 by 10^{th} of the following month

(xv) The DDO shall generate TDS Certificate through the GSTN Portal in FORM GSTR-7A

10. Departments in Central Government should instruct all its DDOs under them to follow the above procedure for payment of GST TDS amount deducted from payments to be made to suppliers.

11. Difficulty, if any, in implementation of this circular may please be brought to the notice of Department of Revenue.

(Ritvik Pandey)
Joint Secretary to the Government of India

Annexure A

Record to be maintained by the DDO for filing of GSTR7

Sl. No.	GSTIN of the Deductee	Trade Name	Amount paid to the Deductee on which tax is deducted	Integrated Tax	Central Tax	State/UT Tax	Total