GOVERNMENT OF KERALA

Finance Department

CIRCULAR

No. 51/63/Fin. *Dated, Trivandrum, 23rd July 1963.*

Sub:- Compulsory Deposit Schemes for Employees and Income Tax Payers- New facilities for making deposits- Instructions regarding.

With a view to simplify the working of the Income-tax payers and Employees Compulsory Deposit Schemes which have come into force with effect from 1-7-1963 the Government of India have announced a number of important procedural changes and issued clarifications on certain points. These are briefly summarized below:-

(i) Originally the schemes provided that the deposits can be made only at Head Post Offices, Departmental Sub Post Offices, Offices of the Reserve Bank of India and branches of the State Bank of India and its subsidiaries. It has since been decided that the following eight Scheduled banks will also be allowed to accept these deposits and maintain accounts thereof with effect from 1-8-1963.

The Central Bank of India Ltd.
The Punjab National Bank Ltd.
The United Commercial bank Ltd.
The Bank of Baroda Ltd.
The Bank of India Ltd.
Devikaran Nanjee Banking Co. Ltd.
The United Bank of India Ltd.
The Indian Bank Ltd.

(ii) Income-tax payers are free to open deposit accounts with any of the authorized deposit offices including the eight scheduled banks referred to above, as may be convenient to them. The deposits may be made any time before the end of the financial year. The deposits can also be made in instalments but not oftener than once a month.

(iii) Factories and establishments which have been exempted under Section 17 of the Employees Provident fund Act will be allowed to maintain individual accounts of compulsory deposits recovered from their employees and open only a single account in the name of the factory or establishment with a Head Post Office or with the Reserve Bank or the State Bank of India or its subsidiary banks conducting Government treasury business. The amounts recovered from the employees every month will be credited to the above account in lump. Public sector enterprises of both the Central and State Governments whether they are exempted under the Employees Provident Fund Act or not will also have the option to follow a similar procedure.

(iv) Central and State Government Departments employing more than 1,000 persons at the same station would also have the option to take over the responsibility of maintaining individual accounts of deductions made by them and follow the procedure mentioned in (iii) above.

(v) Accounts of Compulsory Deposits relating to the employees of Central and State Governments including also public sector undertakings should be maintained only with the post offices or offices and branches of the Reserve Bank of India and the State Bank of India and its subsidiary banks *and not with the Scheduled Banks.*

(vi) It has been decided to waive the requirement for getting an application form filled by individual employees who have to make deposit under the Compulsory Deposit (Employees) Scheme 1963. Accordingly employers can get the accounts opened in the name of their individual employees by applying to the deposit offices.

(vii) In so far as Compulsory Deposits recovered during the month of July are concerned, the period within which they should be remitted to the deposit offices has been extended from 14 to 45 days. In order that the extension may not involve any loss of interest to the depositors, interest on all such deposits will be allowed with effect from 1-8-1963.

(viii) Under rule 12 of the Compulsory Deposit (Employees) Scheme 1963, an employee paying not less than 11 per cent of his annual income from salary by way of life insurance premia, contribution to provident fund etc., will be exempt from payment of compulsory deposits. The point has been raised whether an exemptee under the above rule can be permitted to withdraw any amount from provident fund etc., as advance or otherwise, and if so whether there is any limit to it. It is clarified that withdrawals from the provident fund etc. are governed by the respective rules and that the limit of 11 per cent will be applied with reference to the contribution actually made or premium paid during the year, regardless of the amounts withdrawn or repaid.

In the case of Contributory Provident Fund, the employer's contribution to the fund has to be excluded in applying the limit of 11 per cent.

(ix) The liability imposed on the employers under the Compulsory Deposit (Employees) Scheme for deducting the deposits from the salaries payable to their employees and for remitting them to the Deposit Office over-rides the provisions of the Payment of Wages Act regarding unauthorized deductions. Further it is not open to the employee to ask for a deduction only once in a year. It is the legal obligation of the employer to effect the recovery of Compulsory Deposit from all salaries payable by him whenever they are paid.

(x) Only employees who have completed not less than 240 days of continuous service under the same employer on 1st July 1963 or any date subsequent thereto are liable to make the deposit under the Compulsory Deposit (Employees) Scheme 1963.

Explanation:- "Continuous service" means uninterrupted service but includes service which is interrupted by sickness, accident, unauthorized leave, strike which is not illegal, or involuntary unemployment.

(xi) Salary for the purposes of the Compulsory Deposit (Employees) Scheme 1963 means basic pay or wages, i.e. all emoluments including dearness allowance which are earned by an employee while on duty or on leave with pay or wages, in accordance with the terms of contract of employment. If any, and which are paid or payable in cash to him but *excluding house rent allowance, overtime allowance, bonus, commission or* any other similar allowance payable to the employee in respect of his employment or for work done in such employment and any presents made by the employer. Salary also includes cash value of any food concession and retaining allowance.

(xii) Deduction of amounts to be deposited under the scheme for Employees should not be made in the month when the salary payable in that month is less than Rs. 125. This is subject to the proviso that where the annual income of the employee is likely to be Rs. 1,500 or more, deductions shall be made in the last three months of that financial year at such rates as to make the total amount of deposit for the year reach the prescribed limit. When the salary is paid more than once in a month deductions shall be made every time the salary is paid in that month.

2. The Government of India will be shortly issuing formal amendments to the schemes wherever necessary to give effect to the above decisions.

V. RAMACHANDRAN,
Additional Secretary to Government.

To

The Accountant General, Kerala.
All Heads of Departments and Offices.
The Director of Panchayats — for circulation among
The Director of Municipalities — local bodies.
The Registrar, University of Kerala (with C.L.)
The Registrar of High Court (with C.L.)
The Secretary, Kerala Public Service Commission (with C.L.)
The General Managers of Government Commercial Concerns.
The Commissioner of Corporation, Trivandrum and Kozhikode.
The Secretary, Travancore Devaswom Board, Trivandrum (with C.L.)
The Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries, Under Secretaries and Assistant Secretaries to Government.
All Departments and Sections of the Secretariat.
The Secretary to the Governor.
The Personal Assistant to the Chief Secretary.
The Managing Director, Kerala Financial Corporation.
The Managing Director, Kerala State Industrial Development Corporation.
The Managing Director, Kerala State Small Industries Corporation.
The Secretary, Kerala State Electricity Board (with C.L.)
