

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6994

ANSWERED ON:18.05.2012

TDS OF AIRLINES COMPANIES

Argal Shri Ashok;Khaire Shri Chandrakant Bhaurao

Will the Minister of FINANCE be pleased to state:

- (a) the details of norms followed by Income Tax Department to ensure that firms like airlines companies operating in the country deposit the tax deducted from their employees;
- (b) whether any default in this regard is detected and if so, the details thereof for each of the last three years and reaction of the Government thereto;
- (c) whether any airlines company had not deposited the Tax Deduction at Source (TDS) and Income Tax amount that it deducted from its employees salaries for last many years and if so, the action taken thereon;
- (d) whether the company had also not deposited some other dues with the appropriate government agencies such as Provident Fund, Employees States Insurance (ESI) etc. and if so, the details thereof; and
- (e) whether Government has taken any action for the failure of the company to deposit the statutory funds and if so, the details thereof and if not, the reasons therefore?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) As per the provisions of the Income Tax Act and procedures laid down by the Income Tax Rules, all deductors, like airlines companies, are liable to make TDS at a specified rate on the amount that is paid/credited to other persons (called deductees), if such payments/credits are of specified nature. This amount so deducted is required to be deposited in Government Account within stipulated time-frame. Subsequently, the deductors are required to e-file their TDS statements on quarterly basis and issue certificate of deduction of Tax to the deductee. In case of failure to deposit the amount already deducted, the Income Tax Act stipulates not only charging of mandatory interest but also imposition of penalty as well as prosecution of the defaulting deductor in appropriate cases.
- (b) Yes, however, such data cannot be maintained centrally with respect to the various tax deductors.
- (c) Yes, M/s Kingfisher Airlines was found to have deducted tax at source on salary payments but had not deposited the same in Government Account. Survey u/s 133A of Income Tax Act 1961 was conducted at the business premises of the aforesaid company and subsequently tax demand (including interest) amounting to Rs. 372.09 crores pertaining to FYs 2009-10 to 2011-12 were raised. Action for recovery has been undertaken and a total of Rs 103.03 crores has already been recovered. Penalty and prosecution proceedings under the Income-tax Act have also been initiated.
- (d) & (e) the information regarding the Provident fund dues about various airlines companies is as under:-

Name Action Taken

Spice Jet Ltd Proceedings under Section 7A of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (EPF & MP Act), have been initiated for assessment of dues from 11/08 to 01/12

Air India Ltd It was covered under section 1 (3) (b) of the EPF & MP Act, from 1.4.2001 with 72 causal employees. The establishment challenged the applicability in the High Court of Calcutta. No action can be initiated against the establishment as the matter is sub-judice.

NEPC Airlines An amount of Rs. 11.81 lakhs is outstanding for the period 1997-98 and from 12/1999 to 06/2001. However, it could not be recovered due to stay against the recovery

proceedings from EPF Appellate Tribunal.

Paramount Airways An amount of Rs. 15.48 lakhs is outstanding for the period from 04/2010 to 05/2010. The establishment has filed a review application under section 7B of the EPF & MP Act against the order of assessment and the proceedings are on. Proceedings for assessment of dues under section 7A of the EPF & MP Act from 06/2010 onwards is under progress.

In case of Employees State Insurance Corporation, an amount of Rs 23.42 lakhs is outstanding against the Bangalore unit of Kingfisher Airlines towards Interest and Damages, for which recovery action has been taken. The matter is pending in E. I. Court.