



F.No. 500-163 / 2019-20 / CA-III / BSNL

Dated: 26.03.2020

To
CGM(s) and IFAs
All Territorial and Non-Territorial Circles and DGM R&P BSNL CO

Sub: Instructions regarding Payment of VRS dues—Ex gratia

It has been decided with the approval of the competent authority that an ad-hoc payment towards ex gratia shall be released to VRS optees, who's cases stand verified by the respective circles. This step is in view of the SAP processes not being complete as yet while the Government has allotted the funds towards ex-gratia which have to be necessarily utilized within this month.

Accordingly, HCM Core Team has provided the data dump of verified individual wise ex-gratia amount (i.e. those verified by the circles in SAP), based on which calculations have been done in keeping with the quantum of funds allotted by the Government. These calculations have been worked out in the following manner—

- i. For cases where gross Ex-Gratia amount being paid now is under Rs 5 lakhs, there is no incidence of TDS therefore no amount has been withheld.
- ii. For cases where gross Ex-Gratia amount being paid now is exceeding Rs 5 lakhs but upto 10 lakhs withholding amount is @20% on the amount exceeding 5 lakhs.
- iii. For cases where gross Ex-Gratia amount being paid now is exceeding Rs 10 lakhs but upto 20 lakhs withholding amount is @30% on the amount exceeding 5 lakhs
- iv. For cases, where gross Ex-Gratia amount being paid is exceeding Rs 20 lakhs, withholding amount is @ 30% plus "10% (of 30%)" towards surcharge on the amount exceeding 5 lakhs.

A model working is also given below—

Emp	Gross Amt of exgratia to be paid -31.3% of Gross Verified Value	Taxable Ex Gratia Amount (exceeding Rs 5 lakh)	Rate applicable for Basic Withholding	Basic Withholding Amount	Withholding towards surcharge	Total to be Withheld	Net to be paid now
	B	C	[r]	D = B x [r]	E=10% of D*	G=D+E+F	H
AAA	4,50,000	0	0%	0	0	0	4,50,000
BBB	9,50,000	4,50,000	20%	90,000	0	90,000	8,60,000
CCC	16,00,000	11,00,000	30%	3,30,000	0	3,30,000	12,70,000
DDD	25,00,000	20,00,000	30%	6,00,000	60,000	6,60,000	18,40,000
Total	55,00,000	35,50,000		10,20,000	60,000	10,80,000	44,20,000

* Only in case Gross amount payable is more than 20 lakh



It may be noted that computation is primarily the responsibility of the circles; and they are also in position to do the calculations themselves based on the principles given above. Nevertheless, the computations are provided by the central team (excel file) in order to reduce the cycle time for making the ad-hoc payment. It must be noted that the amount that is being withheld is essentially towards the likely TDS incidence and final amounts will only crystallize through SAP only. To this extent the circles must complete the tasks already assigned without any further delay.

The circles may have some queries, considering, the amount being paid is adhoc, that the final calculations have not emerged, that, no recoveries are being done, in making the ex gratia adhoc payment. These issues can be definitively addressed only after SAP processes are complete (likely timeline is end of this month). In the event, the circles have specific reservations in case of certain employees, based on information that they only have at this stage, circles must exercise due diligence in such cases. Circles need to double check that the data files shared with them do not have any cases, where VC has been withheld in the system or otherwise.

Circles must also take care, to not to prepare bank file for such cases, where the sanctions have not been issued. The data prepared and sent from central team is based on the verified data as it existed on 25th March 10 am; so if in any instance the circles have changed data in employee master, the amounts are likely to change. It is also noted that the circles have already done the RT for leave encashment in most cases and also posted the recoveries (as applicable). Thus, it is not expected to have large recoveries from ex-gratia; nevertheless, circles should carry out due diligence in this regard also.

Accounting for the net ad-hoc payment will be done as follows (Using FB50):

1310302 - Employee Payable	Dr
Concerned Operations bank A/c	Cr

In order to process the adhoc payment, circles may prepare the bank files based on the data furnished to them and effect the payment by 27th of March, upon allotment of funds from Corporate Office. In the course of generation of the bank files, circles must validate at least 3-5% of the cases, with reference to the SAP data. Fund requisition to Banking Cell, be placed by circles today. The bank file generated by circles be also shared with HCM and FICO Core Team.

Rest of the Processing in HCM module needs to be completed by circles for the purpose of Ex-Gratia, Leave Encashment and Recoveries in coordination with the HCM core team. It may be noted that the net amount of ex-gratia disbursed on ad-hoc basis needs to be maintained as deduction in wagetype 3MIS - Miscellaneous Deduction (GL4910199) before RT process for ex-gratia is run.

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BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)

The accounting of Expense and TDS as well as discharge of TDS will happen through the HCM process only. The amount of ad-hoc payment recovery will be transferred to the employee payable to offset the liability. The accounting entry for the same is as follows:

4910199 - Other Receipt	Dr
1310302 - Employee Payable	Cr

This has been issued with the approval of the competent authority.

Jagdeep Singh
DGM (CA-II)

Copy to:

1. CMD for kind information
2. Dir HR/ Dir FIN for kind information
3. PGM (ERP)/ AGM HCM Core Team for information and necessary action while executing final processes in SAP.
4. AGM FICO Core Team for sharing the data with the circles.
5. Sr GM (CBB) / Sr GM (CA)/GM (Establishment)/PGM Personnel for n/a