

ಚಾಮುಂಡೇಶ್ವರಿ ವಿದ್ಯುತ್ ಸರಬರಾಜು  
ನಿಗಮ ನಿಯಮಿತ  
(ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಸ್ವಾಮ್ಯಕ್ಕೆ ಒಳಪಟ್ಟಿದೆ)  
ನಿಗಮ ಕಾರ್ಯಾಲಯ,  
ಚಾವಿಸನಿನಿ, ಮೈಸೂರು - 570017  
ದೂರವಾಣಿ ಸಂಖ್ಯೆ: 0821- 2343384



CHAMUNDESHWARI ELECTRICITY  
SUPPLY CORPORATION LIMITED  
(Government of Karnataka undertaking)  
Corporate Office,  
CESC, Mysuru-570017  
Website: [www.cescmysore.org](http://www.cescmysore.org)  
E-mail ID: [agmtax@cescmysore.org](mailto:agmtax@cescmysore.org)

Company Identity Number[CIN]:- U40109KA2004SGCO35177

CESC/TAX/GST/5/E-48870/2023-TAX/  
Encl:

Cys-594

Date: 07 AUG 2023

## CIRCULAR

**Sub:** Implementation of common Central Vendor Master and modified Bill Module in FAMS

### Preamble:

The compliance of Goods and Service Tax Act 2017, Income Tax Act 1961 are mandatory to the company. While verifying monthly Inward and outward details and annual reconciliation of Income tax and GST Annexures, discrepancies were observed in compliance of above Acts.

As per Micro, Small and Medium Enterprises Development Act 2006, CESC has to pay the bills towards supply of goods and/or services from MSME suppliers within a maximum period of 45 days from the date of delivery of the goods or services. If payment is not made during the given period, the Supplier is entitled to claim interest at the rate which is 3 times the bank rate notified by RBI. Further, as per Companies Act 2013, non-compliance of MSME provisions and classification of trade payable amount & interest payable related qualifications has been made by statutory auditors in our company's annual reports.

In the background of the above, to adhere to the compliance statutory provisions following implementations are proposed in creation/modification of existing **vendor master** and **billing module**.

### Proposed changes in Vendor Master :

It is observed that, in FAMS Local Vendor Master, more than 14,000 local vendors were found, among which duplicate entries for the same supplier with mismatched and incomplete information related to PAN, GSTIN, etc., were found in same/different accounting units local vendor master. Also requisite information like PAN, GSTIN, MSME status details are not found. In the absence of the above information, compliance of GST, TDS provisions cannot be efficiently implemented in FAMS system. In view of above following modifications and updates are suggested:

ನೋಂದಾಯಿತ ಕಛೇರಿ: ನಿಗಮ ಕಾರ್ಯಾಲಯ, ನಂ.29, ವಿಜಯನಗರ, ೨ನೇ ಹಂತ, ಹಿಂಕಲ್, ಮೈಸೂರು-570017  
Registered Office: Corporate Office, #29, Vijayanagara, 2<sup>nd</sup> Stage, Hinkal, Mysuru-570017

## I. Permanent Account Number (PAN) ) Compliance :

- a. Accounting units has to mention whether the supplier is a PAN holder or not. If the status is '**YES**', **PAN** number must be updated in the provided excel with copy of the PAN through mail for verification.
- b. As per Income Tax Act 1961, section 206AB and 206CCA, if the status of the supplier is 'Specified Person' = '**YES**' (i.e., non-filers of Income Tax Returns) then, TDS and TCS should be deducted at "**twice the original TDS/TCS rate applicable or 5% whichever is higher**". The status of 'Specified Person' will be verified and updated to vendor master directly by Tax Section every year.
- c. An advisory will be displayed in the foot note of **BILL MODULE** regarding deduction of higher rates of TDS based on status of Non PAN /specified person. while approving the bill/auditing of the bill, officers should ensure the TDS/TCS compliance without fail.

## II. GST Registration Number (GSTIN) Compliance :

- a. Accounting units has to mention whether the supplier is registered under GST Act. If the status is '**YES**', *GST Registration number* must be updated in the provided excel.
- b. Type of GSTIN viz., **Composition/Regular/Tax Deductor** must be mentioned.
- c. The status of registration viz., **Active/Cancelled/Suspend** to be mentioned.
- d. Every Month, the status of the GST registration will be verified and updated by Tax section to Vendor master.
- e. If GSTIN type is '**composition dealer**' or status is '**Cancelled**' or '**Suspended**' or '**GSTIN**' not available, an advisory will be displayed in the foot note of **BILL MODULE** to verify whether GST is claimed/allowed in the bill, since these vendors are **not eligible** to claim GST. While approving the bill/auditing of the bill, officers should ensure the GST compliance without fail.

## III. MSME Compliance:

- a. Accounting units has to mention whether the supplier is registered under MSME Act or not. If the status is '**YES**', **MSME** certificate number and

other details must be updated in the provided excel with copy of the '**MSME Certificate**' through mail for verification.

- b. The nature of MSME viz., **Manufacturing/ Services** must be updated.
- c. The type of MSME viz., **Micro/Small/Medium** must be updated.
- d. If the status of MSME is '**YES**', an advisory will be displayed in the foot note of **BILL MODULE** to ensure the payment of bill to respective MSME vendor is made within 45 days. While approving the bill/auditing of the bill, officers should ensure the MSME compliance without fail.


**IV. BILL MODULE:** With above modifications in the *VENDOR MASTER*, following changes has been proposed in the *BILLING MODULES*,

- a. Once the vendor is selected in the bill module,
  - 'PAN' Number/Status of 'specified person'
  - 'GSTIN' number/Type & status of registration
  - 'MSME' status will be displayed in the module.
- b. For GST compliance, bifurcation of Taxable value, CGST, SGST & IGST along with rate of applicable GST options is provided to update the details Tax Invoice submitted by the supplier. If the claim as per tax invoice is reduced as per supply made, then tax amount bifurcation has to be provided as per reduced taxable amount. For the difference of claim and allowed, debit note to be issued as per circular issued earlier.
- c. Based on the status of PAN, GSTIN and MSME, advisory foot notes as explained above will be provided for compliance of the concerned ACT.

With above suggested modifications in bill module and Vendor master for efficient implementations, following steps must be followed by accounting units:

1. After implementation of modifications to the central vendor masters as suggested above, usage of local vendor will be frozen, and accounting units have to only use Central vendor master. Necessary steps must be taken to provide details to create one common central vendor with relevant documents in the given excel format to Tax section to update.
2. Since, only the bills paid within 180days from the date of invoice is eligible to avail Input Tax Credit(ITC), accounting units must ensure that the date of Tax invoice received is of that received month. If old dated tax invoices are claimed/received, advised to get recent Tax Invoice for ITC compliance.
3. While passing the bill, Tax invoice number must be entered completely as per the invoice. As the same details is required to verify in monthly GSTR2B

- statement of CESC to ensure the payment of GST by supplier to Authority on behalf of CESC and to calculate eligible ITC.
4. The authorized officers must ensure the deductions like *IT TDS/TCS, GST TDS* and any other statutory deductions are accounted in appropriate head of account under deductions column in the *Billing module*.
  5. It is observed by the statutory auditors that the TDS payments are not done with in due date and not routing through TDS head of account. Hence, make sure the compliance of the point number 4 mentioned above. Further by end of the financial year, only march month TDS payable amount should reflected in the relevant statutory head of accounts and should be equal to amount paid in subsequent April and must be within due date.
  6. It is a statutory requirement to clear Statutory obligations of obtaining funds for deductions made in bill passing during a particular month, officers/staff must take necessary action to obtain funds and paid within due date of subsequent month and accounted in concerned head of account without fail.

  
Chief Financial officer

**Copy to:-**

1. Chief General Manager(I/A), Corporate office, CESC for Kind information.
2. Chief Engineer(EI), CESC, O&M Zone, Mysore/Hassan.
3. All General Manager, CESC, Corporate Office, Mysuru.
4. All SEEs O&M Circles, CESC.
5. All Deputy General Manager, CESC, Corporate Office, Mysuru.
6. DGM (MIS)-To publish in CESC, Official website.
7. All Executive Engineer (Ele) O&M Division, CESC.
8. All AEEs O&M Sub-division, CESC.
9. The Asst. General Manager IM Section/EBC/Finance/Accounts/Pension/Revenue, CESC, Corporate Office, Mysuru.
10. All Account Officers(I/A), CESC
11. MF/OC.