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No. Pr.AO/ PFMS /2021-22/ E-364613/ 176-92

Dated: 11.05.2022

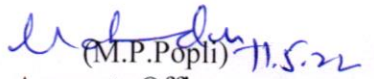
Office Memorandum

Sub: Release of funds under the Centrally sponsored Schemes (CSS) and monitoring utilization of the funds released – SOP for handling tax payment through holding account by External Systems – Reg:

The undersigned is directed to forward herewith the OM No. AD-17007/24/2021-PFMS Rollout Vertical/623 dated 9th May, 2022 issued by PFMS, O/o Controller General Of Accounts, Department of Expenditure, Ministry of Finance on the subject cited above for your kind information and necessary action.

This issues with the approval of Competent Authority.

Encl: as above


(M.P. Popli)
Sr. Accounts Officer

1. All PDs of DoRD/ DoLR/MoPR (Centrally sponsored Schemes (CSS))
2. IFD/Budget Division DoRD/ DoLR/MoPR.
3. DDG-NIC, MoRD/MoPR

Copy for information to:

1. PPS to AS&FA, MoRD/MoPR
2. PS to CCA, MoRD/MoPR
3. PA to Dy.CA, MoRD/MoPR

AD-17007/24/2021-PFMS Rollout Vertical/ 623

Government of India, Ministry of Finance
Department of Expenditure
O/o the Controller General of Accounts
Public Financial Management system

4th Floor, Shivaji Stadium Annexe
Shaheed Bhagat Singh Marg, New Delhi-110001

Dated: 06.05.2022

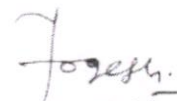
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OFFICE MEMORANDUM

Subject: Release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released – SOP for handling tax payment through holding account by External Systems.

The undersigned is directed to refer to Department of Expenditure letter No.1 (13) PFMS/FCD/2020 dated 23.03.2021 on the above mentioned subject. After taking into consideration the issues in handling of tax payment through Holding Account by External Systems under **Model 1 & 2** of SNA implementation, a Standard Operating Procedure (SOP) on the same is enclosed. An updated integration document will shortly be made available to the external systems for carrying out necessary changes for transfer of data.

This issue with the approval of Competent Authority.



(Yogesh Kumar Meena)

Dy. Controller General of Accounts

To,

1. All Nodal Officers of integrated External Systems
2. All PFMS State Directorates.

Copy to:

1. Sr. PPS to Addl. Secretary (PFS), DoE, Ministry of Finance
2. Sr.PS to Addl. CGA (PFMS Div.)
3. Pr.CCAs/CCAs/CAs (IC) of Ministries/ Departments
4. Jt.CGAs (TRBR/Rollout/DBT)
5. Jt. CGAs (Zone-1/2/3), PFMS
6. Director (Finance), Department of Expenditure.
7. Dy.CGAs/ACGAs (Rollout)
8. Sr.AOs/AAO, PFMS (Roll-out).

STANDARD OPERATING PROCEDURE

FOR

HANDLING TAX PAYMENT THROUGH HOLDING ACCOUNT BY EXTERNAL SYSTEMS

MODEL 1 & 2 of SNA GUIDELINES (MIS & PAYMENT)

Public Financial Management System
Office of Controller General of Accounts
Ministry of Finance, Department of Expenditure
Government of India

1 Introduction

This document describes the Standard Operating Procedure for the operation of Statutory tax deduction holding account by the various stockholders. The stakeholders need to follow the steps mentioned in the document for the MIS and Payment under Model 1 & 2.

2 Stakeholders

1. External systems integrated with PFMS
2. PFMS.
3. Banks (SNA & ZBA Bank)

3 Assumptions:

1. The Holding Account to be only opened, preferably in the SNA Bank.
2. Holding Account can be added only after adding SNA or ZBA Account
3. The holding accounts shall be non-interest bearing account.
4. IA & Banks shall ensure that the holding account is used only for transactions (debit as well as credit) related to statutory deductions and no other transactions shall be allowed. All credits into holding account from External System would be sent with narration "STATUTORY DEDUCTION".
5. Same holding account number cannot be added in multiple scheme.

4 SOP for External System Integration with PFMS

Model -1: MIS only

1. Single Nodal Agency and Implementing agencies to open holding account in SNA bank, for holding the Statutory taxes and deductions amount.
2. The Implementing agencies need to use the Holding Account for the purpose of holding taxes / duties / levies/fees/ municipal charges etc., of state government / municipalities etc.
3. Provision to be provided in external system application for adding holding account alongwith SNA/ZBA. Only one holding account can be added in SNA scheme by an agency
4. Provision to be added in the external system application for making Vendor payment and Tax file payment separately.
5. External Systems shall send first vendor payment file to bank for the payment processing through their application.
6. After receiving the credit success of Vendor payment, the agency will do funds transfer equivalent to the statutory deduction amount from SNA/ZBA into the holding account through external system application.
7. External System to provide feature in application to enter the tax / deduction challan details for all vendor payments which are reported as success by bank.

8. After credit confirmation of tax payment, External System will share vendor payment details as well as tax payment details alongwith tax settlement details i.e. challan no etc with PFMS for MIS purpose.
9. Provision for handling failure after success cases to be added in the external system.
10. External system need to ensure for return of money within fourteen days from the holding account to SNA account for which tax execution has not initiated by User. Fourteen days will be counted from the date of credit of tax amount into holding account.
11. External system shall consume the Master data of PFMS through API.

Model -2: MIS + Payment (through PFMS portal)

1. Single Nodal Agency and Implementing agencies to open holding account in SNA bank, for holding the Statuary taxes and deductions amount.
2. The Implementing agencies need to use the Holding Account for the purpose of holding taxes / duties / levies/fees/ municipal charges etc., of state government / municipalities etc.
3. Provision to be provided in external system application for adding holding account alongwith SNA/ZBA. Only one holding account can be added in SNA scheme by an agency.
4. Provision to be added in the external system application for making Vendor payment and Tax file payment separately.
5. External Systems shall send first vendor payment file through PFMS portal to bank for the payment processing.
6. After receiving the credit success of Vendor payment, the agency will do funds transfer equivalent to the statutory deduction amount from SNA/ZBA into the holding account through PFMS portal.
7. External System to provide feature in their application to enter the tax / deduction challan details for all vendor payments which are reported as success by bank and their after send tax settlement MIS to PFMS.
8. External system shall consume the Master data of PFMS through API.

5 SOP for PFMS

Model -1: MIS

1. PFMS will provide the master data through API to External system and also update the Integration technical documents for necessary development by external systems.
2. PFMS will consume the MIS record received from external system regarding vendor payment / tax payment / tax settlement details in the corresponding table for the reporting purpose.

Model -2: MIS + Payment through PFMS

1. PFMS will provide the master data through API to External system and also update the Integration technical documents for necessary development by external systems.
2. PFMS will receive vendor payment file and tax deduction file separately from external system.

3. After successful internal validation by the PFMS, the vendor Payment file shall send to bank by the PFMS for the vendor payment processing
4. PFMS share the response of vendor payment file with External system.
5. After credit confirmation of vendor payment file, External system shall transfer the deduction amount into the holding account of implementing agency through PFMS.
6. Subsequently, PFMS also send the response of tax payment file to external system
7. PFMS will consume the tax settlement MIS provided by the external system
8. PFMS will provide the updated integration document to external system to carry out necessary changes for transfer of data.

6 SOP for Bank

1. The Holding account is validated from bank.
2. Facility for opening of Holding Account will be provided by Bank.
3. Bank to ensure that the holding account shall be non-interest bearing account.
4. Banks to ensure that holding account is used only for transaction related to statutory deductions (debit and credit) and no other transaction to be allowed.
5. Bank process the payment file and share the response of payment as success or fail to PFMS.
6. Bank process the tax deduction files and share the response of tax deduction file.