

Handbook on TDS Provisions under GST



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Foreword to the Second Edition

Goods and Services Tax (GST) celebrated a remarkable six-year journey in India on July 1st, 2023. The Institute of Chartered Accountants of India (ICAI) through its GST & Indirect Taxes Committee of the played a key role in the implementation of GST in India by providing valuable technical inputs to the Government and always working to enhance GST knowledge sharing. The Committee has consistently demonstrated its proactive approach by providing invaluable support to our members, enhancing their skills by organizing courses, conferences, programmes, live webcasts, e-learning etc. on GST. Further, the Committee has been regularly bringing out useful technical publications on various aspects of GST which have been designed to keep our members and other stakeholders well-equipped with the latest amendments and developments in this domain.

I am pleased to know that the Committee has revised its publication "Handbook on TDS Provisions under GST" to incorporate the recent amendments, notifications and circulars issued by the Government. The Handbook provides a clear and lucid explanation of the different aspects concerning tax deduction at source (TDS) and has been written in clear and easy to understandable language. Relevant topics such as When TDS is to be deducted, rate of TDS, who will deduct TDS, persons who are exempted from the liability to deduct TDS, return filing provisions, have been duly covered.

I extend my gratitude to CA. Sushil Kumar Goyal, Chairman, CA. Umesh Sharma, Vice-Chairman, all other members of the GST and Indirect Taxes Committee along with those who have contributed to the revision of this valuable technical publication.

I am confident that this publication will enable our members to carry out their professional assignments and responsibilities efficiently and effectively.

CA. Aniket Sunil Talati
President, ICAI

Date: October 25, 2023
Place: New Delhi

Preface to the Second Edition

The inclusion of tax deducted at source (TDS) provisions within the GST law serves as a mechanism strategically devised to ensure a seamless revenue stream and enhanced tax adherence. The TDS provisions came into effect on October 1st, 2018. The "Handbook on TDS Provisions under GST" was initially published by the GST & Indirect Taxes Committee in the year 2020. In light of the amendments made to the TDS provisions, the Committee has diligently updated the Handbook to incorporate all the amendments up to September 30, 2023.

Though, we have taken all possible steps to ensure the accuracy and validity of the information provided in this Handbook, it is essential to recognize that varying perspectives or opinions may exist regarding the topics discussed herein. We request our readers to bring to our attention any inadvertent errors or omissions that may have occurred during the revision of this Handbook. Your feedback is highly valued, and we are eager to receive it.

We are thankful to CA. Aniket Sunil Talati, President, ICAI and CA. Ranjeet Kumar Agarwal, Vice-President, ICAI for their encouragement and support in all the initiatives of the Committee. We are thankful to CA. Arun Chhajer for reviewing the Handbook. We thank the members of our Committee for actively participating in all our initiatives. Last but not the least we acknowledge and appreciate the sincere efforts of CA. Smita Mishra, Secretary to the Committee and CA. Deepak Aggarwal in updating the Handbook.

We are confident that readers will consider this handbook a valuable tool to aid them in carrying out their professional responsibilities effectively. We request you to visit our website <https://idtc.icai.org> and explore other technical and educational resources pertaining to GST law available there.

CA. Umesh Sharma
Vice – Chairman
GST & Indirect Taxes Committee

CA. Sushil Kumar Goyal
Chairman
GST & Indirect Taxes Committee

Date: October 25, 2023
Place: New Delhi

Foreword to the First Edition

The introduction of Goods & Service Tax (GST) in India is one of the biggest indirect tax reforms since Independence. The reform that took more than a decade of mutual co-operation, continuous discussion and intense debate between Central and State Governments about implementation methodology, was finally implemented with effect from 1st July 2017, subsuming almost all indirect taxes at the Central and State levels. As the journey of GST Implementation progressed in India, the authorities have been quick to address the various challenges faced by the Industry and public concerns by issuing a series of notifications, clarifications, press releases and FAQs, to resolve a wide range of concerns.

The GST alongwith its challenges has brought in various benefits also like creation of National market by bringing down fiscal barriers amongst the States and has mitigated the cascading effect of taxes by allowing seamless credit of Input Tax across goods & services. The Institute of Chartered Accountants of India (ICAI) through its GST & Indirect Taxes Committee has been playing a vital role in implementation of GST in India by providing suggestions to the Government at each stage of development of GST. Further, the Institute has been playing proactive role and is a catalyst in dissemination of knowledge and awareness through technical publications, newsletters, E-learning and organizing various programmes, Certificate courses, webcasts etc. for all stakeholders.

I am happy to note that the GST & Indirect Taxes Committee of ICAI has now taken an initiative to issue a series of Handbooks covering various procedural aspects of GST and in that series is bringing out **Handbook on TDS Provision under GST** with an objective to provide a basic understanding of the topic. The handbook explains the concepts / procedures relating to TDS provision in an easy to understand lucid language and it aimed at updating the knowledge base of members in a simple and concise manner.

I congratulate CA. Rajendra Kumar P, Chairman, CA. Sushil Kumar Goyal, Vice Chairman and other members of GST & Indirect Taxes Committee for coming out with this Handbook and for taking active steps in providing regular guidance to the members and other stakeholders at large.

I am sure that the members will find this publication very useful in discharging the statutory functions and responsibilities in an efficient and effective manner.

CA. Atul Kumar Gupta
President, ICAI

Date: 15.05.2020

Place: New Delhi

Preface to the First Edition

Goods and Services Tax (GST) was introduced in India from 1st July, 2017. It is one of the major tax reforms since independence in the area of indirect taxation. It was introduced with the objective to mitigate the cascading effect of taxes by allowing seamless credit across goods and services, facilitate free flow of goods and services across India and boosting tax revenue from better compliance and widening the tax base. A remarkable feature of GST implementation is that all the States in India came together with the Centre to form a unique federal body called GST Council, which is entrusted with the objective of recommending policies and procedural matter in the formation and implementation of GST legislation. The spirit of co-operative federalism took deep roots there by ensuring that large federal countries like India implement the GST Law.

In order to facilitate in understanding various compliance under GST, GST & Indirect Taxes Committee of ICAI has taken an initiative to prepare Handbook on procedural aspects like registration, refund, return, Invoice etc. One of the result of such initiative is Handbook on TDS Provision. An attempt has been made to cover all aspects related to **Handbook on TDS Provision under GST** at one place and is intended to give general guidance to all stakeholders and also help them in resolving issue that they may face during the course of their compliance aspect in GST. This Handbook on TDS Provision under GST is comprehensive containing analysis of the entire provisions under the law including notifications, circulars or orders upto 31st March, 2020 issued by the Government from time to time along with few FAQ's, MCQ's, Flowcharts, Diagrams and Illustrations etc. to make the reading and understanding easier.

We stand by the Government in our role as “Partner in GST Knowledge Dissemination” and have always been supporting Government with our intellectual resources, expertise and efforts to make GST error-free.

We sincerely thank CA. Atul Kumar Gupta, President and CA. Nihar Niranjana Jambusaria, Vice-President, ICAI for their encouragement to the initiatives of the GST & Indirect Taxes Committee. We express our gratitude for the untiring effort of CA. Rajeesh Gupta who has shared his intellectual expertise and CA. Ganesh Prabhu B for reviewing this publication. We place on record the services and unstinted support provided by the Secretariat of the Committee.

We trust this Handbook will be of practical use to all the members of the Institute and other stakeholders. We also welcome suggestions at gst@icai.in and request to visit our website <https://idtc.icai.org> and provide valuable inputs in our journey to make GST truly a good and simple tax.

CA. Rajendra Kumar P
Chairman
GST & Indirect Taxes Committee

CA. Sushil Kumar Goyal
Vice- Chairman
GST & Indirect Taxes Committee

Date: 15.05.2020

Place: New Delhi

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TDS Provisions under GST

1. Introduction

Tax Deduction at Source (“TDS”) means that a certain registered person making payment or crediting to the supplier’s account for supply of taxable goods or services or both is required to deduct GST at source if the contract value without taxes exceeds the threshold limit. It is a statutory compliance which needs to be fulfilled by that person, as prescribed in the Act from time to time. It is a time bound process under which a person, called deductor, making payment or giving credit deducts GST at a fixed rate and deposits it with GST department while filing GST return. The deductee can take credit of deduction at source in his Electronic Cash Ledger and the same can be used for payment of tax at the time of filing GST return as per the prescribed procedure.

TDS under GST Law shall be deducted as per the provision of Section 51 of the Central Goods and Services Tax Act, 2017 (hereafter referred to as ‘CGST Act’ or ‘the Act’), Section 21 of the Union Territory Goods and Services Tax Act, 2017 (hereafter referred to as ‘UTGST Act’) and Section 20 of the Integrated Goods and Services Tax Act, 2017 (hereafter referred to as ‘IGST Act’) read with Rule 66 of the Central Goods and Services Tax Rules, 2017 (hereafter referred to as ‘CGST Rules’ or ‘the Rules’).

2. Statutory Provisions

I. Section 51 of the CGST Act

- (1) *Notwithstanding anything to the contrary contained in this Act, the Government may mandate, —*
- (a) *a department or establishment of the Central Government or State Government; or*
 - (b) *local authority; or*
 - (c) *Governmental agencies; or*
 - (d) *such persons or category of persons as may be notified by the Government on the recommendations of the Council,*

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(hereafter in this section referred to as “the deductor”), to deduct tax at the rate of one per cent from the payment made or credited to the supplier (hereafter in this section referred to as “the deductee”) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees:

Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Explanation. – For the purpose of deduction of tax specified above, the value of supply shall be taken as the amount excluding the central tax, State tax, Union territory tax, integrated tax and cess indicated in the invoice.

- (2) The amount deducted as tax under this section shall be paid to the Government by the deductor within ten days after the end of the month in which such deduction is made, in such manner as may be prescribed.*
- (3) ¹[A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.]*
- (4) ²[****]*
- (5) The deductee shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor furnished under sub-section (3) of section 39, in such manner as may be prescribed.*

¹ Substituted vide section 124 of the Finance Act, 2020 notified through Notification No. 92/2020-C.T. dated 22-12-2020- Brought into force w.e.f. 01.01.2021. Prior to its substitution, it was read as under: “(3) The deductor shall furnish to the deductee a certificate mentioning therein the contract value, rate of deduction, amount deducted, amount paid to the Government and such other particulars in such manner as may be prescribed”.

² Omitted vide section 124 of The Finance Act, 2020 notified through Notification No. 92/2020-C.T. dated 22-12-2020, w.e.f. 01.01.2021. Prior to omission, it was read as under:

“(4) If any deductor fails to furnish to the deductee the certificate, after deducting the tax at source, within five days of crediting the amount so deducted to the Government, the deductor shall pay, by way of a late fee, a sum of one hundred rupees per day from the day after the expiry of such five days period until the failure is rectified, subject to a maximum amount of five thousand rupees”.

(6) *If any deductor fails to pay to the Government the amount deducted as tax under sub-section (1), he shall pay interest in accordance with the provisions of sub-section (1) of section 50, in addition to the amount of tax deducted.*

(7) *The determination of the amount in default under this section shall be made in the manner specified in section 73 or section 74.*

(8) *The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54:*

Provided that no refund to the deductor shall be granted, if the amount deducted has been credited to the electronic cash ledger of the deductee.

II. Section 20 of the IGST Act [Extract]

20(x): The provisions of the CGST Act, 2017 relating to tax deduction at source shall, *mutatis mutandis*, apply, so far as may be, in relation to the integrated tax as they apply in relation to Central tax as if they were enacted under this Act. Provided that deductor shall deduct tax at the rate of 2% from the payment made or credited to the supplier.

III. Section 21 of the UTGST Act [Extract]

21(xi): The provisions of the CGST Act, 2017 relating to tax deduction at source shall, *mutatis mutandis*, apply, so far as may be, in relation to the union territory tax as they apply in relation to central tax as if they were enacted under this Tax Act.

IV. Rule 66 of the CGST Rules

Form and manner of submission of return by a person required to deduct tax at source.

(1) Every registered person required to deduct tax at source under section 51 (hereafter in this rule referred to as deductor) shall furnish a return in FORM GSTR-7 electronically through the common portal either directly or from a Facilitation Centre notified by the Commissioner.

(2) The details furnished by the deductor under sub-rule (1) shall be made

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available electronically to each of the ³[deductees] on the common portal after ⁴[****] filing of FORM GSTR-7 ⁵[for claiming the amount of tax deducted in his electronic cash ledger after validation].

(3) The certificate referred to in sub-section (3) of section 51 shall be made available electronically to the deductee on the common portal in FORM GSTR-7A on the basis of the return furnished under sub-rule (1).

3. Effective Date of TDS implementation

TDS provisions came into force **from October 01, 2018** vide *Notification No. 50/ 2018 – Central Tax dated 13.09.2018*. This notification also specifies persons or category of persons liable to deduct tax.

4. Analysis of TDS provisions

1.	Who is liable to deduct tax at source (Persons covered)?	(a) A department or an establishment of the Central Government or State Government; or (b) Local authority; or (c) Governmental agencies; or (d) Such persons or category of persons as may be notified by the Government on the recommendation of the council, (Such persons or category of persons are notified vide <i>Notification No. 33/2017-Central Tax dated 15.09.2017</i> which is superseded by <i>Notification No. 50/2018 – Central Tax dated 13.09.2018</i> and these are as follows: (a) an authority or a board or any other body, -
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³ Substituted vide *Notification No. 31/2019 - CT dated 28.06.2019, prior to substitution, it was read as: "suppliers in Part C of FORM GSTR-2A and FORM-GSTR-4A"*.

⁴ Omitted vide *Notification No. 31/2019 – CT dated 28.06.2019, prior to omission, it was read as: "the due date of"*.

⁵ Inserted vide *Notification No. 31/2019 - CT dated 28.06.2019*.

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		<p>(i) set up by an Act of Parliament or a State Legislature; or</p> <p>(ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function;</p> <p>(b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);</p> <p>(c) Public sector undertakings.</p>
2.	When shall Tax be deducted at source?	When the total value of taxable goods or services or both, under a contract, exceeds ₹ 2,50,000 (excluding central tax, State tax, UT tax and IGST and cess indicated in the invoice).
3.	When shall tax not be deducted at source?	No deduction of tax is required when the location of supplier and place of supply is in a State / UT which is different from the State / UT of the registration of the recipient.
4.	What is the rate of Tax?	<ul style="list-style-type: none"> - Intra-State supply - 1% under CGST and 1% under SGST/UTGST - Inter-State supply - 2% under IGST
5.	On which value Tax shall be deducted?	<p>Total value of the taxable supply excluding central tax, State tax, Union territory tax and Integrated tax and cess indicated in the invoice.</p> <p>Meaning thereby that tax shall not be deducted on CGST, SGST / UTGST or IGST and Cess.</p>
6.	Whether tax is deductible	No, tax shall not be deductible on

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	on Exempted supply of Goods or Services or both?	Exempted and Nil rated supply of goods and services.
7.	Whether registration is mandatory for the tax deductor?	Yes, registration is mandatory under section 24(vi). TDS deductor has to compulsorily register without any threshold limit who is obligated to deduct TDS as per section 51. The deductor has a privilege of obtaining registration under GST without having required to obtain PAN. He can obtain registration using his Tax Deduction and Collection Account Number (TAN) issued under the Income Tax Act, 1961.
8.	Whether separate registration is required as tax deductor to a person who is already registered as a supplier?	Yes, deductor is required to get a separate registration as TDS deductor by using his PAN/TAN.
9.	When Tax should be deposited?	Tax shall be deposited within 10 days after the end of the month in which deduction was made.
10.	How tax should be deposited?	Deductor shall file Form GSTR – 7 for depositing the Tax.
11.	What are the provisions relating to issue of TDS Certificate under the GST law?	A certificate of tax deduction at source shall be made available electronically to the deductee on the GST common Portal in Form GSTR-7A on the basis of return (Form GSTR-7) filed by the deductor.
12.	How deductee (Supplier) will get the benefit of TDS?	Deductee will login to GST portal and accept the TDS reflecting there. After acceptance, TDS will automatically reflect in his Electronic Cash Ledger.
13.	How Refund can be taken?	Refund arising on account of excess or erroneous deduction is subject to the provisions of section 54. Such refund

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		<p>may be claimed either by the deductor or the deductee, but not both.</p> <p>Further, deductor cannot claim refund once the amount deducted has been credited to the electronic cash ledger of the deductee.</p> <p>Time limit for applying refund of 2 years from the relevant date is not applicable in case of refund of any balance in the electronic cash ledger (Proviso to sub-section (1) of section 54).</p> <p>CBIC also provided a clarification vide S.No. 3 of <i>Circular No. 166/22/2021-GST dated 17th November 2021</i>:</p> <p>The amount deducted/collected as TDS/TCS by TDS/ TCS deductors under the provisions of section 51 /52 of the CGST Act, as the case may be, and credited to electronic cash ledger of the registered person, is equivalent to cash deposited in electronic cash ledger. It is not mandatory for the registered person to utilise the TDS/TCS amount credited to his electronic cash ledger only for the purpose for discharging tax liability. The registered person is at full liberty to discharge his tax liability in respect of the supplies made by him during a tax period, either through debit in electronic credit ledger or through debit in electronic cash ledger, as per his choice and availability of balance in the said ledgers.</p> <p>Any amount, which remains unutilized in electronic cash ledger, after discharge of tax dues and other dues payable under CGST Act and rules made thereunder, can be refunded to the registered person</p>
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		as excess balance in electronic cash ledger in accordance with the proviso to sub-section (1) of section 54, read with sub-section (6) of section 49 of CGST Act.
14.	Any Late Fee or Interest applicability	Where deductor fails to deposit TDS in time, he shall be liable to pay Interest @ 18% for the delay period, as per provisions of section 50(1) of CGST Act, 2017.
15.	Whether any penalty will be applicable for non-deduction, short deduction or non-depositing of tax?	Yes, penalty will be applicable under clause (v) of sub-section (1) of section 122.
16.	Since when did these provisions come into force?	October 01, 2018 (<i>vide Notification No. 50/2018 dated 13.09.2018</i>).
17.	Whether a Public Sector Undertaking (PSU) shall deduct TDS on payment or credit made for a supply to another PSU?	No, proviso inserted vide <i>Notification No.61/2018-Central Tax dated 05.11.2018</i> .
18.	Whether TDS provision are applicable to Ministry of Defence?	No, proviso inserted vide <i>Notification No.57/2018-Central Tax dated 23.10.2018</i> .
19.	Whether TDS provisions are applicable to the supply of goods or services or both which takes place between one person to another person specified under clause (a), (b), (c) and (d) of sub-section (1) of section 51?	No, Proviso inserted vide <i>Notification No.73/2018-Central Tax dated 31.12.2018, applicable w.e.f. 31.12.2018</i> .

5. Who is liable to deduct tax?

- (i) A department or an establishment of the Central Government or State Government; or
- (ii) Local authority; or
- (iii) Governmental agencies; or
- (iv) Such persons or category of persons as may be notified by the Government on the recommendation of the Council.

(Notified *vide Notification No. 33/2017-Central Tax dated 15.09.2017 which is superseded by Notification No. 50/2018 – Central Tax dated 13.09.2018*)

- (a) an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government,
with 51% or more participation by way of equity or control, to carry out any function;
- (b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);
- (c) Public sector undertakings.

It is clarified *vide S.No. 4 of Circular No. 76/50/2018-GST dated 31st December 2018* that the line “with 51% or more participation by way of equity or control, to carry out any function” in point (a) as mentioned above, is applicable to both the items (i) and (ii) of clause (a). Consequently, the provisions of section 51 of the CGST Act are applicable only to such authority or a board or any other body set up by an Act of parliament or a State legislature or established by any Government in which fifty-one per cent. or more participation by way of equity or control is with the Government.

6. When should tax be deducted?

1	When total taxable value of supply exceeds ₹ 2,50,000 under a contract.
2	<p>Supplier, place of supply and recipient are in the same state. It would be intra-State supply and TDS (Central and State tax) shall be deducted. It would be possible for the supplier (i.e., the deductee) to take credit of TDS in his electronic cash ledger.</p> <p>Example: where the location of the supplier and the place of supply is in Delhi and the recipient is also registered in Delhi. It is an intra-State supply. Tax will be deducted @ 1% each under CGST and SGST.</p>
3	<p>Supplier as well as place of supply are in different states. In such cases, integrated tax would be levied. TDS to be deducted would be TDS (Integrated tax) and it would be possible for the supplier (i.e. the deductee) to take credit of TDS in his electronic cash ledger.</p> <p>Example: where the location of the supplier is in Chandigarh and the place of supply is in Delhi and recipient is registered in Delhi. It is an inter-state supply, therefore, integrated tax would be levied. Tax will be deducted @ 2% under IGST.</p>

7. When should no tax be deducted?

1	When total taxable value of supply is not exceeding ₹ 2,50,000 under a contract.
2	<p>When there are more than one contract and each contract is for supply of taxable goods / services and value not exceeding ₹ 2,50,000.</p> <p>Example: M/s Ram Brothers entered into 2 contracts for supply of goods to a Department of Govt. valued at ₹ 2,20,000 and ₹ 2,10,000. Here, tax is not required to be deducted as each taxable supply under a contract is not exceeding ₹ 2,50,000. Nevertheless, their joint value is more than ₹ 2,50,000.</p>
3	When there is a common contract for taxable supply as well as exempted supply but the value of taxable supplies is not exceeding ₹ 2,50,000 under that contract.

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4	<p>Goods or Services Exempted under GST Act:</p> <p>(a) Services exempted under <i>notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017</i> as amended from time to time.</p> <p>(b) Goods exempted under <i>notification No. 2/2017 – Central Tax (Rate) dated 28.06.2017</i> as amended from time to time.</p> <p>(c) Goods on which GST is not leviable. For example, petrol, diesel, petroleum crude, natural gas, aviation turbine fuel (ATF) and alcoholic liquor for human consumption.</p>
5	<p>Where the location of the supplier (deductee) and place of supply is in a State / Union Territory which is different from the State / Union Territory where the recipient (deductor) is registered.</p> <p>In other words, Supplier as well as place of supply are in State A and recipient is located in State B. The supply would be intra-State supply; therefore, central tax and State tax would be levied. In such case, transfer of TDS (Central tax + State tax State B) to the cash ledger of the supplier (Central tax + State tax of State A) would be difficult. Therefore, in such cases, TDS would not be deducted.</p> <p>E.g., Where the location of the supplier is in Chandigarh and the place of supply is in Chandigarh and recipient is registered in Delhi. No tax shall be deducted.</p> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; background-color: #e6f2ff;"> <p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">State A</p> <ul style="list-style-type: none"> Location of Supplier Place of Supply </div> <div style="border: 1px solid black; padding: 5px; background-color: #e6f2ff;"> <p style="text-align: center; background-color: #0056b3; color: white; padding: 2px;">State B</p> <ul style="list-style-type: none"> Location of Recipient </div> </div>
6	All activities or transactions specified in Schedule III of the CGST Act, irrespective of the value.
7	Where the payment relates to a tax invoice that has been issued before 01.10.2018.
8	Where any amount was paid in advance prior to 01.10.2018 and the tax invoice has been issued on or after 01.10.18, to the extent of advance payment made before 01.10.2018.

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9	Where tax is to be paid on reverse charge by the recipient i.e., the deductor.
10	Where the payment is made to an unregistered supplier .

8. Registration and Return

As per clause (vi) of section 24 of the CGST Act, 2017, person, who are required to deduct tax at source u/s 51, need to compulsory required to take registration. This is irrespective of the fact that whether the person is separately registered or not. No threshold limit is applicable in this case.

Under sub-section (6) of section 25 of the CGST Act, 2017, a Permanent Account Number (PAN) is a mandatory requirement for obtaining registration. However, it is worth noting that the proviso to the said sub-section allows the use of a Tax Deduction and Collection Account Number (TAN) in place of PAN, which will suffice for registration purposes.

In terms of section 39(3) read with rule 66, every registered person, who are required to deduct tax at source, are required to furnish return in Form GSTR-7 electronically within 10 days after the end of the month in which deduction has been made.

⁶[A new sub section (11) of section 39 has been inserted vide the Finance Act 2023 notified through *N.No.28/2023-Central Tax dated 31st July 2023*, which restricts a registered person to file return after expiry of a period of 3 years from the due date of furnishing the return.]

9. Clarification on E-Invoicing

Provisions of E-invoicing is applicable only to those registered persons whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs. 5 Crore (w.e.f. 01.08.2023) in respect of supply of goods or services or both made to registered person or for exports.

Circular No. 198/10/2023-GST dated 17th July 2023 has been issued to clarify that Government Departments or establishments/ Government agencies/ local authorities/ PSUs, which are required to deduct tax at source as per provisions of section 51 of the CGST/SGST Act, are liable for

⁶ Applicable w.e.f. 01.10.2023.

compulsory registration in accordance with section 24(vi) of the CGST Act. Therefore, Government Departments or establishments/ Government agencies/ local authorities/ PSUs, registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act, are to be treated as registered persons under the GST law as per provisions of clause (94) of section 2 of CGST Act. Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc under rule 48(4) of CGST Rules.

10. Valuation of Supply

For the purpose of deduction of tax, the value of supply shall exclude the taxes leviable under the GST namely CGST, SGST, UTGST, IGST and Cess.

Meaning thereby tax will be deductible on only taxable value of the supply. Tax shall not be deducted on taxes shown in the tax invoice.

In addition, no tax shall be deducted on value of exempted goods or services or both even if the exempt and taxable supplies are shown together in a tax invoice.

e.g., M/s Ram Brothers have supplied printed material valued at ₹ 2,10,000 along with Books valued at ₹ 1,00,000 to Department of Govt. and a tax invoice has been raised for ₹ 3,10,000 plus applicable GST.

In this case, tax shall not be deductible as taxable value of goods is less than the threshold limit of ₹ 2,50,000. Books are exempted vide *Notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017*.

11. Procedure for filing TDS return by Deductor

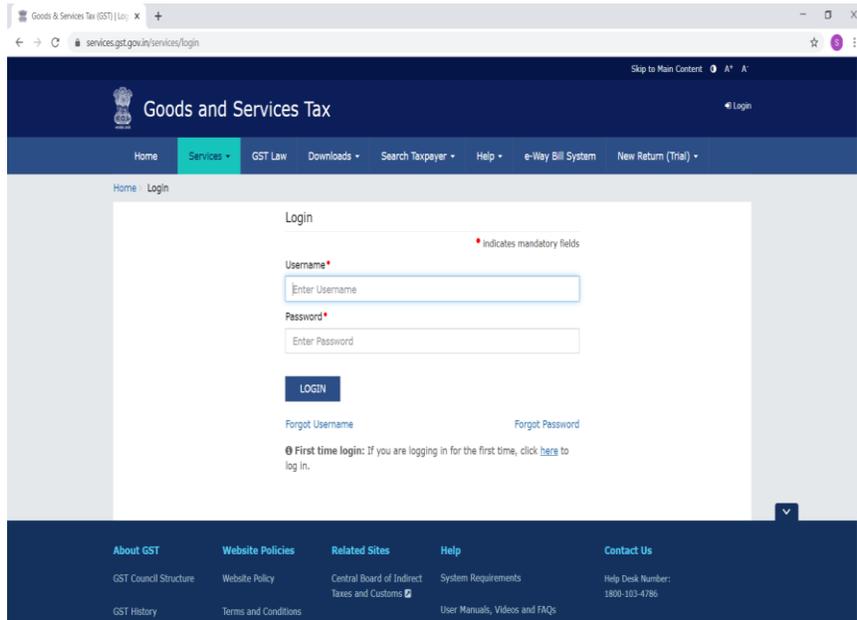
TDS Return shall be filed in Form GSTR-7 electronically on GST portal on or before 10th day of the month succeeding the month in which deductions have been made to avoid payment of any late fee, interest. [Section 39(3), 51(2) of the CGST Act read with Rule 66 of the CGST Rules for reference].

As per provisions of section 39(3) & (8), there is no need to file return in Form GSTR 7 for the month in which no deduction has been made.

Handbook on TDS Provisions under GST

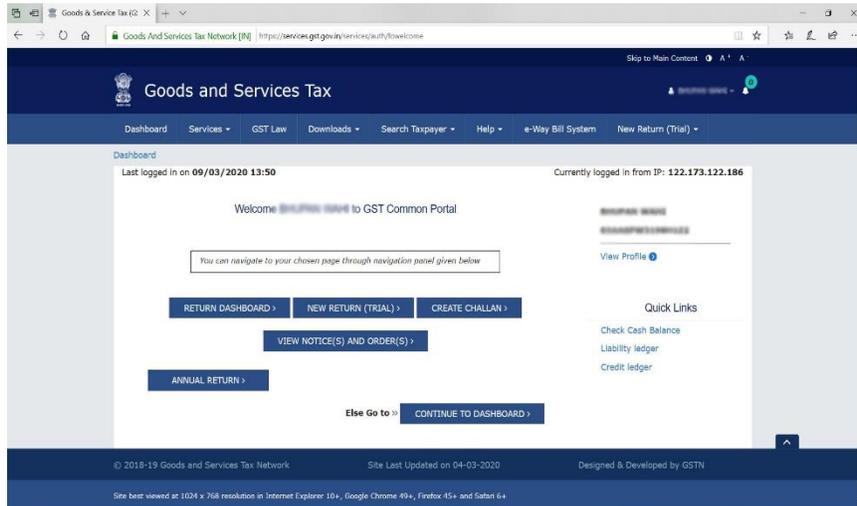
Procedure for filing TDS return is as under:

A. Login to the GST Portal



The screenshot shows the login page of the Goods and Services Tax (GST) portal. The page title is "Goods and Services Tax" and the URL is "services.gst.gov.in/services/login". The page features a navigation menu with options like Home, Services, GST Law, Downloads, Search Taxpayer, Help, e-Way Bill System, and New Return (Trial). The main content area is titled "Login" and contains a form with fields for "Username" and "Password", both marked as mandatory. Below the form is a "LOGIN" button and links for "Forgot Username" and "Forgot Password". A note states: "First time login: If you are logging in for the first time, click [here](#) to log in." The footer contains various links such as "About GST", "Website Policies", "Related Sites", "Help", and "Contact Us".

B. After Login, Go to Return Dashboard



The screenshot shows the dashboard of the Goods and Services Tax (GST) portal after a successful login. The page title is "Goods and Services Tax" and the URL is "https://services.gst.gov.in/services/auity/welcome". The dashboard displays the user's login details: "Last logged in on 09/03/2020 13:50" and "Currently logged in from IP: 122.173.122.186". The main content area is titled "Welcome" and contains a navigation panel with buttons for "RETURN DASHBOARD", "NEW RETURN (TRIAL)", "CREATE CHALLAN", "VIEW NOTICE(S) AND ORDER(S)", and "ANNUAL RETURN". There is also a "CONTINUE TO DASHBOARD" button. The right sidebar contains a "View Profile" link and a "Quick Links" section with links for "Check Cash Balance", "Liability ledger", and "Credit ledger". The footer contains copyright information: "© 2018-19 Goods and Services Tax Network", "Site Last Updated on 04-03-2020", and "Designed & Developed by GSTN".

C. Select Financial year and Respective Month

Goods & Service Tax (GST) | User: x

return.gst.gov.in/returns/auth/dashboard

Goods and Services Tax

Executive Engineer - 03PFL108518108

Dashboard Services GST Law Downloads Search Taxpayer Help e-Way Bill System New Return (Trial)

Dashboard Returns English

File Returns

Financial Year* 2019-20 Return Filing Period* March SEARCH

Indicates Mandatory Fields

© 2019-19 Goods and Services Tax Network Site Last Updated on 05-03-2020 Designed & Developed by GSTN

Site best viewed at 1024 x 768 resolution in Internet Explorer 10+, Google Chrome 49+, Firefox 45+ and Safari 6+

D. Select GSTR-7, Prepare it online / offline, as per the requirement

Goods & Service Tax (GST) | User: x

return.gst.gov.in/returns/auth/dashboard

File Returns

Financial Year* 2019-20 Return Filing Period* March SEARCH

Indicates Mandatory Fields

Help

1. It is not mandatory to file a "NIL" GSTR-7 return, you may not file GSTR-7 for a particular tax period if -
(a) There is no tax deducted at source during the tax period; and
(b) You do not wish to make any changes in records declared in earlier returns

2. GSTR-7 can be prepared online and filed online. It can also be prepared on Offline Tool and then uploaded on the portal.

Return for Tax Deducted at Source GSTR-7

Due Date - 10/04/2020

PREPARE ONLINE PREPARE OFFLINE

Important Message

Prepare Online :-
Deductor with less than or equal to 500 records per table (Table 3 and Table 4) may make use of this facility.

Steps to be taken:

- Click on 'Prepare Online';
- Fill the TDS details (Table 3) and amendments to TDS details (Table 4) related to previous periods;
- Click on 'Compute Liabilities'; and
- Click on 'Proceed to File' and File GSTR-7

Prepare Offline :-
Deductor with more than 500 records per table (Table 3 and Table 4) can prepare their return by

Handbook on TDS Provisions under GST

**E. Fill details of tax deducted in Table No. 3 and amendment details in Table No. 4
(Any Amendment in previous period Returns can be corrected through Table No. 4)**

GSTR-7 -TDS Details ** Important Notice: If the TDS records are more than 500 , Please check here [User Manual](#)

3. Details of the tax deducted at source		4. Amendments to TDS Details		5B.6. Payment of tax	
Number of Records :0		Number of Records :0			
Integrated Tax	Central Tax	Integrated Tax	Central Tax	Tax payable	Interest payable
₹0.00	₹0.00	₹0.00	₹0.00	₹-	₹-
State/UT Tax	Total Amount Paid to Deductee	State/UT Tax	Total Amount Paid to Deductee	Late fee payable	Total amount paid
₹0.00	₹0.00	₹0.00	₹0.00	₹-	₹-

8. Debit entries in electronic cash ledger for TDS/interest payment	
Tax to be paid (₹)	Interest
₹0.00	₹0.00
Late Fees	
₹0.00	

Steps to file your GSTR-7 return

1. Click on Compute Liabilities ; for computation of tax and interest, if any;
2. Proceed to File button would be enabled once liabilities are computed and reflected in Table 5B6 box;
3. Click on 'Proceed to File' to pay liabilities and file the return;
4. Additional details can be added even after clicking on 'Compute Liabilities' or 'Proceed to file' button, then you would be required to follow steps 1 to 3

F. Click on Proceed to File

8. Debit entries in electronic cash ledger for TDS/interest payment

Tax to be paid (₹)	Interest
₹0.00	₹0.00
Late Fees	
₹0.00	

Steps to file your GSTR-7 return

1. Click on Compute Liabilities ; for computation of tax and interest, if any;
2. Proceed to File button would be enabled once liabilities are computed and reflected in Table 5B6 box;
3. Click on 'Proceed to File' to pay liabilities and file the return;
4. Additional details can be added even after clicking on 'Compute Liabilities' or 'Proceed to file' button, then you would be required to follow steps 1 to 3 again to file the return;
5. Click on 'Download Filed GSTR-7 (pdf)' button to view summary of filed details in PDF format; and
6. You can also download all filed details as an excel file by clicking on 'Download GSTR-7 details (Excel)'

Click here to download the summary of details added, in PDF format. Please ensure correctness of the same before filing the return.

[BACK TO RETURNS DASHBOARD](#)
[DOWNLOAD GSTR-7 DETAILS \(EXCEL\)](#)
[PREVIEW DRAFT GSTR7](#)
[PROCEED TO FILE](#)

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Site best viewed at 1024 x 768 resolution in Internet Explorer 10+, Google Chrome 49+, Firefox 45+ and Safari 6+

Handbook on TDS Provisions under GST

G. Press Refresh after 1 minute

Goods and Services Tax

Dashboard Services GST Law Downloads Search Taxpayer Help e-Way Bill System New Return (Trial)

Dashboard Returns GSTR-7 English

GSTR-7 - Return for TDS Deducted at Source

GSTIN - 09PHU2000000000	Legal Name - Executive Engineer, Water Quality	Trade Name -
FY - 2019-20	Return Period - February	Status - Filed
Due Date - 10/03/2020		

Steps to prepare your GSTR-7 return online

1. Click on Table 3 or Table 4 box whichever is applicable and add relevant details;
2. Summary of added details would be available on the relevant box;
3. Click on Preview Draft GSTR - 7 button to view summary of added details in PDF format;
4. You can also download all added details as an excel file by clicking on 'Download GSTR-7 details [Excel]'; and
5. After editing and confirming the details, follow filing process as indicated at the bottom of this page.

GSTR-7 - TDS Details ** Important notice: If the IIS records are more than 500, please check here

User Manual

H. Payment of Tax - Table no. 5 & 6

5B.6. Payment of tax

View balance available in cash ledger

Cash Balance

Description	Cash Balance			Total (₹)
	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	
Tax	0	4359	4355	8714
Interest	0	0	0	0
Fee		0	0	0

Description	Tax payable (₹)	Tax Paid (₹)	Interest amount payable (₹)	Interest Paid (₹)	Late fee amount payable (₹)	Late fee Paid (₹)
Integrated Tax	0	0	0	0		
Central Tax	7345	4359	0	0	0	0
State/UT Tax	7345	4355	0	0	0	0

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

BACK TO GSTR-7 DASHBOARD CREATE CHALLAN FILE GSTR-7

DOWNLOAD GSTR-7 DETAILS (EXCEL) DOWNLOAD FILED GSTR7

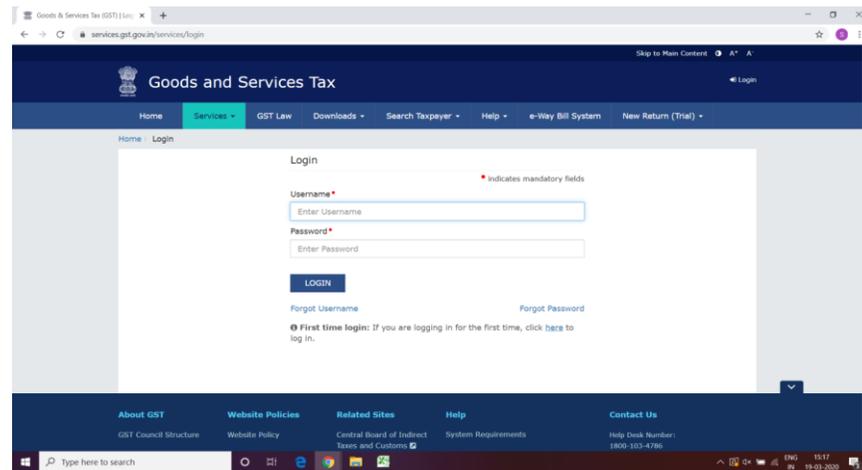
I. Create Challan to Pay Tax

J. Click on File GSTR 7, Portal will ask for verification through EVC/DSC

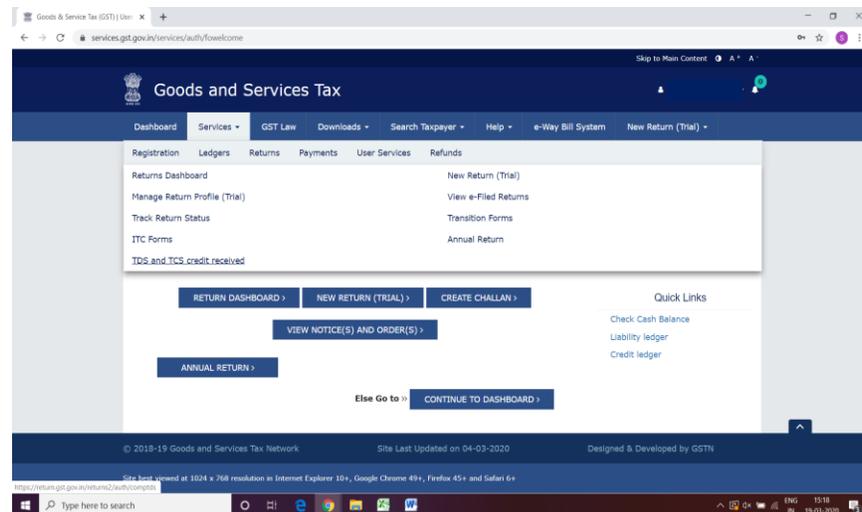
K. Download copy of return filed for record

12. How will Deductee take benefit of TDS?

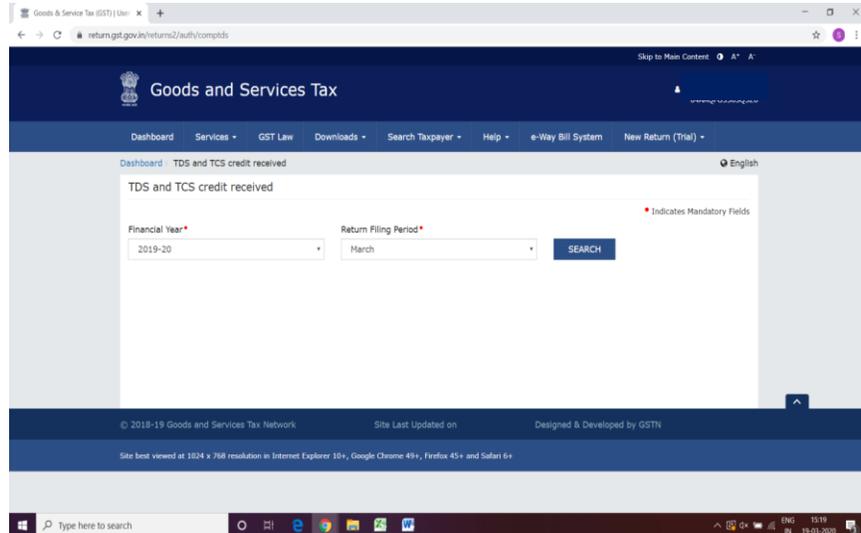
A. Login to the GST Portal



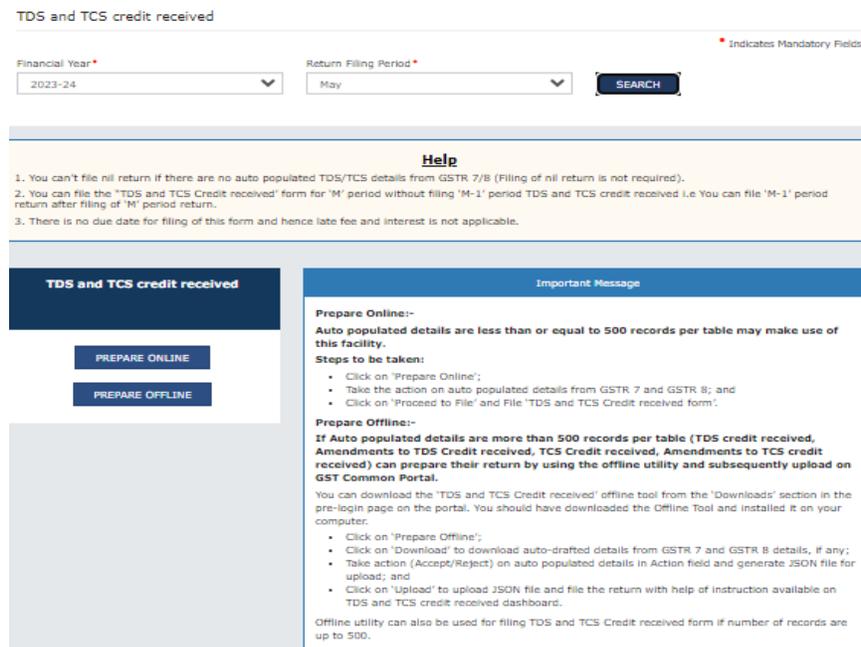
B. Go to Services, Select Returns, List will display – Select TDS & TCS credit received option



C. Select Financial year and Respective Month



D. Click on TDS and TCS Received, as shown below



Handbook on TDS Provisions under GST

E. Four Tables will be displayed, as shown below

The screenshot displays four summary tables arranged in a 2x2 grid. The top row contains 'TDS Credit received' and 'Amendments to TDS Credit Received'. The bottom row contains 'TCS Credit received' and 'Amendments to TCS credit received'. Each table shows 'Total Accepted' and 'Total Rejected' counts and amounts for Taxable Value and Tax Amount, all of which are zero. A blue bar at the bottom of the tables reads 'Steps to file your TDS and TCS Credit received form'.

TDS Credit received			Amendments to TDS Credit Received		
Number of Records : 0			Number of Records : 0		
Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount	Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount
0	₹0.00	₹0.00	0	₹0.00	₹0.00
Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount	Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount
0	₹0.00	₹0.00	0	₹0.00	₹0.00

TCS Credit received			Amendments to TCS credit received		
Number of Records : 0			Number of Records : 0		
Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount	Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount
0	₹0.00	₹0.00	0	₹0.00	₹0.00
Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount	Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount
0	₹0.00	₹0.00	0	₹0.00	₹0.00

F. Click on the relevant table and accept the entries reflected in the table.

(In case there is no entry it will show Nil, Press “Back”)

The screenshot shows the 'Goods and Services Tax' dashboard. The main content area is titled 'TDS Credit Received - Summary' and includes a sub-header 'Uploaded by Deductor'. A message box states 'No records found for provided inputs.' Below this message are three buttons: 'BACK', 'REJECT', and 'ACCEPT'. The footer of the page contains copyright information for 2018-19 and mentions the Goods and Services Tax Network.

Handbook on TDS Provisions under GST

G. Click on Proceed to File

TCS Credit received

Number of Records : 0		
Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount
0	₹0.00	₹0.00
Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount
0	₹0.00	₹0.00

Amendments to TCS credit received

Number of Records : 0		
Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount
0	₹0.00	₹0.00
Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount
0	₹0.00	₹0.00

Steps to file your TDS and TCS Credit received form

1. Click on "Proceed to file"; for checking of errors, if any;
2. "File TDS/ TCS credit received" button would be enabled once Proceed to file is successful and enabled the declaration check box;
3. Click on "Download Filed TDS and TCS Credit received (pdf)" button to view summary of filed details in PDF format; and
4. You can also download all filed details as an excel file by clicking on "Download TDS and TCS Credit received details (Excel)"

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

[BACK](#) [PREVIEW DRAFT TDS AND TCS CREDIT RECEIVED \(PDF\)](#) [PROCEED TO FILE](#) [FILE TDS TCS CREDIT RECEIVED](#)

H. Refresh the Page after 1 minute, it will show ready to file

Goods and Services Tax

Dashboard | TDS and TCS Dashboard | TDS and TCS credit received

AUTO DRAFTED TDS/TCS DETAILS

Ready to file as on 19/03/2020.

GSTIN - 09AAAP0000000000	Legal Name - ANANDHARAJU	Trade Name - ANANDHARAJU
FY - 2019-20	Return Period - February	Status - Ready to File

Steps to prepare your TDS and TCS credit received form online

1. Click on "TDS Credit received" or "Amendments to TDS credit received" or "TCS credit received" or "Amendments to TCS credit received" box whichever is applicable and take action (Accept/Reject);
2. Accepted TDS amount will be added to Cash ledger and rejected entries will be auto populated to counter party's return after successful filing of return.
3. Summary of total accepted and rejected details would be available on the relevant box;
4. Click on "Preview Draft TDS and TCS credit received" button to view summary of auto drafted details in PDF format;
5. You can also download all auto drafted details as an excel file by clicking on "Download TDS and TCS Credit received details (Excel)"; and
6. After taking action on all auto populated details, follow filing process as indicated at the bottom of this page.

Handbook on TDS Provisions under GST

I. Finally, file TDS & TCS credit received return

The screenshot shows the 'TCS Credit received' return filing interface. It features two summary tables for 'TCS Credit received' and 'Amendments to TCS credit received', both showing zero records. Below these are instructions for filing the return, a declaration box, and a dropdown for the authorised signatory. At the bottom, there are buttons for 'BACK', 'PREVIEW DRAFT TDS AND TCS CREDIT RECEIVED (PDF)', 'PROCEED TO FILE', and 'FILE TDS TCS CREDIT RECEIVED'.

TCS Credit received			Amendments to TCS credit received		
Number of Records : 0			Number of Records : 0		
Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount	Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount
0	₹0.00	₹0.00	0	₹0.00	₹0.00
Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount	Total Rejected Count	Total Rejected Taxable Value	Total Rejected Tax Amount
0	₹0.00	₹0.00	0	₹0.00	₹0.00

Steps to file your TDS and TCS Credit received form

1. Click on "Proceed to file", for checking of errors, if any;
2. "File TDS/ TCS credit received" button would be enabled once Proceed to file is successful and enabled the declaration check box;
3. Click on "Download Filed TDS and TCS Credit received (pdf)" button to view summary of filed details in PDF format; and
4. You can also download all filed details as an excel file by clicking on "Download TDS and TCS Credit received details (Excel)"

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Authorised Signatory *

BACK PREVIEW DRAFT TDS AND TCS CREDIT RECEIVED (PDF) PROCEED TO FILE FILE TDS TCS CREDIT RECEIVED

J. Click on File, portal will ask for verification through EVC/DSC

K. TDS Credit will come into his Electronic Cash Ledger

L. Deductee can utilize this credit for the payment of GST

13. TDS on Advance

- (a) Tax shall be deducted when advance is paid to a supplier on or after 01.10.2018 for supply of taxable goods or services or both.
- (b) No tax shall be deducted, where any amount was paid in advance prior to 01.10.2018 and the tax invoice has been issued on or after 01.10.2018, to the extent of advance payment made before 01.10.2018.

14. Late fee, Interest and Penalty

- (a) From 01.01.2021, no late fees will be levied on failure to issue certificate in time.
- (b) Where deductor **fails to deposit TDS vide Form GSRT - 7** within 10 days of the month succeeding the month in which tax was deducted, he shall be liable to pay interest @ 18% for the delay period, as per provisions of section 50 and late fees of Rs. 50 per day (Rs.25 –

CGST, Rs.25 – SGST/UTGST) subject to maximum of Rs. 2000 (1,000 – CGST, 1,000 – SGST/UTGST). Such reduced late fee is applicable from June'2021 onwards vide *Notification No. 22/2021-Central Tax dated 01.06.2021*.

- (c) Amount of default shall be determined as per the manner specified in section 73 or 74 of the CGST Act.
- (d) Where any deductor fails to deduct TDS, deducts less TDS or deducted but fails to pay to the Government then he shall be liable to pay penalty under clause (v) of sub-section (1) of section 122, which shall be higher of the following:
 - Rs. 20,000 (10,000 – CGST and 10,000 – SGST/UTGST or 20,000 – IGST); or
 - Amount of tax not deducted, short deducted or deducted but not paid to the Government.

15. FAQs

15.1 FAQs on TDS under GST [Source: C.B.I. & C. website]

Q1. As a DDO I am deducting TDS from salary and also while making payment of other bills under Income Tax Act. Then why should I need to deduct TDS again?

- | |
|--|
| <p>A. TDS under Income Tax is different from TDS under GST. There was a provision of TDS under VAT Act also.</p> <p>TDS under the GST Law is different from the above. Deductions of tax under the GST Laws is required to be made wherever applicable while making payments to the suppliers/vendors of <i>goods or services or both</i> under GST for taxable supply of goods or services or both.</p> |
|--|

Persons liable to deduct TDS under GST Laws

Q2. Who are liable to deduct TDS?
--

- | |
|--|
| <p>A. All the DDOs of the (a) a department or establishment of the Central Government or State Government; (b) local authority; (c) Governmental agencies; (d) an authority or a board or any other body, - (i) set up by an Act of Parliament or a State Legislature; or (ii) established by any Government, with fifty-one percent or more participation by way of</p> |
|--|

Handbook on TDS Provisions under GST

equity or control, to carry out any function; (e) a society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860); (f) public sector undertakings.

Q3. Describe the responsibilities of DDO in TDS under GST to get his/her office registered under GST?

- A. To know the GSTIN of his office
- B. To be aware of the contract value
- C. To know when to deduct TDS under GST
- D. To know the nature of TDS (IGST or CGST & SGST/UTGST) to be deducted & the rate of tax
- E. To know the GSTIN of his/her vendors/suppliers
- F. To deduct TDS while making/crediting payment
- G. To generate CPIN while depositing the deducted tax
- H. To pay the deducted amount of TDS to the appropriate Govt. A/c
- I. To submit GSTR-7 (Return)
- J. To generate GSTR-7A (TDS certificate for suppliers)

Registration requirement for TDS deductors & Procedure of Registration

Q4. Does every Government office require to be registered under GST laws?

- A. Yes, every Government office shall get itself mandatorily registered under GST. Here the role of DDO is very important as he is responsible for deducting tax while making/crediting payment under GST in applicable cases and, unless & until the process of registration is completed, the DDO will not be able to deduct any tax.

Q5. I am a DDO of a small Government Office. My office has not entered into any contract with any vendor whose taxable value of supply is more than ₹ 2.5 Lakh in the recent past. Do I have to take GST registration for my office?

- A. No. You are liable to register only when you make a payment on which tax is required to be deducted.

Handbook on TDS Provisions under GST

Q6. Do I have to pay any Fees for obtaining a GST registration?
A. No fee is required to be paid for obtaining a GST Registration on the common portal.
Q7. Is there any printed form for registration which I require to fill up?
A. No. The process of getting registration under GST is a fully online process. Registration should be done on the common portal <i>www.gst.gov.in</i> . There is no need to submit any hardcopy of any form or any document for Registration.
Q8. Is there any need to upload any document to complete the registration process?
A. Yes, (i) a proof of address of the concerned office & (ii) a scanned photo of concerned DDO is required to be uploaded. A valid TAN is also needed.
Q9. What types of documents are needed to be uploaded for address proof?
A. Scanned copy of either of the following will have to be uploaded, valid electricity bill or Municipality khata copy or property tax receipt or any legal ownership documents etc.
Q10. To submit my registration application do I always need a DSC?
A. One can use Electronic Verification Code for submission of the registration form in the common portal apart from DSC.
Q11. How do I know that I have submitted the application form correctly? What is an ARN?
A. A pop-up message will appear that the form has been successfully submitted & an Acknowledgement Reference Number (ARN) will be sent to the registered mobile no. & registered email address of the applicant after successful submission of Registration Application (FORM GST REG-07) online.
Q12. Is this ARN called the GST registration No?
A. No. This ARN is generated only for a temporary period. Once FORM GST REG-07 is processed by the proper officer, the 15-digit GSTIN of

Handbook on TDS Provisions under GST

the Tax Deductor will be generated. This GSTIN is the GST Registration No. of the applicant office.
Q13. How do I know that GSTIN has been generated for my office or not?
A. Information will be given to the DDO in his registered email id as well as registered mobile no.
Q14. After getting GSTIN what should I do?
A. DDO should update his DDO master details with the GSTIN in their respective DDO login in E-bill module of PFMS.
Q15. As a DDO, I have to enter some personal information to get TDS registration. What will happen if I get transferred? Will I still be responsible for any lapse committed by the DDO who succeeds me?
A. It is true that the DDO is personally liable for any lapses regarding TDS deduction. But at the same time, the personal details of the DDO as entered in the Registration Form can always be amended; it is suggested that, the new DDO upon assuming of office should immediately amend such details. However, the GSTIN of the deductor will remain unaltered.
Q16. If the new DDO does not amend the details of his predecessor in office whether the ex-DDO would be liable for any lapse done by this new DDO?
A. No, the ex-DDO will not be liable for any lapse by his successor in office. A DDO is required to perform any responsibility in respect of TDS in GST either through a valid DSC (which is person specific) or through an EVC which would be sent to the registered mobile no. as well as registered email id of the DDO only.

Situations when tax is required to be deducted in GST

Q17. Is there any threshold exceeding which tax is required to be deducted?
A. Yes. Tax is required to be deducted from the payment made/credited to a supplier, if the value of supply under a contract in respect of

Handbook on TDS Provisions under GST

supply of taxable goods or services or both, exceeds ₹ 2,50,000/- (Rupees two lakh and fifty thousand).
This value shall exclude the taxes leviable under GST (i.e., 'Central tax', 'State tax', 'UT tax', 'Integrated tax' & 'Cess').
Q18. Mr. B, a DDO of ABC Office of the Government West Bengal needs to buy stationeries for his office from supplier Mr. C. Should Mr. B deduct tax under GST while making payment to Mr. C?
A. Yes, Mr. B is required to deduct tax while making/crediting payment to Mr. C if value of taxable supply under a contract exceeds ₹ 2.5 lakh.

Situations when Tax is not required to be deducted in GST

Q19. Is there any threshold up to which GST needs not to be deducted?
A. Yes, GST need not to be deducted where the value of taxable supply under a contract does not exceed ₹ 2.5 lakh.
Q20. As a deductor am I supposed to deduct GST where the taxable value of the contract entered with supplier Mr. A is ₹ 2.5 Lakh?
A. No. As the total value of taxable supply under the contract does not exceed ₹ 2.5 Lakh the deductor is not liable to deduct tax under GST.
Q21. I have entered into a contract worth ₹ 10 lakh with a supplier XYZ prior to 1-10-2018. Now, I am making a payment of ₹ 1.5 Lakh in respect of an invoice dated 25-10-2018 submitted by the supplier. Should I deduct tax while making payment of ₹ 1.5 Lakh?
A. Yes. Tax is required to be deducted since the payment is being made after the effective date.
Q22. I have entered into a contract worth ₹ 10 Lakh with a supplier XYZ prior to 1-10-2018. I have made a payment of ₹ 3 Lakhs to him prior to 1-10-2018. Now, I am making payment of the balance amount of ₹ 7 Lakh after 1-10-2018. Should I deduct tax on ₹ 10 Lakh?
A. No. Tax cannot be deducted for any payment made prior to 1-10-2018. So, deduction will be made only in respect of ₹ 7 Lakh
Q23. I enter into a contract with a supplier ABC where the value of taxable supply is ₹ 2 Lakh and payment of ₹ 1 Lakh has been

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<p>made on 15-10-2018. Now, on 20-10-2018 the contract value is revised from ₹ 2 Lakh to ₹ 6 Lakh. Am I liable to deduct any tax and if so, on which amount?</p>
<p>A. Yes, TDS shall have to be deducted on entire amount i.e., ₹ 6 lakhs while making remaining payment of ₹ 5 Lakh. In other words, 12,000/- would be deducted when remaining payment of ₹ 5 Lakh is made.</p>
<p>Q24. Mr. A. Roy, a DDO has purchased goods during May, 2018. He could not make payment for such purchase due to shortage of allotment. He is expected to receive allotment only in October, 2018. Is he liable to deduct TDS while making payment in the month of October considering that the purchase was made before October?</p>
<p>A. The tax payer is required to adjust the TDS amount to his liability relating to such invoices in the month in which goods are supplied. Therefore, TDS cannot be made for the amount paid in October but goods or services supplied before 30-9-2018.</p>
<p>Q25. When should I not deduct tax under GST?</p>
<p>A. No deduction is required in respect of payment against-</p> <ul style="list-style-type: none">• <i>all services which are exempted</i> as per principal notification No. 12/2017-Central Tax (Rate) as amended from time to time;• <i>all goods which are exempted</i> as per principal notification No. 2/2017-Central Tax (Rate) as amended from time to time;• When the <i>goods</i> and services are supplied prior to 30-9-2018 and payments are being made after 1-10-2018.

Valuation for deduction of tax with illustrations

<p>Q26. Mr. Z, a supplier in West Bengal has issued a Tax Invoice of ₹ 11,800/- for supply of goods/services or both worth ₹ 10,000/-and GST of ₹ 1,800/- to Mr. A of ABC office in West Bengal. What is the value of payment on which Mr. A should deduct TDS during making payment to Mr. Z? Calculate the amount payable to Mr. Z.</p>
<p>A. For purpose of deducting of TDS, the value of supply is to be taken as the amount excluding the tax indicated on the invoice. This means TDS shall not be deducted on the CGST, SGST or IGST component of invoice.</p>

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<p>In this case, TDS is to be deducted on ₹ 10,000/- and not on the full amount of ₹ 11,800/-.</p> <p>Mr. Z has issued a Tax Invoice of ₹ 11,800/- which comprises a GST component of ₹ 1,800/-. TDS in this case is to be deducted @ 2% (1% of CGST & 1% of SGST) on ₹ 10,000/-. Mr. A will deduct ₹ 200/- which he will deposit in the proper Govt. A/c head. Mr. A will pay ₹ 11600/- (11800/- 200/-) = (i.e. Full Invoice Value - TDS amount) to Mr. Z.</p>

Nature of TDS & its Rate

Q27.	What is the different nature of supply & what is the rate of deduction?		
	Nature of Supply	Name of TDS	Rate of Tax
	Location of the Supplier & Place of supply is in the same State/UT without any legislature	CGST	1%
		SGST/UTGST	1%
	Location of the Supplier & Place of supply are in the different States	IGST	2%
Q28.	If Supplier A of Maharashtra supplies goods to ABC office in West Bengal, then tax is required to be deducted under which Act?		
A.	The concerned DDO needs to deduct IGST @ 2%.		
Q29.	Health Department of WB receives a taxable service from MNO company of WB. What would be the nature of TDS to be deducted here & what would be the rate of deduction?		
A.	The DDO of the Health Department is liable to deduct TDS (1% CGST+1% SGST) while making payment to MNO Company as in this case the supplier or the vendor & the DDOs office (the place of supply) both are in West Bengal.		

TDS Payment

Q30.	How can I discharge my TDS liability?
A.	TDS liability can be discharged by debiting of Electronic Cash Ledger only at the time of filing return in FORM GSTR 7 .

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Q31.	Payment is made in respect of a single contract whose value of taxable supply is ₹ 3.5 Lakh. Two bills amounting to ₹ 1.5 lakh & ₹ 2 lakh respectively are passed for such payment. Since in respect of both the bills the amount paid does not exceed ₹ 2.5 lakh, I think that no tax is required to be deducted. Am I right?
A.	No. Here the payments are being made against a single contract value of taxable supply exceeding ₹ 2.5 Lakh. Here, the value of taxable supply in the contract is ₹ 3.5 lakh. So, the deductor should deduct TDS on each payment to the supplier in respect of the aforesaid contract.
Q32.	When will a DDO know that his liability for payment has been completed?
A.	Electronic cash Ledger of the DDO will be credited when tax deducted at source is deposited in Government account. Payment of such liability (which is the tax deducted at source) shall have to be done by debiting of the electronic cash Ledger and such debit can be done while submitting FORM GSTR 7 . So, unless the return in FORM GSTR 7 is submitted the payment liability of the DDO will not be completed.
Q33.	Can the deductee take action on the TDS credit declared by me?
A..	After filing of return by deductors (DDOs) in FORM GSTR-7 , the amount so deducted will be auto-populated in 'TDS/TCS credit receipt' table of respective suppliers. The supplier (deductee) has to accept or reject the amount so auto-populated in the table after logging on the portal. The accepted amount will be credited to Electronic cash ledger while rejected amount will be auto-populated in Amendment table of next month's FORM GSTR-7 of the deductor.
Q34.	What will happen if the TDS credit entry is rejected by the deductee?
A.	The rejected transactions in 'TDS/TCS credit receipt' table will be communicated back to the deductor who will download the auto-populated transactions and make necessary amendments in GSTIN or amount etc. in table 4 of FORM GSTR-7 . The amended details will again be auto-populated in 'TDS/TCS credit receipt' table. Supplier will take action comprising Accept/Reject the transactions. As usual, amount of accepted invoices will be credited to electronic cash ledger of the supplier.

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Q35.	Is there any provision of refund to the deductor or the deductee arising on a/c of excess or erroneous deduction made under GST?
A.	The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54. Further no refund to the deductor shall be granted, if the amount deducted has been credited to the electronic cash ledger of the deductee.

TDS return

Q36.	Who are liable to file return (GSTR-7)?
A.	Post 1-10-2018, DDOs deducting tax will be liable to file return in FORM GSTR-7 for the month in which such deductions are made.
Q37.	What is the need for filing a return when deposit of TDS has already been made?
A.	Electronic cash Ledger of the DDO will be credited when tax deducted at source is deposited in Government account. Payment of such liability (which is the tax deducted at source) shall have to be done by debiting of the electronic cash Ledger and that can be done only while submitting FORM GSTR 7 . So, unless the return in FORM GSTR 7 is submitted the payment liability of the DDO will not be treated as discharged.
Q38.	Mr. S has deducted GST amounting to ₹ 50,000/- in the month of Nov'18. He filed return on 16-12-2018. Is he liable to pay a late fee?
A.	Yes, he is liable to pay a late of ₹ 600/- at the rate of ₹ 100/- per day for delay of 6 days (11-12-2018 - 16-12-2018). Maximum amount of late fee payable is capped at ₹ 5,000/- Similar late fees is applicable under SGST Act/UTGST Act.
Q39.	During October, 2018, I have not deducted any amount of GST. Do I need to file return for the month of October?
A.	The Deductor i.e., DDO is required to furnish a return in FORM GSTR-7 electronically for the month in which such deductions have been made in accordance with the provision of section 39(3) of the CGST/SGST Acts, 2017. Hence, submission of FORM GSTR-7 is not required for a month in which no deduction is made.

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Q40.	How can a deductor file FORM GSTR-7?
A.	FORM GSTR-7 can be filed on the GST Portal, by logging in the Returns Dashboard by the deductor. The path is Services > Returns > Returns Dashboard .
Q41.	Is there any Offline Tool for filing Form GSTR-7?
A.	Yes. FORM GSTR 7 return can be filed through offline mode also.
Q42.	Can the date of filing of FORM GSTR-7 be extended?
A.	Yes, date of filing of FORM GSTR-7 can be extended by the Commissioner of State/Central tax through notification.
Q43.	What are the pre-conditions for filing FORM GSTR-7?
A.	Pre-conditions for filing of FORM GSTR-7 are : <ul style="list-style-type: none"> • Tax Deductor should be registered and should have a valid/active GSTIN. • Tax Deductor should have a valid User ID and password. • Tax Deductor should have an active & non-expired/non-revoked digital signature (DSC) in case return is to be filed through DSC. • Tax Deductor has made payment or credited the amount to the supplier's account.
Q44.	What are the modes of signing FORM GSTR-7?
A.	FORM GSTR-7 can be filed using DSC or EVC.
Q45.	Can I preview the FORM GSTR-7 before filing?
A.	Yes, the preview of FORM GSTR-7 can be seen by clicking on 'Preview Draft GSTR-7' before filing on the GST Portal.
Q46.	What happens after FORM GSTR-7 is filed?
A.	After FORM GSTR-7 is filed: <ul style="list-style-type: none"> • ARN is generated on successful filing of the return in FORM GSTR-7.

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	<ul style="list-style-type: none"> An SMS and an email are sent to the applicant on his registered mobile and email id.
Q47.	Can I file the complete FORM GSTR-7 using Offline Utility?
A	No. Filing can take place only online on the GST Portal
	The details of Table 3 and Table 4 can be prepared offline but remaining activities like payment and filing has to be completed on the portal only. Once the json file is uploaded on the GST Portal, one may continue to proceed to file. Liabilities will then be computed and after making payment, return can be filed.
Q48.	What are the features of FORM GSTR-7 Offline Utility?
A.	<p>The key features of FORM GSTR-7 Offline Utility are :</p> <ul style="list-style-type: none"> The FORM GSTR-7 details of Table 3 and 4 can be prepared offline, with no connection to Internet. Most of the data entry and business validations are in built in the offline utility, reducing errors upon upload to GST Portal.
Q49.	From where can I download and use the FORM GSTR-7 Offline Utility in my system?
A.	<p>Following steps are required to be performed to download and open the FORM GSTR-7 Offline Utility in your system from the GST Portal :</p> <ol style="list-style-type: none"> Access the GST Portal : www.gst.gov.in Go to Downloads > Offline Tools > GSTR 7 Offline Utility option and click on it. Unzip the downloaded Zip file which contain GSTR7_Offline Utility.xls excel sheet. Open the GSTR 7_Offline_Utility.xls excel sheet by double clicking on it. Read the Read Me' instructions on excel sheet and then fill the worksheet accordingly.

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Q50.	Do I need to login to GST Portal to download the FORM GSTR-7 Offline Utility?
A.	No. One can download the FORM GSTR-7 Offline Utility under 'Download' section without logging in to the GST Portal.
Q51.	Do I need to login to GST Portal to upload the generated JSON file using FORM GSTR-7 Offline Utility?
A.	Yes. You must login in to the GST Portal to upload the generated JSON file using FORM GSTR- 7 Offline Utility.
Q52.	What are the basic system requirements/configurations required to use FORM GSTR-7 Offline Tool?
A.	The offline functions work best on Windows 7 and above and MS EXCEL 2007 and above.
Q53.	Is Offline utility mobile compatible?
A.	As of now FORM GSTR-7 Offline utility cannot be used on mobile. It can only be used on desktop/laptops.
Q54.	How many TDS details of the suppliers can I enter in the offline utility?
A.	One can enter maximum 10,000 rows of TDS details of the suppliers in the offline utility.
Q55.	I am a tax deductor. I've made payment for four different products to one of my suppliers. Shall I report each payment in four different rows of the offline utility?
A.	No. Row with a duplicate GSTIN is not allowed in the utility. One should report the whole amount in one row only. All the payments are required to be added and one single consolidated amount has to be entered in the "Amount paid to deductee on which tax is deducted " column.
Q56.	I have mistakenly entered rows with the same GSTIN. Should I use the "Delete" option from the dropdown of "Action" column to delete these rows?
A.	No, the incorrect data has to be deleted in the utility manually using the "Delete" button of the keyboard.

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	Add and Delete options of the “Action” column are meant for adding or deleting data in the GST portal. Delete option is required to be ignored while preparing FORM GSTR-7 for first- time upload, and for the subsequent uploads it can be used only to delete those particular rows from the already-uploaded data on the portal.
Q57.	Can I enter negative or decimal amounts in the offline utility?
A.	No, any negative value cannot be entered in the utility. However, decimal values can be entered. All decimal values would be rounded off to two decimal places. But, total liability will be rounded off to whole number.
Q58.	I've uploaded GSTR-7 JSON File and it was processed without error. Do I need to download the generated file?
A.	No, it is not necessary to download the GSTR-7 JSON File processed without error. One can download it only if he wants to update, add or delete the details added previously. One can download the uploaded file for record if so required.

Interest Penalty & Late Fee

Q59.	Mr. A, a DDO has submitted return for the month of November upon payment of liability as shown in such return on 11-12-2018. Is he liable to pay interest?
A.	Mr. A has to pay interest for one day as return is to be filed by 10 th December, 2018.
Q60.	Mr. X has deducted ₹ 1 lakh of TDS in Nov' 18. He deposits ₹ 70,000/- on 10-12-2018 & the rest of ₹ 30,000 on 30-1-2019. He submits the return in FORM GSTR 7 on 28-2-2019. Has he incurred any liability to pay late fee or interest? Is he liable to pay any penalty?
A.	Electronic Cash Ledger of the DDO is credited on 10-12-2018 and 30-1-2019 with ₹ 70,000/- and ₹ 30,000/- respectively on account of deposit of TDS of ₹ 70,000/- on 10-12-2018 & ₹ 30,000 on 30-1-2019.
	Since return in FORM GSTR 7 for the month of November, 2018 is filed on 28-2-2019 and he discharges his payment liability of tax so deducted by debiting his electronic cash ledger as well on this date only, therefore, late fee of 80 days (11-12-2018 to 28-2-2019) have to be paid under CGST and SGST. The amount of late fee will be

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	<p>restricted to ₹ 5000/- (upper limit provided in the Act). Interest has also to be paid for the delay.</p> <p>Penalty is also payable by a DDO if he fails to deduct the tax in accordance with the provisions of sub-section (1) of section 51 or deducts an amount which is less than the amount required to be deducted under the said sub-section, or where he fails to pay to the Government under sub-section (2) of section 51 [section 122(v) refers]. He is liable to penalty of ₹ 1,00,000/-.</p>
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TDS Certificate & Benefit of TDS to the deductee

Q61.	As a DDO I have deducted tax while making payment to various Vendors. I have deposited the amount in the appropriate Government A/c & also filed return within stipulated time. Have I discharged all my liabilities relating to TDS?
A.	Yes, as a system generated TDS certificate in FORM GSTR-7A mentioning therein the value on which tax is deducted, and amount of tax deducted and other related particulars shall be available for download from the portal by deductee This shall be deemed to be sufficient compliance with the provisions of section 51(3) since such certificate cannot be generated /downloaded unless the deductor files the return.
Q62.	How can a supplier download the TDS certificate in FORM GSTR 7A?
A.	TDS certificate can be downloaded by access the www.gst.gov.in URL and using the following path : Login to the GST Portal with valid credentials. Navigate to Services > User Services > View/Download Certificates option.
Q63.	How many TDS Certificates are issued per GSTIN?
A.	A single TDS certificate is issued per GSTIN per FORM GSTR-7 return filed by deductor.
Q64.	Is the signature of Tax Deductor required in TDS Certificate?
A.	FORM GSTR-7A is system generated TDS certificate; signature of Tax Deductor is not required.
Q65.	Do I as a taxpayer have to file FORM GSTR-7A?
A.	No, a tax payer (deductee) is not required to file FORM GSTR-7A .

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Q66.	Can I as a taxpayer (Deductor or Deductee) download and keep a copy of my TDS Certificate for future reference?
A.	Yes, TDS Certificate can be viewed and/or downloaded in post-login mode on the GST portal.
Q67.	Being a deductor do I have to fill any form to generate FORM GSTR 7A? How can I view Form GSTR-7A?
A.	<p>No, a deductor is not required to fill up any separate form for generation of FORM GSTR-7A. FORM GSTR 7A shall be generated if return in FORM GSTR 7 is filed.</p> <p>To view Form GSTR-7A, perform following steps :</p> <ol style="list-style-type: none"> 1. Access the <i>www.gst.gov.in</i> URL. The GST Home page is displayed. 2. Login to the GST Portal with valid credentials. 3. Click the Services > User Services > View/Download Certificates command.
Q68.	What needs to be done if I have taken registration for TDS on 1st November, 2018 but was required to deduct TDS from 1st October, 2018?
A.	<p>All deductions made earlier must be included while furnishing the first return. In other words, while furnishing the return for the month of November, 2018, TDS deducted for the months of October and November, 2018 shall be included in the said return.</p> <p>Disclaimer : This Standard Operating Procedure (SOP) is clarificatory in nature and is not meant for legal interpretation of provisions of relevant Acts and rules.</p>

15.2 Other FAQs

Q1. Who are liable to deduct tax at source?

Ans. Following persons are liable to deduct tax at source:

- (a) A department or establishment of the Central or State Government,
- (b) Local authority,
- (c) Governmental agencies,
- (d) Such persons or category of persons as may be notified, by the Government on the recommendations of the Council:

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- (a) an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function;
- (b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);
- (c) Public sector undertakings.

Q.2 Is there any threshold limit for deduction of tax at source?

Ans. Yes, tax shall be deducted at source if value of the supply of taxable goods or services or both, under a contract, exceeds ₹ 2,50,000. Value shall exclude central tax, state tax, UT tax and IGST and cess indicated in the invoice.

Q.3 Municipal Corporation of Delhi has ordered supply of taxable goods to a supplier registered in Chandigarh for supply in Chandigarh itself. Is this transaction liable for deduction of tax at source?

Ans. No tax shall be deducted when the location of supplier and place of supply is in a State/UT which is different from the State/UT of the registration of the recipient.

Here, the location of the supplier is in Chandigarh and the place of supply is in Chandigarh and the recipient is registered in Delhi. No tax shall be deducted.

Q.4 What is the rate of tax deduction at source?

Ans. 2% on inter-State supply and 1% of CGST & SGST/UT each on intra-State supply shall be deducted at source from the payment made or credited to the supplier for supply of taxable goods or services or both.

Q.5 What is the time limit for deposit of tax deducted?

Ans. The amount deducted shall be deposited within 10 days from the end of the month in which such deduction is made.

Q.6 What is the procedure of depositing the tax deducted at source?

Ans. Deductor will furnish Form GSTR – 7 and deposit tax online within 10 days from the end of the month in which deduction was made.

Q.7 Is GST Registration mandatory for the deductor?

Ans. Yes, it is mandatory for the deductor to take GST registration.

Q.8 Can the deductee claim credit of the Tax deducted at source by the Deductor?

Ans. Yes, the deductee can claim credit of the tax deducted. Deductor will furnish the return and deductee will accept the credit reflecting in his GST portal. Amount will be credited to his electronic cash ledger.

Q.9 Can tax, once deducted, be claimed as a refund? Who can claim refund?

Ans. Yes, it is possible to claim refund arising out of excess or erroneous deduction, as per the provisions of Section 54 of the CGST Act. Such refund may be claimed either by the deductor or the deductee, but not both. Further, deductor cannot claim refund once the amount deducted has been credited to the electronic cash ledger of the deductee.

Q.10 What is the effective date of applicability of TDS provisions?

Ans. October 01, 2018 is the effective date for applicability of TDS provisions.

Q.11 Department of Govt. has entered into a contract worth ₹ 10 lakh with a supplier M/s ABS prior to 01.10.2018. Now, they are making a payment of ₹ 1.5 Lakh in respect of an invoice dated 25.10.2018 submitted by the supplier. Should DDO deduct tax while making payment of ₹ 1.5 Lakh?

Ans. Yes, tax shall be deducted as the payment is made after the effective date.

Q.12 Department of Govt. has entered into a contract worth ₹ 5 lakh with a supplier M/s ABS prior to 01.10.2018. However, goods are

supplied after 01.10.2018 and payment is also made later on. Should DDO deduct tax while making payment of `5 Lakh?

Ans. Yes, tax shall be deducted as both the supply and payment are made after the effective date.

Q.13 Department of Govt. has entered into a contract worth ₹ 5 lakh with a supplier M/s ABS on 01.08.2018 and an advance of ₹ 3,00,000 was made on the same date. However, goods were supplied on 02.11.2018 and the balance payment was released on 05.11.2018. On which amount shall DDO deduct tax?

Ans. No tax shall be deductible as advance was made before the effective date and remaining amount is below the threshold limit.

Q.14 A PSU has purchased goods worth ₹ 4 lakh on 15.07.2018. However, payment was made on 0.11.2018. Should the DDO deduct tax?

Ans. No tax shall be deductible as purchase was made before 01.10.2018, the effective date.

Q.15 M/s Ram Brothers entered into 2 contracts with a Department of Govt. for supply of goods valued at ₹ 2,20,000 and ₹ 2,10,000. DDO has issued a cheque of ₹ 4.30 lacs to him. Should the DDO deduct tax?

Ans. No tax will be deductible as each taxable supply under a contract is not exceeding ₹ 2,50,000.

Q.16 Can a Composition Dealer take tax credit of Tax deducted at source?

Ans. Yes, Composition dealer can also take credit and adjust this amount against his output tax liability, as this amount is not an input tax credit.

Q.17 Will tax be deductible on supplies received from outside India?

Ans. No, as this sort of transaction is covered under reverse charge.

Q.18 Whether tax will be deductible on payment made or credited to an unregistered person?

Ans. No

Q.19 What needs to be done if I have taken registration for TDS on 1st November, 2018 but was required to deduct TDS from 1st October, 2018?

Ans. All deductions made earlier must be included while furnishing the first return. In other words, while furnishing the return for the month of November, 2018, TDS deducted for the months of October and November, 2018 shall be included in the said return.

Q.20 As a deductor, do I have to fill any form to generate FORM GSTR 7A?

Ans. No, a deductor is not required to fill up any separate form for generation of FORM GSTR-7A. FORM GSTR 7A shall be generated once return in FORM GSTR 7 is filed by the deductor.

16. MCQs

Q1. The deduction of tax by the Deductor is at the rate of:

- (a) 2%
- (b) 3%
- (c) 1%
- (d) None of the above.

Ans. (a) 2%

Q2. The amount of tax deducted by the deductor has to be paid to the credit of the appropriate Government within days after the end of the month in which such deduction is made:

- (a) 20 days
- (b) 10 days
- (c) 15 days
- (d) 5 days

Ans. (b) 10 days

Q3. The deductee can claim credit of the remittance made by the Deductor in his

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- (a) Electronic Credit Ledger
- (b) Tax liability Ledger
- (c) Electronic Cash Ledger
- (d) None of the above.

Ans. (c) Electronic Cash Ledger

Q4. If excess or erroneous deduction has been made by the Deductor and this amount is credited to Electronic Cash Ledger of the Deductee, refund can be claimed by:

- (a) Deductor
- (b) Deductee
- (c) Both Deductor and Deductee
- (d) None of the above

Ans. (b) Deductee

Q5. Tax deduction shall be made if -

- (a) A contract is for an amount exceeding `2,50,000
- (b) A supplier supplies goods or services or both exceeding ₹ 2,50,000 in a year
- (c) A recipient receives goods or services or both exceeding ₹ 2,50,000 in a year from various contractors
- (d) None of the above

Ans. (a) A contract is for an amount exceeding `2,50,000

17. General Compliances

(i) By Deductor

Sr. No.	Particulars	Relevant Section
1	Taking Registration	Section 24
2	Furnishing Monthly Return GSTR 7 in time	Section 39(3)
3	Issuing TDS Certificate to Deductee in time	Rule 66(3)
4	Keeping proper record of all transactions	Section 35
5	Keeping record of all tax deductions	Section 35
6	Keep in record all contracts	Section 35

(ii) By Deductee

Sr. No.	Particulars	Relevant Section
1	Taking Registration	Section 10 or 22 or 24
2	Acceptance of TDS and TCS Return showing at his GST portal	Section 39
3	Furnishing Monthly / Quarterly Return for taking credit of TDS	Section 39(1) & (3)
4	Keeping proper record of all transactions / supplies	Section 35
5	Keeping record of all TDS certificates	Section 35
6	Keep in record all contracts	Section 35

18. Relevant Notifications / Circulars

[To be published in the Gazette of India, Extraordinary,
Part II, Section 3, Subsection (i)]

Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes and Customs
Notification No. 50/2018 – Central Tax

New Delhi, the 13th September, 2018

G.S.R.(E).— In exercise of the powers conferred by sub-section (3) of section 1 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and in supersession of the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 33/2017-Central Tax, dated the 15th September, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub section (i) vide number G.S.R. 1163 (E), dated the 15th September, 2017, except as respects things done or omitted to be done before such supersession, the Central Government **hereby appoints the 1st day of October, 2018**, as the date on which the provisions of section 51 of the said Act shall come into force **with respect to persons specified under clauses (a), (b) and (c) of sub-section (1) of section 51** of the said Act and **the persons specified below under clause (d) of sub-section (1) of section 51** of the said Act, namely:-

- (a) an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government,
with fifty-one per cent. or more participation by way of equity or control, to carry out any function;
- (b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);
- (c) public sector undertakings.

[F. No. 349/58/2017-GST(Pt.)]

(Gunjan Kumar Verma)
Under Secretary to the Government of India

[To be published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i)]

**Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes and Customs**

Notification No. 57/2018 – Central Tax

New Delhi, the 23rd October, 2018

G.S.R.(E).— In exercise of the powers conferred by sub-section (3) of section 1 of the Central Goods and Services Tax Act, 2017 (12 of 2017) read with section 51 of the Central Goods and Services Tax Act, 2017 (hereafter in this notification referred to as the said Act), the Central Government, on the recommendations of the Council, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 50/2018-Central Tax dated the 13th September, 2018 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R 868 dated the 13th September, 2018, namely:—

In the paragraph of the notification, the following proviso shall be inserted, namely:—

“Provided that with respect to persons specified under clause (a) of sub-section (1) of section 51 of the Act, nothing in this notification shall apply to the authorities under **the Ministry of Defence**, other than the authorities specified in the Annexure-A and their offices, with effect from the 1st day of October, 2018.”

[F. No. 349/58/2017- GST (Pt.)]

(Gunjan Kumar Verma)
Under Secretary to the Government of India

Note:- The principal notification was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R 868 (E), dated the 13th September, 2018.

[To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i)]

**Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes and Customs**

Notification No. 61/2018 – Central Tax

New Delhi, the 5th November, 2018

G.S.R.(E).— In exercise of the powers conferred by sub-section (3) of section 1, read with section 51 of the Central Goods and Services Tax Act, 2017 (12 of 2017), hereafter in this notification referred to as the said Act, the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 50/2018-Central Tax, dated the 13th September, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i) vide number G.S.R 868(E), dated the 13th September, 2018, namely:—

In the said notification, after the proviso, the following proviso shall be inserted, namely:-

“Provided further that nothing in this notification shall apply to the supply of goods or services or both from a public sector undertaking to another public sector undertaking, whether or not a distinct person, with effect from the 1st day of October, 2018.” .

[F. No. CBEC/20/06/16/2018-GST]

(Dr. Sreeparvathy S.L.)
Under Secretary to the Government of India

Note: The principal notification was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R 868 (E), dated the 13th September, 2018 and subsequently amended vide notification No. 57/2018-Central Tax, dated the 23rd October, 2018, published vide number G.S.R 1057(E), dated the 23rd October, 2018.

[To be published in the Gazette of India, Extraordinary, Part II,
Section 3,
Subsection (i)]

Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes and Customs
Notification No.73/2018 – Central Tax

New Delhi, the 31st December, 2018

G.S.R.(E).— In exercise of the powers conferred by sub-section (3) of section 1 read with section 51 of the Central Goods and Services Tax Act, 2017 (12 of 2017), hereafter in this notification referred to as the said Act, the Central Government, on the recommendations of the Council, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 50/2018-Central Tax dated the 13th September, 2018 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R 868 (E) dated the 13th September, 2018, namely:—

In the said notification, after the second proviso, the following proviso shall be inserted, namely:-

“Provided also that nothing in this notification shall apply to the supply of goods or services or both which takes place between one person to another person specified under clauses (a), (b), (c) and (d) of sub-section (1) of section 51 of the said Act.”.

[F.No.20/06/16/2018-GST]

(Dr. Sreeparvathy S. L.)
Under Secretary to the Government of India

Note:- The principal notification No. 50/2018- Central Tax, dated the 13th September, 2018 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R 868 (E), dated the 13th September, 2018 and last amended vide notification No. 61/2018-Central Tax, dated the 05th November, 2018, published vide number G.S.R 1084(E), dated the 05th November, 2018.

**CIRCULAR NO.65/39/2018-DoR, DATED 14-9-2018 (AS AMENDED BY
CIRCULAR NO.67/41/2018-DOR [F.NO.S-31011/11/2018-ST-1-DoR],
DATED 28-9-2018)**

**SECTION 51 OF THE CENTRAL GST ACT, 2017 - TAX DEDUCTION AT
SOURCE - GUIDELINES FOR DEDUCTIONS AND DEPOSITS OF TDS BY
DDO UNDER GST**

Section 51 of the CGST Act, 2017 provides for deduction of tax by the Government Agencies (Deductor) or any other person to be notified in this regard, from the payment made or credited to the supplier (Deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees. The amount deducted as tax under this section shall be paid to the Government by deductor within ten days after the end of the month in which such deduction is made alongwith a return in FORM GSTR-7 giving the details of deductions and deductees. Further, the deductor has to issue a certificate to the deductee mentioning therein the contract value, rate of deduction, amount deducted etc.

2. As per the Act, every deductor shall deduct the tax amount from the payment made to the supplier of goods or services or both and deposit the tax amount so deducted with the Government account through NEFT to RBI or a cheque to be deposited in one of the authorized banks, using challan on the common portal. In addition, the deductors are entrusted the responsibility of filing return in FORM GSTR-7 on the common portal for every month in which deduction has been made based on which the benefit of deduction shall be made available to the deductee. All the DDOs in the Government, who are performing the role as deductor have to register with the common portal and get the GST Identification Number (GSTIN).

3. The subject section which provides for tax deduction at source was not notified to come into force with effect from 1st July, 2017, the date from which GST was introduced. Government has recently notified that these provisions shall come into force with effect from 1st October, 2018, vide Notification No. 50/2018 – Central Tax dated 13th September, 2018.

4. For payment process of Tax Deduction at Source under GST two options can be followed, which are as under:

Option I: Generation of challan for every payment made during the month

Option II: Bunching of TDS deducted from the bills on weekly, monthly or any periodic manner

5. In order to give effect to the above options from 01.10.2018, a process flow of deduction and deposit of TDS by the DDOs has been finalised in consultation with CGA for guidance and implementation by Central and State Government Authorities. The process flow for Option I and Option II are described as under:

Option I - Individual Bill-wise Deduction and its Deposit by the DDO

6. In this option, the DDO will have to deduct as well as deposit the GST TDS for each bill individually by generating a CPIN (Challan) and mentioning it in the Bill itself.

7. Following process shall be followed by the DDO in this regard:

- (i) The DDO shall prepare the Bill based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST.
- (ii) The DDO shall login into the GSTN Portal (using his GSTIN) and generate the CPIN (Challan). In the CPIN he shall have to fill in the desired amount of payment against one/many Major Head(s) (CGST/SGST/UTGST/IGST) and the relevant component (e.g. Tax) under each of the Major Head.
- (iii) While generating the CPIN, the DDO will have to select mode of payment as either (a) NEFT/RTGS or (b) OTC. In the OTC mode, the DDO will have to select the Bank where the payment will be deposited through OTC mode.
- (iv) The DDO shall prepare the bill on PFMS (in case of Central Civil Ministries of Govt), similar payment portals of other Ministries/Departments of Govt or of State Governments for submission to the respective payment authorities.
- (v) In the Bill,
 - (a) the net amount payable to the Contractor; and
 - (b) 2% as TDSwill be specified

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- (vi) In case of NEFT/RTGS mode, the DDO will have to mention the CPIN Number (as beneficiary's account number), RBI (as beneficiary) and the IFSC Code of RBI with the request to payment authority to make payment in favour of RBI with these credentials.
- (vii) In case of the OTC mode, the DDO will have to request the payment authority to issue 'A' Category Government Cheque in favour of one of the 25 authorized Banks. The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO.
- (viii) Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal. This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal. This can be viewed and the details of CIN can be noted by the DDO anytime on GSTN portal using his Login credentials.
- (ix) The DDO should maintain a Register as per proforma given in Annexure 'A' to keep record of all TDS deductions made by him during the month. This Record will be helpful at the time of filing Monthly Return (FORM GSTR-7) by the DDO. The DDO may also make use of the offline utility available on the GSTN Portal for this purpose.
- (x) The DDO shall generate TDS Certificate through the GST Portal in FORM GSTR-7A after filing of Monthly Return.

Option II - Bunching of deductions and its deposit by the DDO

8. Option-I may not be suitable for DDOs who make large number of payments in a month as it would require them to make large number of challans during the month. Such DDOs may exercise this option wherein the DDO will have to deduct the TDS from each bill, for keeping it under the Suspense Head. However, deposit of this bunched amount from the Suspense Head can be made on a weekly, monthly or any other periodic basis.

9. Following process shall be followed by the DDO in this regard:

- (i) The DDO shall prepare the Bill based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST.

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- (ii) The DDO shall prepare the bill on PFMS (in case of Central Civil Ministries of Gol), similar payment portals of other Ministries/Departments of Gol or of State Governments for submission to the respective payment authorities.
- (iii) In the Bill, it will be specified
 - (a) the net amount payable to the Contractor; and
 - (b) 2% as TDS
- (iv) The TDS amount shall be mentioned in the Bill for booking in the Suspense Head (8658 - Suspense; 00.101 - PAO Suspense; xx – GST TDS).
- (v) The DDO will be required to maintain the Record of the TDS so being booked; under the Suspense Head so that at the time of preparing the CPIN for making payment on weekly/monthly or any other periodic basis, the total amount could be easily worked out.
- (vi) At any periodic interval, when DDO needs to deposit the TDS amount, he will prepare the CPIN on the GSTN Portal for the amount (already booked under the Suspense Head).
- (vii) While generating the CPIN, the DDO will have to select mode of payment as either (a) NEFT/RTGS or (b) OTC. In the OTC mode, the DDO will have to select the Bank where the payment will be deposited through OTC mode.
- (viii) The DDO shall prepare the bill for the bunched TDS amount for payment through the concerned payment authority. In the Bill, the DDO will give reference of all the earlier paid bills from which 2% TDS was deducted and kept in the suspense head. The DDO may also attach a certified copy of the record maintained by him in this regard.
- (ix) The payment authority will pass the bill by clearing the Suspense Head operated against that particular DDO after exercising necessary checks.
- (x) In case of NEFT/RTGS mode, the DDO will have to mention the CPIN Number (as beneficiary's account number), RBI (as beneficiary) and the IFSC Code of RBI with the request to payment authority to make payment in favour of RBI with these credentials.

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- (xi) In case of the OTC mode, the DDO will have to request the payment authority to issue 'A' Category Government Cheque in favour of one of the 25 authorized Banks. The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO.
 - (xii) Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal. This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal. This can be viewed and the details of CIN can be noted by the DDO anytime on GSTN portal using his Login credentials.
 - (xiii) The DDO should maintain a Register as per proforma given in Annexure 'A' to keep record of all TDS deductions made by him during the month. This Record will be helpful at the time of filing Monthly Return (FORM GSTR-7) by the DDO. The DDO may also make use of the offline utility available on the GSTN Portal for this purpose.
 - (xiv) The DDO shall file the Return in FORM GSTR-7 by 10th of the following month
 - (xv) The DDO shall generate TDS Certificate through the GSTN Portal in FORM GSTR-7A
10. Departments in Central Government should instruct all its DDOs under them to follow the above procedure for payment of GST TDS amount deducted from payments to be made to suppliers.
11. Difficulty, if any, in implementation of this circular may please be brought to the notice of Department of Revenue.

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ANNEXURE A							
Record to be maintained by the DDO for filing of GSTR7							
Sl. No.	GSTIN of the Deductee	Trade Name	Amount paid to the Deductee on which tax is deducted	Integrated Tax	Central Tax	State/UT Tax	Total

**CIRCULAR NO.67/41/2018-DOR [F.NO.S-31011/11/2018-ST-1-DoR],
DATED 28-9-2018**

SECTION 51 OF THE CENTRAL GST ACT, 2017 - TAX DEDUCTION AT SOURCE - MODIFICATION TO GUIDELINES FOR DEDUCTIONS AND DEPOSITS OF TDS BY DDO UNDER GST AS CLARIFIED IN CIRCULAR NO.65/39/2018-DOR, DATED 14-9-2018

Circular No. 65/39/2018-DOR dated 14-9-2018, vide which Guidelines for Deductions and Deposits of TDS by the DDO under GST had been issued by the Department of Revenue.

2. On the recommendation of the Controller General of Accounts, the Department of Revenue, hereby issues the following modifications to the said Circular:

Para 9 (iv) should read as: To enable the DDOs to account for the TDS bunched together (in terms of Option II), following sub-head related to the GST-TDS below the Head 8658.00.101-PAO Suspense has been opened.

S. No.	Major Head	Sub-Head Description	Major Head Serial Code (8-digit reduced accounting code)	SCCD Code
1.	8658-00-101	08-GST TDS	86580344	367

3. Difficulty, if any, in implementation of this circular may please be brought to the notice of Department of Revenue.

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