

FINANCE DEPARTMENT
Government of National Capital Territory of Delhi
4th Level, B-Wing, Delhi Secretariat, I.P. Estate, New Delhi

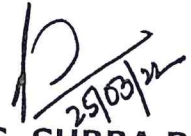
F.No.47/3/2021-AC/944-963

Dated: 25/03/2022

ENDORSEMENT

The copy of under mentioned letter/OM is forwarded herewith for information and necessary action to the following;

1. All Head of Department, Govt. of NCT of Delhi.
2. Guard File/Website of Finance Department.


(P.V.S.S. SUBBA RAO)
JOINT SECRETARY (FINANCE)

NAME OF MINISTRY / DEPARTMENT	LETTER/OM NO. & DATE	SUBJECT
Public Financial Management System, O/o Controller General of Accounts, Department of Expenditure, Ministry of Finance, Govt of India	F.No.1(13)/PFMS/F CD/2020 dated 15.03.2022	Procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of funds released – non generation of sanction order if Central share released earlier has not reached SNA
Public Financial Management System, O/o Controller General of Accounts, Department of Expenditure, Ministry of Finance, Govt of India	F.No.1(13)/PFMS/F CD/2020 dated 16.03.2022	Procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of funds released – Reg. Payment of statutory deductions.

F. No 1(13)/PFMS/FCD/2020

Government of India
Ministry of Finance
Department of Expenditure

70/c

5th Floor, Block 11, CGO Complex
New Delhi, the 6th March, 2022

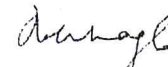
To

All Chief Secretaries/Principal Secretaries (Finance) of all States/UTs.

Subject: Procedure for release of funds under the Centrally Sponsored Scheme (CSS) and monitoring utilization of the funds released – reg. payment of statutory deductions

I am directed to refer to this Department's letter of even number dated 23rd March, 2021 on the above mentioned subject. After taking into consideration the issues raised by various Ministries/Departments to facilitate payment and settlement of various deductions/taxes while processing payments through PFMS, it has been decided that the following procedure may be adopted regarding payment of statutory deductions:

- i. A separate Bank account [to be called 'Holding Account'] shall be opened by the Agencies for holding the tax/statutory deductions.
 - ii. This Holding Account would be permitted to make payments outside of PFMS, through cheques or internet banking to effect the statutory payments with the challan details being captured simultaneously.
 - iii. The Holding Account will serve the purpose of holding tax/duties/levies/fees/municipal charges etc. of State Government, municipalities etc. which the Agencies need to process.
2. The Holding Account will have the following conditions:
 - i. Account shall be opened preferably in the same bank as is the SNA/ZBA Account.
 - ii. Maximum time for which money can be held in this account shall be fourteen days, after which the money shall be credited back to the Agency Account.
 3. A copy of the Standard Operating Procedure (SOP) for payment of Statutory Deductions/Taxes through PFMS is enclosed.
 4. This issues with the approval of Finance Secretary and Secretary (Expenditure).



(Abhay Kumar)
Director

Tel. No. 24360647

Copy to: All State Directorates of PFMS.

5th Floor, Block 11, CGO Complex
New Delhi, the 15th March, 2022

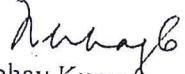
OFFICE MEMORANDUM

Subject: Procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released – non generation of sanction order if Central share released earlier has not reached SNA.

The undersigned is directed to refer to this Department's OM of even number dated 23rd March, 2021 on the above mentioned subject and to say that as per point 16 of the OM, the State Government will transfer the central share received in its account in the RBI to the concerned SNA's account within a period of 21 days of its receipt. However as per information shared by State Treasuries with PFMS, considerable delays in transfer have been observed.

2. It has therefore, been decided that w.e.f. 01.04.2022, a check will be operationalized in the PFMS that if a previous instalment of central share released by the Government of India has not reached from State Treasury to SNA's Account, sanction order for subsequent instalment of central share will not be generated.

3. This issues with the approval of Finance Secretary and Secretary (Expenditure).


(Abhay Kumar)
Director
Tele No. 24360647

To,

1. All Secretaries to the Government of India.
2. All Financial Advisors to the Govt. of India.
3. All Pr. CCAs/CCAs of all Ministries/Departments.
4. Addl. CGA (PFMS) with the request to operationalize the necessary check in PFMS.

Copy to:

1. Chief Secretaries of all States/Union Territories
2. Principal Secretary Finance of all States/Union Territories

Copy for information to:

1. PPS to Controller General of Accounts.
2. Sr. PPS to Addl. Secretary (PFS), Ministry of Finance, New Delhi
3. Jt. CGA, PFMS (Roll Out), O/o CGA, Shivaji Stadium Annexe, New Delhi
4. Jt. CGA, PFMS (TRBRM), O/o CGA, Shivaji Stadium Annexe, New Delhi
5. Jt. CGA, PFMS (GIFMIS), O/o CGA, Shivaji Stadium Annexe, New Delhi

SoP for tax/statutory deductions and payments on EAT Module of PFMS

1. Implementing Agencies shall open a separate bank account (Holding Account) preferably in the same bank where the main operational account (SNA/ZBA etc.) is held. This will be used for temporarily holding the taxes /statutory deductions etc.
2. The Holding Account will be a non-interest bearing account, where the transferred funds can be held for a maximum period of 14 days. This account can be used only for transfer of funds from PFMS (and not from any other source), and for processing the payment of deductions.
3. The Implementing Agency shall register the Holding Account details for the relevant scheme on PFMS for account validation.
4. While processing payments to a vendor, Implementing Agency (IA) shall specify the following in the EAT module of PFMS:
 - a. gross amount of payment
 - b. relevant statutory/tax deductions
5. Implementing Agency shall first approve the net payment to vendor (i.e. the gross amount less the deductions) either through the DSC mode or the ePA/PPA mode.
6. After the vendor's payment is successful (as approved at Pt. 5 above), the Implementing Agency shall
 - a. in case of DSC payments, apply the DSC again for transferring the deductions to the Holding Account
 - b. in case of ePA/PPA payments, approve a separate ePA/PPA to transfer the deductions to the Holding Account
7. Implementing Agencies to use the Holding Account to make statutory payments outside PFMS through Internet Banking, or other mechanisms like cheques or challan payments. This will now be shown as 'Outstanding' in the 'Deduction Settlement' form on PFMS.
8. The Implementing Agencies shall use the 'Deduction Settlement' feature in PFMS to enter the tax / deduction / other challan details for all vendor payments which are reported as success by bank. This will clear the 'Outstanding' status of settlements.
9. Implementing Agencies need to make statutory deductions payment at the earliest, and not later than 14 days from the date of transfer of funds to Holding Account. After lapse of 14 days' period, the unutilized money shall be credited back to the Agency account.
