



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

Office of the Financial Advisor

Registered Office: Vidyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004

CIN: U40100KL2011SGC027424

Website: www.kseb.in

Phone : +91 471 2445807, 2444240

Email: fa@kseb.in

No. FA-ATC-DA2/2023/21

Dated: 17.02.2023

From

The Financial Advisor

To

All ARU's

Sir,

Sub:- Income Tax deduction on Earned Leave Surrender (for FY 2022-23)
Credited to GPF – directions - reg

Ref:- 1) G.O.(P) No.148/2022/Fin dated, Thiruvananthapuram, 30.12.2022

2) Circular No.114/2022/Fin dated 31.12.2022

3) BO (FTD) No.43/2023 (FA-FC-ST1/2022/4) Thiruvananthapuram, dated
01.02.2023

The Government of Kerala, vide order referred (1) above, has accorded sanction to credit the deferred periodical surrender of earned leave for the Financial Year 2022-23 in the Provident Fund Account of the employees concerned with effect from 20.03.2023, subject to the condition that the amount thus credited will be withdrawn after a lock in period of four years. The same was adopted by KSEBL vide order cited (3) above. In light of the same, requests are received from various offices regarding the accounting and recovery of Income Tax on the Earned Leave Surrender to be credited in the GPF Account.

The following guidelines are issued for proper compliance of the Income Tax Act, 1961.

The recovery of income tax should not be made while the Earned leave Surrender bill (for 2022-23) is passed in HRIS since the entire amount is to be credited to PF account of the employee. The Chief Engineer (IT&CR) should take necessary steps to ensure that the recovery of TDS from the Earned Leave Surrender Bill for 2022-23 is disabled.

Income Tax Deduction on the Earned Leave Surrender can be done in two ways:

Option 1

The employee can directly remit the IT due on Earned Leave Surrender to the ARU on or before 31/03/2023 and the ARU should account the Income Tax collected from the employee in 44.401 and remit it before the due date.

Option 2

The TDS liability due on the Earned Leave surrender for FY2022-23, should be recovered from the salary of the employee for the month of March 2023, in addition to the

TDS due for the FY 2023-24.

However, the following points should be taken care of.

a. **While remitting TDS** - The Assessment Year in which TDS is to be remitted for Earned Leave Surrender is 2023-24 and that for the normal Income Tax is 2024-25;

b. **While filing 24Q** - The Earned Leave Surrender and the corresponding TDS should be included in the Income and TDS in Form 24Q4 for FY2022-23 and the normal salary and TDS in Form 24Q1 for FY2023-24.

In any case, TDS is to be calculated considering the Earned Leave Surrender as the income of the Financial Year 2022-23, and the same should be reflected in Form 16.

The following example may be looked into for clarity on the above.

Description	Amount	Remarks
Total taxable Income for FY2022-23 after deductions, excluding ELS for FY2022-23	12,00,000	
ELS for 2022-23 credited in GPF	1,00,000	
Total Income	13,00,000	
Income Tax Due (Taxation as per 115BAC) including Education Cess	1,43,000	Presumed that the employee has opted for new regime of taxation
Total Tax deducted till Feb 2023	1,20,000	
Balance Tax to be deducted for FY2022-23 from the Salary for March 2023	23,000	To be remitted for AY 2023-24 and included in Form 24Q4 of FY2022-23
Routine Income Tax for FY 2023-24 to be deducted from the salary of March 2023	12,000	To be remitted for AY 2024-25 and included in Form 24Q1 of FY2023-24
Total Income Tax to be deducted from the Salary Bill of March 2023	35,000	

Difficulty, if any, in the implementation of the above directions may be brought to the notice of this office.

Yours faithfully
Sd/-
Financial Advisor

Approved For Issue



Assistant Finance Officer