

**Handbook on Government Supplies
under GST
(Including TDS Provisions)
(May, 2026)**



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

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Foreword

The Goods and Services Tax (GST) stands as one of India's most consequential fiscal transformations, unifying a wide range of central and state taxes into a single, destination-based tax system. It has evolved into a robust, technology driven compliance ecosystem, promoting greater simplicity, efficiency and transparency across industries. However, as the law continues to evolve through legislative amendments, judicial pronouncements, and administrative clarifications, the need for continuous learning and professional vigilance has become more imperative for practitioners and stakeholders alike.

The Institute of Chartered Accountants of India (ICAI), through its GST & Indirect Taxes Committee, has remained at the forefront of GST knowledge dissemination and capacity building since the inception of the GST regime. In line with its commitment to empowering members and stakeholders, the Committee regularly undertakes the development of publications, seminars, and training initiatives.

GST implications on supplies made to or by the Government remain a relatively underexplored area within the GST framework. This publication titled, ***“Handbook on Government Supplies under GST (Including TDS Provisions)”***, seeks to bridge this gap by providing a comprehensive and practice-oriented analysis of the GST provisions applicable to Government transactions. It also covers, in detail, the entire compliance framework relating to Tax Deducted at Source (TDS) under GST. The publication has been updated for all the amendments taken place up to 15th April, 2026.

I would like to place on record my sincere appreciation for CA. Umesh Sharma, Chairman; CA. Rajendra Kumar P, Vice-Chairman; and the members of the GST & Indirect Taxes Committee of ICAI for their initiative in bringing out this Handbook and for their continued efforts in providing timely guidance to members and stakeholders.

I am confident that this publication will prove to be a valuable resource for members, practitioners, and Government officials in effectively discharging their statutory functions and responsibilities.

CA. Prasanna Kumar D
President, ICAI

Date: 29.04.2026

Place: New Delhi

Preface

Transactions involving Government entities under the GST framework present a distinct set of interpretational and compliance challenges. Issues relating to the scope of “Government”, classification and taxability of supplies, applicability of exemptions, reverse charge mechanism, and input tax credit often require careful examination. Further, the provisions relating to Tax Deducted at Source (TDS) introduce an additional compliance layer, particularly for Government departments and agencies responsible for deduction, payment, and reporting.

Given the increasing interface between Government bodies and private entities through procurement, works contracts, and service arrangements, a clear and structured understanding of these provisions is essential for both practitioners and Government functionaries.

With this objective, we are pleased to present the publication, *“Handbook on Government Supplies under GST (Including TDS Provisions)”*, comprehensively updated up to 15th April, 2026. This Handbook focuses specifically on the GST implications of supplies made to and by the Government and seeks to address an area that, despite its practical significance, has not received extensive dedicated coverage in GST literature.

The publication provides a detailed and practice-oriented analysis covering the meaning and scope of “Government” under GST, taxability and classification of Government-related supplies, applicable exemptions, reverse charge provisions, and input tax credit aspects. It also addresses the TDS framework under GST, including registration, deduction, payment, return filing, and issuance of certificates, supported by relevant legal provisions and practical insights.

We express our sincere gratitude to CA. Prasanna Kumar D, President, ICAI, and CA. Mangesh Kinare, Vice-President, ICAI, for their continued encouragement and support to the initiatives of the GST & Indirect Taxes Committee. We also place on record our appreciation for the valuable contributions of CA. Rishabh Parikh. We acknowledge the dedicated efforts of CA. Madhav Kumar Jha of the Committee’s Secretariat in providing essential technical and administrative support in bringing out this publication.

While due care has been taken to ensure the accuracy of the contents in line with the prevailing legal position, divergent views may exist on certain issues. We welcome feedback and suggestions from readers on any inadvertent errors or omissions at gst@icai.in. Readers are also encouraged to visit <https://idtc.icai.org> for a wide range of technical and educational resources on GST.

CA. Umesh Sharma

Chairman

GST & Indirect Taxes Committee

CA. Rajendra Kumar P

Vice-Chairman

GST & Indirect Taxes Committee

Date: 29.04.2026

Place: New Delhi

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Readers may make note of the following while reading the publication:
Unless otherwise specified, the section numbers and rules referred to in this publication pertain to Central Goods and Services Tax Act, 2017 and Central Goods and Services Tax Rules, 2017 respectively.

Chapter 1

Definitions

Introduction

When we think of the Government in the context of Goods and Services Tax (GST), the first thought is straightforward that the Central Government and State Governments levy and collect GST from taxpayers on supplies of goods and services, and the Government is seen primarily as the tax administrator. However, the role of Government does not limit itself only to collecting taxes. The Government makes its own supplies too, and from a GST framework perspective, whether those supplies actually constitute "supply" under GST is itself a significant question. And even before that, what exactly is "Government" under the GST framework? Are only the Central and State Governments regarded as "Government," or does it extend to Government companies, statutory authorities constituted under the power of Parliament such as SEBI, and local bodies such as Municipal Corporations and Panchayats? Are all supplies made by them are exempted under GST or liable to pay tax under the Reverse Charge Mechanism? Further, what is Tax deduction at source (TDS) under GST? Apart from Government departments, are ordinary taxpayers also required to deduct TDS? How to file TDS returns? What are the consequences of non-compliance?

This Handbook attempts to answer all these questions in a structured manner, covering the identity of Government under GST, exemptions, reverse charge, registration, invoicing, and a detailed analysis of TDS provisions. This opening Chapter on Definitions lays the foundation by compiling key statutory definitions from the GST framework that are frequently referenced across subsequent chapters.

1. "Business"

As per 2(17), Business includes –

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;

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- (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
 - (c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
 - (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
 - (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
 - (f) admission, for a consideration, of persons to any premises;
 - (g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
 - (h) activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and
- (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.**

2. “Composite Supply”

As per 2(30), “Composite supply” means

a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

3. “Consideration”

As per 2(31), "consideration" in relation to the supply of goods or services or both includes-

- (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other

person but shall not include any subsidy given by the Central Government or a State Government;

- (b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply

4. "Exempt Supply"

As per 2(47), "Exempt Supply" means

supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply

5. "Goods"

As per 2(52), Goods means

every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply

6. "Government"

As per 2(53), "Government" means the **Central Government**.

7. "Local Authority"

As per 2(69), - "local authority" means-

- (a) a "Panchayat" as defined in clause (d) of article 243 of the Constitution;
- (b) a "Municipality" as defined in clause (e) of article 243P of the Constitution;
- (c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central

Government or any State Government with the control or management of a municipal ¹["fund"] or local fund;

²[**Explanation. – For the purposes of this sub-clause— (a) “local fund” means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;**

(b) “municipal fund” means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;]

- (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006 (41 of 2006);
- (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;
- (f) a Development Board constituted under article 371 ³[and article 371J] of the Constitution or
- (g) a Regional Council constituted under article 371A of the Constitution.

8. “Mixed Supply”

As per 2(74), "mixed supply" means

two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

9. “Non-Taxable Supply”

As per 2(78), "non-taxable supply" means

a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act;

¹ *Inserted vide the Finance Act, 2025, notified through Notification No. 16/2025 – CT dated 17.09.2025, w.e.f. 01.10.2025.*

² *Inserted vide the Finance Act, 2025, notified through Notification No. 16/2025 – CT dated 17.09.2025, w.e.f. 01.10.2025.*

³ *Inserted vide sec 2 of The CGST (Amendment) Act, 2018 (No. 31 of 2018), notified through Notification No. 02/2019 – CT dated 29.01.2019, w.e.f. 01.02.2019.*

10. "Person"

As per 2(84), "person" includes-

- (a) an individual;
- (b) a Hindu Undivided Family;
- (c) a company;
- (d) a firm;
- (e) a Limited Liability Partnership;
- (f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
- (g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013);
- (h) any-body corporate incorporated by or under the laws of a country outside India;
- (i) a co-operative society registered under any law relating to co-operative societies;
- (j) a local authority;
- (k) Central Government or a State Government;
- (l) society as defined under the Societies Registration Act, 1860 (21 of 1860);
- (m) trust; and
- (n) every artificial juridical person, not falling within any of the above;

11. "Principal Supply"

As per 2(90), "principal supply" means

the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary

12. "Recipient"

As per 2 (93), "recipient" of supply of goods or services or both, means-

- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied

13. “Registered Person”

As per 2(94), "registered person" means

a person who is registered under section 25 but does not include a person having a Unique Identity Number;

14. “Services”

As per 2(102), "services" means

anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination to another form, currency or denomination for which a separate consideration is charged;

⁴[Explanation. - For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities;]

15. “State”

As per 2(103), "State" includes a Union territory with Legislature;

16. “State Tax”

As per 2(104), "State tax" means the tax levied under any State Goods and Services Tax Act;

⁴ Inserted vide sec 2 of The CGST (Amendment) Act, 2018 (No. 31 of 2018), notified through Notification No. 02/2019 – CT dated 29.01.2019, w.e.f. 01.02.2019.

17. “Supplier”

As per 2(105), "Supplier" in relation to any goods or services or both, shall mean;

the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied;

⁵[Provided that a person who organises or arranges, directly or indirectly, supply of specified actionable claims, including a person who owns, operates or manages digital or electronic platform for such supply, shall be deemed to be a supplier of such actionable claims, whether such actionable claims are supplied by him or through him and whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner, and all the provisions of this Act shall apply to such supplier of specified actionable claims, as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims;]

18. “Works Contract”

As per 2(119), "works contract" means;

a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

Other Important Definitions for reference

1. Governmental Authority

“Governmental Authority” has been defined in para 2(zf) of *Notification No. 12/2017-Central Tax (Rate)* and also has been inserted as an explanation to *Notification No.11/2017- Central Tax (Rate)* vide *Notification No. 31/2017-Central Tax (Rate) dated 13th October, 2017*

It refers to an authority or a board or any other body,

- (a) set up by an Act of Parliament or State Legislature; or
- (b) established by any Government.

⁵ Inserted vide *The CGST (Amendment) Act, 2023 dated 18.08.2023, notified through Notification No. 48/2023 - CT dated 29.09.2023, w.e.f. 01.10.2023.*

with 90 percent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243W of the constitution or to a panchayat under article 243G of the constitution.

2. Government Entity

“Governmental Entity” has been defined in clause 2(zfa) of *Notification No. 12/2017-Central Tax (Rate)* and has been inserted as an explanation to *Notification No.11/2017- Central Tax (Rate)* vide *Notification 31/2017 CT(R)* dated 13th October 2017.

Further, an explanation (iv) has been inserted to *Notification 10/2025-CT(R)* dated 17th September, 2025, explaining the term "Government Entity".

It refers to an authority or a board or any other body including a society, trust, corporation, which is:

- (a) set up by an Act of Parliament or State Legislature; or
- (b) established by any Government.

with 90 percent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union territory or a Local authority.

Chapter 2

Supply under GST

1. Section 7 of CGST Act, 2017

(1) For the purposes of this Act, the expression “supply” includes—

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

⁶[(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation.—For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;]

(b) import of services for a consideration whether or not in the course or furtherance of business; ⁷[and]

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; ⁸[***]

(d) ⁹[***]

⁶ Inserted vide sec 108 of The Finance Act, 2021 (No. 13 of 2021) – applicable with retrospective effect from. 01.07.2017, notified through Notification No. 39/2021 - CT dated 21.12.2021, amendment came into force w.e.f. 01.01.2022.

⁷ Inserted vide sec 3 of The CGST (Amendment) Act, 2018 (No. 31 of 2018) - applicable with retrospective effect from. 01.07.2017, notified through Notification No. 02/2019 - CT dated 29.01.2019, amendment came into force w.e.f. 01.02.2019.

⁸ Omitted vide sec 3 of The CGST (Amendment) Act, 2018 (No. 31 of 2018) – applicable with retrospective effect from. 01.07.2017, notified through Notification No. 02/2019 - CT dated 29.01.2019, amendment came into force w.e.f. 01.02.2019, prior to its omission it was read as: “and”.

[(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.]

(2) Notwithstanding anything contained in sub-section (1),-

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of ¹⁰[sub-sections (1), (1A) and (2)], the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as-

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods

1.1 Supplies to be treated neither as supply of goods nor supply of services:

The law lists down matters which shall not be considered as 'supply' for GST by way of Schedule III.

Extract of Schedule III transactions relating to Government transaction are given below:

Extract of Schedule III

2. Services by any Court or Tribunal established under any law for the time being in force;

⁹ Omitted vide sec 3 of The CGST (Amendment) Act, 2018 (No. 31 of 2018) – applicable with retrospective effect from. 01.07.2017, notified through Notification No. 02/2019 - CT dated 29.01.2019, amendment came into force w.e.f. 01.02.2019, prior to its omission it was read as, "(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II."

¹⁰ Substituted vide sec 3 of The CGST (Amendment) Act, 2018 (No. 31 of 2018) – applicable with retrospective effect from. 01.07.2017, notified through Notification No. 02/2019 - CT dated 29.01.2019, amendment came into force w.e.f. 01.02.2019, prior to its substitution it was read as "sub-sections (1) and (2)".

The term "court" includes District Court, High Court and Supreme Court.

3. (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;

(b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

(c) the duties performed by any person as a chairperson or a member or a director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.

Power to notify pursuant to Section 7(2):

The Government has vested itself powers to notify 'activities or other transactions' which shall neither be treated as supply of goods nor a supply of services in terms of section 7(2).

It is important to note that apart from the activities specified in Schedule III, some activities have been notified by the Government vide different notifications, which are also to be considered as non-supplies.

Such notification would be issued from time to time based on the recommendations of the GST Council. Further, some circulars have been issued clarifying that certain transactions are to be considered as non-supplies

The Government has notified the following supplies in this regard:

(i) Services by way of any activity in relation to a function entrusted to Panchayat under Article 243G of the Constitution or to a Municipality under article 243W of the Constitution.

(Inserted vide Notification No. 14/2017-Central Tax (Rate), dated 28.06.2017 w.e.f. 1.07.2017 read with Notification No. 16/2018- Central Tax (Rate), dated 26.07.2018, w.e.f. 27.07.2018)

Activities covered under Article 243G and 243W of the Constitution are covered in detail in upcoming pages.

(ii) Service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called.

(Inserted vide *Notification No. 25/2019- Central Tax (Rate)*, dated 30.09.2019)

Point to be Noted:

This special dispensation is applicable only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States. Hence, this is not applicable/has no precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.

It may be noted that services provided by the Government to business entities including by way of grant of privileges, licences, mining rights, natural resources such as spectrum etc. against payment of consideration in the form of fee, royalty etc. is taxable under GST.

Further, it is important to remember that Tax is required to be paid by the business entities on such services under reverse charge as clarified by *Circular No. 121/40/2019 GST dated 11.10.2019*.

(iii) Penalty imposed for violation of laws

By Virtue of *Circular No. 178/10/2022 GST dated 03.08.2022*, it is clarified that Penalty imposed for violation of laws such as traffic violations, or for violation of pollution norms or other laws are also not consideration for any supply received and are not taxable.

Same is the case with fines, penalties imposed by the mining Department of a Central or State Government or a local authority on discovering mining of excess mineral beyond the permissible limit or of mining activities in violation of the mining permit.

Laws are not framed for tolerating their violation. They stipulate penalty not for tolerating violation but for not tolerating, penalizing and deterring such violations. There is no agreement between the Government and the violator specifying that violation would be allowed or permitted against payment of fine or penalty. There cannot be such an agreement as violation of law is never a lawful object or consideration.

In short, fines and penalty chargeable by Government or a local authority imposed for violation of a statute, byelaws, rules or regulations are not leviable to tax.

(iv) Leviability of GST on amounts/fees charged by Consumer Disputes Redressal Commission

Consumer Disputes Redressal Commissions are clothed with the characteristics of a Tribunal on account of the following: -

- (1) Statement of objects and reasons as mentioned in the Consumer Protection Bill state that one of its objects is to provide speedy and simple redressal to consumer disputes, for which a quasi-judicial machinery is sought to be set up at District, State and Central levels.
- (2) The President of the District/State/National Disputes Redressal Commissions is a person who has been or is qualified to be a District Judge, High Court Judge and Supreme Court Judge respectively.
- (3) These Commissions have been vested with the powers of a civil court under CPC for issuing summons, enforcing attendance of defendants/witnesses, reception of evidence, discovery/ production of documents, examination of witnesses, etc.
- (4) Every proceeding in these Commissions is deemed to be judicial proceedings as per sections 193/228 of IPC. The Commissions have been deemed to be a Civil Court under CrPC.
- (5) Appeals against District Commissions lie to State Commission while appeals against the State Commissions lie to the National Commission. Appeals against National Commission lie to the Supreme Court.

Thereby to provide inexpensive, speedy and summary redressal of consumer disputes, quasi-judicial bodies are set up in each District and State and at the National level, called the District Forums, the State Consumer Disputes Redressal Commissions and the National Consumer Disputes Redressal Commission respectively.

Consumer Disputes Redressal Commissions (National/ State/ District) may not be tribunals literally as they may not have been set up directly under Article 323B of the Constitution. However, they are clothed with the characteristics of a Tribunal.

Consequently, CBIC by virtue of Circular No. 32/06/2018 GST dated 12.02.2018 has clarified that fees paid by litigants while registering complaints to said Commissions are not leviable to GST. Any penalty in

cash imposed by or amount paid to these Commissions will also not attract GST.

2. Government

As per 2(53) 2017 and 2(9) of IGST Act, “Government” means the Central Government.

Various State/ Union Territories (with Legislatures) GST Acts define ‘Government’ as Government of respective State Government/ Union Territory. For Union Territories (without State Legislatures), ‘Government’ means the Administrator or any Authority or officer authorized to act as Administrator by the Central Government.

Although the definition itself appears brief, it is essential to understand what is included in the definition and what’s not.

As per Article 53 of the Constitution the executive power of the Union shall be vested in the President and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution. Further, in terms of Article 77 of the Constitution all executive actions of the Government of India shall be expressed to be taken in the name of the President. Therefore, “Central Government” means the President and the officers subordinate to him while exercising the executive powers of the Union vested in the President and in the name of the President.

Similarly, as per Article 154 of the Constitution the executive power of the State shall be vested in the Governor and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution. Further, as per Article 166 of the Constitution all executive actions of the Government of State shall be expressed to be taken in the name of Governor. Therefore, “State Government” means the Governor or the officers subordinate to him who exercise the executive power of the State vested in the Governor and in the name of the Governor.

It is important to know that corporations formed under the Central or a State Act or various companies incorporated under the Companies Act and autonomous institutions set up by the State Acts are not treated as *Government* under GST (As clarified by question no 9 of FAQ series issued by CBIC on Government services).

Further, Regulatory bodies/agencies, for instance, Competition Commission of India, Press Council of India, Directorate General of Civil Aviation, Forward Market Commission, Inland Water Supply Authority of India, Central Pollution Control Board, Securities and Exchange Board of India are public authorities or a governmental body which exercises functions assigned to them in a regulatory or supervisory capacity, but do not fall under the definition of Government. (As clarified by question no 10 of FAQ series issued by CBIC on government services).

The principles laid down under Article 12 of the Constitution are valuable in interpreting this definition, particularly for analysing Schedule III exclusions, exemptions applicable to Government services, and supplies relating to functions enumerated in the Eleventh and Twelfth Schedules.

A reasonable test to apply is to inquiry into the following four categories of criteria:

<p>Financial dependence on State:</p> <ul style="list-style-type: none"> → Entire capital owned by State → Losses are a charge to Consolidated Fund → Employees, servants of State 	<p>Entity is instrumentality of State:</p> <ul style="list-style-type: none"> → Functions previously vested in Ministry → Public welfare is object of enterprise → Activities akin to schedule XI and XII
<p>State enjoys plenary control over management:</p> <ul style="list-style-type: none"> → Board appointed by State not by contract → Board compensation dictated by State → Veto power traceable to State functionary 	<p>State monopoly over occupied field:</p> <ul style="list-style-type: none"> → Custodian and user of public resources → Liquidation estate vests with State → Participation by private enterprise barred

It is also important to refer to Article 298 where State is empowered to engage in 'trade or commerce'. And stock-in-trade of the State are the natural resources of the Nation which are employed gainfully by State Enterprises or licensed to Private Enterprise. Therefore, State does not engage exclusively in Sovereign functions. 'Sovereign functions' does not

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refer to 'all' functions by the Sovereign. Non-sovereign functions performed by the Sovereign will be exposed to incidence of GST.

Sovereign functions assigned to Panchayat and Municipality are listed in schedule XI and XII of the Constitution. And when even these instrumentalities engage in transactions that are NOT within the pith of these activities, they will be exposed to the incidence of GST.

Schedule XI and XII are given below for the reference of readers.

ELEVENTH SCHEDULE (Article 243G)	TWELFTH SCHEDULE (Article 243W)
1. Agriculture, including agricultural extension.	1. Urban planning including town planning.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.	2. Regulation of land-use and construction of buildings.
3. Minor irrigation, water management and watershed development.	3. Planning for economic and social development.
4. Animal husbandry, dairying and poultry.	4. Roads and bridges.
5. Fisheries.	5. Water supply for domestic, industrial and commercial purposes.
6. Social forestry and farm forestry.	6. Public health, sanitation conservancy and solid waste management.
7. Minor forest produce.	7. Fire services.
8. Small scale industries, including food processing industries.	8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Khadi, village and cottage industries.	9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.

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10. Rural housing.	10. Slum improvement and upgradation.
11. Drinking water.	11. Urban poverty alleviation.
12. Fuel and fodder.	12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.	13. Promotion of cultural, educational and aesthetic aspects.
14. Rural electrification, including distribution of electricity.	14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Non-conventional energy sources.	15. Cattle pounds; prevention of cruelty to animals.
16. Poverty alleviation programme.	16. Vital statistics including registration of births and deaths.
17. Education, including primary and secondary schools.	17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Technical training and vocational education.	18. Regulation of slaughter houses and tanneries.
19. Adult and non-formal education.	
20. Libraries.	
21. Cultural activities.	
22. Markets and fairs.	
23. Health and sanitation, including hospitals, primary health centres and dispensaries.	
24. Family welfare.	
25. Women and child development.	

26. Social welfare, including welfare of the handicapped and mentally retarded.	
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.	
28. Public distribution system.	
29. Maintenance of community assets.	

3. Local Authority

A 'local authority' is also a 'person' for the GST law. A local authority would enjoy the same treatment as is received by a 'Government' such as in the case of supplies that shall be treated as neither a supply of goods nor a supply of services, requirement to deduct tax at source on supplies made to it, etc. Reference may be had to principles laid down in *Ajay Hasia vs. Khalid Mujib Sehravardi & Ors* 1981 AIR 487 in the context of Article 12 of our Constitution where the following ingredients were laid down while determining if any authority was 'a State'.

Entire share capital is held by the Government or its agencies or nominees	financial assistance of the State is so much as to meet almost entire expenditure of the corporation	Monopoly status is afforded to the authority in the area of activity or domain
Deep and pervasive State control exists over functioning of the Authority	Functioning of the authority is determined or subject to approval or override of State	Functions of any department of Govt. is now vested in the authority
Additional considerations not laid down in SC decision:		
Employees of the authorities are servants of the President of India / Governor of State and their salary and emoluments are a charge against the consolidated fund of India / State	In the event of liquidation of the authority, the entire 'liquidation estate' (discharge all liabilities) vests with the State and flows into the consolidated fund of India / State	

Understanding Govt., Govt. Agency, Govt. Entity & Local Authority assumes significance considering TDS obligations under section 51(on payments by such entities) & RCM obligations (on recipient of services from such entities). Some considerations may be to examine schedule XI & XII of our Constitution about functions of sovereign. As stated earlier, All functions 'by' sovereign are not functions 'of' the sovereign.

Further, as per entry at Sr. No. 5 of Notification No. 13/2017-CT(R) dated 28.06.2017, services supplied by local authority to a business entity are taxable on Reverse Charge (RCM) basis.

Now a question arises that can authorities like The Delhi Development Authority (DDA) be treated as a 'local authority' as per section 2(69) of CGST Act, 2017?

The same was clarified by CBIC by virtue of *Circular No. 245/02/2025-GST, dated 28th of January, 2025* that 'Local Authority' means an authority which is similar to the elected self-governing body such as Municipal Committee and which is entrusted with the control and management of municipal or local fund.

It is seen that DDA does not meet the requirement of local authority as per section 2(69) of the CGST Act, 2017. Thus, as recommended by the 55th GST Council, it was clarified that DDA cannot be treated as local authority under GST law.

Further, *Question No 5 of the FAQ series* released by CBIC on government services clarifies that, the definition of 'local authority' is very specific and means only those bodies which are mentioned as 'local authorities' in clause (69) of section 2 of the CGST Act, 2017. It would not include other bodies which are merely described as a 'local body' by virtue of a local law.

For example, State Governments have setup local developmental authorities to undertake developmental works like infrastructure, housing, residential & commercial development, construction of houses, etc. The Governments setup these authorities under the Town and Planning Act. Examples of such developmental authorities are Delhi Development Authority, Ahmedabad Development Authority, Bangalore Development Authority, Chennai Metropolitan Development Authority, Bihar Industrial Area Development Authority, etc. Such developmental authorities formed under the Town and Planning Act are not qualified as local authorities for the purposes of the GST Acts.

Another question arises whether a statutory body, corporation or an authority constituted under an Act passed by the Parliament or any of the State Legislatures be regarded as ‘Government’ or “local authority” for the purposes of the GST Acts?

Question No 6 of the FAQ series released by CBIC on government services clarifies that a statutory body, corporation or an authority created by the Parliament or a State Legislature is neither ‘Government’ nor a ‘local authority’. Such statutory bodies, corporations or authorities are normally created by the Parliament or a State Legislature in exercise of the powers conferred under article 53(3)(b) and article 154(2)(b) of the Constitution respectively. It is a settled position of law (Agarwal Vs. Hindustan Steel AIR 1970 Supreme Court 1150) that the manpower of such statutory authorities or bodies do not become officers subordinate to the President under article 53(1) of the Constitution and similarly to the Governor under article 154(1). Such a statutory body, corporation or an authority as a juridical entity is separate from the State and cannot be regarded as the Central or a State Government and also do not fall in the definition of ‘local authority’. Thus, regulatory bodies and other autonomous entities would not be regarded as the government or local authorities for the purposes of the GST Acts.

Charge of GST on Government Transactions

1. Services BY and TO Government are usually treated as supply and subject to GST unless otherwise exempted.

Service Accounting Code for public administration and other services provided to community is 9991.

Groups in this heading are –

Administrative services of Government (99911),

Public administrative services to community as whole (99912) and

Administrative services relating to compulsory social security schemes (99913).

Extract of Groups / Heading is attached below for reference

Section, Heading or Group	Services Description
Section 9	Community, Social and personal services and other miscellaneous services
Heading 9991	Public Administration and other services provided to the community as a whole; compulsory social security services
Group 99911	Administrative services of the government
999111	Overall Government public services
999112	Public administrative services related to the provision of education, healthcare, cultural and other social services, excluding social security service

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999113	Public administrative services related to the more efficient operation of business
999119	Other administrative services of the government nowhere else classified
Group 99912	Public administrative services provided to the community as a whole
999121	Public administrative services related to External Affairs, Diplomatic and Consular services abroad
999122	Services related to foreign economic aid
999123	Services related to foreign military aid
999124	Military defence services
999125	Civil defence services
999126	Police and fire protection services
999127	Public administrative services related to law courts
999128	Administrative services related to the detention or rehabilitation of criminals
999129	Public administrative services related to other public order and safety affairs nowhere else classified
Group 99913	Administrative services related to compulsory social security schemes
999131	Administrative services related to sickness, maternity or temporary disablement benefit schemes
999132	Administrative services related to government employee pension schemes; old-age disability or survivors' benefit schemes, other than for government employees
999133	Administrative services related to unemployment compensation benefit schemes
999134	Administrative services related to family and child allowance programmes

Now Let us deep-dive into category of goods and services which attract Reverse charge mechanism when dealt by government or dealt with government or other government related organizations.

First of all, it is important to understand that, the provisions of reverse charge notification, in so far as they apply to the Central Government, State Government, shall also apply to the Parliament and State Legislature, Courts and Tribunals.

1.1 GOODS ATTRACTING RCM

The goods notified under *Notification No. 04/2017-Central Tax (Rate) dated 28.06.2017* (as amended) are liable to tax under reverse charge under section 9(3) of the CGST Act and the extract of notified goods related to government transactions are given as follows:

A. Supply of Lottery [Entry 5]

S.No	Description of supply of Goods	Supplier of goods	Recipient of supply
(1)	(2)	(3)	(4)
5.	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent.

Explanation. For the purposes of this entry, lottery distributor or selling agent has the same meaning as assigned to it in clause (c) of Rule 2 of the Lotteries (Regulation) Rules, 2010, made under the provisions of sub-section (1) of section 11 of the Lotteries (Regulation) Act, 1998 (17 of 1998).

Analysis:

To understand the taxability of lottery ticket, it is important to understand whether it is goods or services. Clause (52) of section 2 of the CGST Act defines the term “goods” as under:

“Goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

Lottery tickets are actionable claim and is classified as Goods.

Further, w.e.f. 1-10-2023 by virtue the Central Goods and Services Tax (Amendment) Act, 2023 notified through *Notification No. 48/2023-Central Tax, 29-09-2023*, clause (102A) of section 2 of the CGST Act has been inserted and entry 6 of Schedule III has been amended as follows:

2(102A) - "specified actionable claim" means the actionable claim involved in or by way of—

- (i) betting
- (ii) casinos;
- (iii) gambling;
- (iv) horse racing;
- (v) lottery; or
- (vi) online money gaming;

Entry 6 of Schedule III of the CGST Act: "Actionable claims, other than specified actionable claims".

Prior to amendment, entry 6 was read as: "Actionable claims, other than lottery, betting and gambling".

Goods retain their character as goods and their HSN classification at all times. However, where a person holds a claim to a beneficial interest in specific movable property and that person has neither actual nor constructive possession of the property, that claim, not the goods themselves, constitutes an actionable claim under section 3 Transfer of Property Act. Transfer of such actionable claims is addressed in section 130 of Transfer of Property Act. For instances, debtors in books are transactions in money, but when such receivables are securitized and sold to ARCs, they become 'actionable claim'. Consider the HSN code that is to be applicable in such cases. Similarly, right to participate in a draw along with a chance to claim prize (if successful in draw) is lottery. These rights made transferable in a ticket, coupon, e-coupon, etc. are 'actionable claim'.

It is important to note that 'any chapter' for RCM liability, can be very perplexing, especially, when e-invoice is applicable that cannot be issued without specific HSN code. Taxpayers are liable to fall back on HSN 4907 00-90 in case of all 'documents of title' that are actionable claims.

Further, there are two kinds of lotteries:

(i) Lottery run by State Government –

When the Government supplies the lotteries to the lottery distributor or selling agent, the agent needs to make the GST payment of that supply to Government under RCM as provided in entry 5 of *Notification No 04/2017 Central Tax (Rate)*.

Further, entry 168 of *Notification 10/2025 Central Tax (Rate), dated 17-09-2025* (earlier entry 149 of *Notification No. 2/2017-Central Tax (Rate), dated 28-06-2017*) exempts “Supply of lottery by any person other than State Government, Union Territory or Local authority subject to the condition that the supply of such lottery has suffered appropriate Central tax, State tax, Union Territory tax or integrated tax, as the case may be, when supplied by State Government, Union Territory or local authority, as the case may be, to the lottery distributor or selling agent appointed by the State Government, Union Territory or local authority, as the case may be.”

Hence, when the selling agent or distributor supplies the tickets to the local agents, such supply shall be treated as exempt if the distributor has paid GST on the transaction when supplied by the Government.

(ii) Lottery authorized by State Government –

When the lottery tickets are distributed by lottery distributor to local agent, tax is to be paid under forward charge. Further, when the local agents distribute the tickets (make supply), GST needs to be paid by them under forward charge, no exemption is given in this case. In fact, tax by must be paid by the distributors / local agents at each point of supply under normal charge.

B. Supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by Central Government, State Government, Union territory or local authority [Entry 6]

S.No	Tariff item, sub heading, heading or Chapter	Description of supply of Goods	Supplier of goods	Recipient of supply
(1)	(2)	(3)	(4)	(5)
6.	Any Chapter	Used vehicles,	Central	Any registered

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		seized and confiscated goods, old and used goods, waste and scrap	Government [excluding Ministry of Railways (Indian Railways)], State Government, Union territory or a local authority	person
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Analysis:

Any registered person with effect from 13-10-2017, supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by Central Government, State Government, Union territory or a local authority to any registered person is taxable under GST on reverse charge basis by virtue of Notification No. 36/2017-Central Tax (Rate) and Notification No. 37/2017-Integrated Tax (Rate), both dated 13-10-2017.

The words "Central Government, State Government, Union territory or a local authority" has been substituted with "Central Government [excluding Ministry of Railways (Indian Railways)], State Government, Union territory or a local authority" vide Notification No. 19/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

Further, Circular No. 76/50/2018-GST, dated 31-12-2018 has clarified the following:

Issue	Clarification
Whether the supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by Government departments are taxable under GST?	1. It may be noted that intra-State and inter-State supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap made by the Central Government, State Government, Union territory or a local authority is a taxable

	<p>supply under GST.</p> <ol style="list-style-type: none"><li data-bbox="611 213 1029 874">2. Vide <i>Notification No. 36/2017-Central Tax (Rate) and Notification No. 37/2017-Integrated Tax (Rate)</i> both dated 13.10.2017, it has been notified that intra-State and inter-State supply respectively of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by the Central Government, State Government, Union territory or a local authority to any registered person, would be subject to GST on reverse charge basis as per which tax is payable by the recipient of such supplies.<li data-bbox="611 887 1029 1289">3. A doubt has arisen about taxability of intra-State and inter-State supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap made by the Central Government, State Government, Union territory or a local authority to an unregistered person.<li data-bbox="611 1301 1029 1587">4. It was noted that such supply to an unregistered person is also a taxable supply under GST but is not covered under <i>notification No. 36/2017-Central Tax (Rate) and notification No. 37/2017-Integrated Tax (Rate) both</i>
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	<p><i>dated 13.10.2017.</i></p> <p>5. In this regard, it is clarified that the respective Government departments (i.e. Central Government, State Government, Union territory or a local authority) shall be liable to get registered and pay GST on intra-State and inter-State supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap made by them to an unregistered person subject to the provisions of sections 22 and 24 of the CGST Act.</p>
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Moreover, it is relevant to mention here that based on the recommendation of GST Council, supply of all goods and services by Ministry of Railway (Indian Railways) shall be taxed under forward charge mechanism to enable them to avail ITC, which would reduce the cost for Indian Railways. The CBIC vide *Notification No. 19/2023 Central Tax (Rate) dated 19-10-2023* amend entry 6 above.

Therefore, w.e.f. October 20, 2023, supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by Ministry of Railways (Indian Railways) is not taxable on reverse charge basis.

C. Supply of Metal Scrap [Entry 8]

S.No	Tariff item, sub heading, heading or Chapter	Description of supply of Goods	Supplier of goods	Recipient of supply
(1)	(2)	(3)	(4)	(5)
6.	72 to 81	Metal Scrap	Any unregistered person	Any registered person

Analysis:

This amendment was introduced through Notification No. 06/2024-CT(R) dated 8/10/2024, bringing significant impact on Metal Scrap Transactions. This change would shift the responsibility for paying GST from Unregistered Supplier to Registered Buyers effective from 10.10.2024. Also, this amendment is made to track down the untapped metal scrap transaction, which have a significant impact in financial statements.

Further, this topic has been discussed in detail in the upcoming registration and TDS chapter of this Handbook.

1.2 SERVICES ATTRACTING RCM

I. Supply of services by Goods Transport Agency [Entry 1]

Sl No	Category of Supply of Services	Supplier of service	Recipient of Service (specified category recipients)
(1)	(2)	(3)	(4)
1	Supply of Services by a goods transport agency (GTA), ¹¹ [***] in respect of transportation of goods by road to – a) any factory registered under or governed by the Factories Act, 1948 (63 of 1948); or b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any	Goods Transport Agency (GTA)	a) Any factory registered under or governed by the Factories Act, 1948 (63 of 1948); or b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or c) any co-operative society established by or under any law; or d) any person registered

¹¹ Words "who has not paid central tax at the rate of 6%," omitted by Notification No. 5/2022-Central Tax (Rate), dated 13- 7-2022, w.e.f. 18-7-2022. Prior to its omission said words as inserted by Notification No. 22/2017-Central Tax (Rate), dated 22-8-2017

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	<p>part of India; or</p> <p>c) any co-operative society established by or under any law; or</p> <p>d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or</p> <p>e) any body corporate established, by or under any law; or</p> <p>f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>g) any casual taxable person:</p> <p>¹²[Provided that nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, —</p> <p>a. a department or establishment of the Central Government or State Government or</p>		<p>under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or</p> <p>e) Any body corporate established, by or under any law; or</p> <p>f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>g) any casual taxable person; located in the taxable territory.</p>
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¹² Inserted by Notification No. 29/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

	<p>Union territory; or</p> <p>b. local authority; or</p> <p>c. Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services:]</p> <p>¹³[Provided further that nothing contained in this entry shall apply where, -</p> <p>(i) the supplier has taken registration under the CGST Act, 2017 and exercised the option to pay tax on the services of GTA in relation to transport of goods supplied by him under forward charge; and</p> <p>(ii) the supplier has issued a tax invoice to the recipient charging Central Tax at the applicable rates and has made a declaration as prescribed in Annexure III on such invoice issued by him.]</p>		
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¹³ Inserted by Notification No. 5/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

Analysis

GTA has been defined in *Notification No. 12/2017–Central Tax (Rate)*, dated 28.06.2017, read with *Notification No. 16/2025–Central Tax (Rate)*, dated 17.09.2025;

‘Goods transport agency’ means any person who provides service in relation to transport of goods by road and issues a consignment note by whatever name called, but does not include

- (i) an electronic commerce operator by whom the services of local delivery are provided,
- (ii) an electronic commerce operator through whom the services of local delivery are provided;

Non-applicability of RCM Provisions

RCM provisions shall not apply to services provided by a GTA, by way of transport of goods in a goods carriage by road to-

- (a) A Department / establishment of the Central Government / State Government/ Union territory; or
- (b) local authority; or
- (c) Governmental agencies,

which has taken registration under the CGST Act only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.

Note - It is important to note here that such services by GTA have been exempted from GST vide entry 21B of *Notification No 12/2017 CT(R)*.

<p>Hence, there will be no tax liability in this case & also no TDS u/s 51 needs to be deducted by Recipient (i.e. notified deductors mentioned above).</p>
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II. Supply of Advocate Services [Entry 2]

SI No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
1	<p>¹⁴[Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly.</p> <p>Explanation— "Legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.]</p>	An individual advocate including a senior advocate or firm of advocates.	Any business entity located in the taxable territory.

Exemptions - Services provided by Advocates

Following services [heading 9982 or heading 9991] provided by specified categories of advocates are exempt from GST vide S. No. 45 of *Notification No 12/2017 CT(R)* -

In terms of S.No. 45 (b), services provided by a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to:

- (i) An advocate or partnership firm of advocates providing legal services;
- (ii) any person other than a business entity;
- (iii) a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]; or

¹⁴ As corrected by *Corrigendum GSR 1199(E)*, dated 25-9-2017.

- (iv) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

are exempt from GST

Thereby, applicability of TDS provisions under section 51 shall not arise for above services when provided to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.

Similarly, S. No. 45(c) specifies that legal services provided by a senior advocate to:

- (i) any person other than a business entity;
- (ii) a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]; or
- (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity are exempt from GST.

Thereby applicability of TDS provisions under section 51 of CGST Act 2017 shall not arise for above services when provided to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.

III. Supply of Services of Arbitral Tribunal [Entry 3]

Sl No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
1	Services supplied by an arbitral tribunal to a business entity	An arbitral tribunal.	Any business entity located in the taxable territory.

Analysis:

- (I) In terms of clause (i) of the definitions provided in *Notification No 12/2017 CT(R)*, arbitral tribunal has the same meaning as assigned to it in section 2(d) of the Arbitration and Conciliation Act, 1996 (26 of 1996).

Section 2(d) of the Arbitration and Conciliation Act, 1996 states that arbitral tribunal means a sole arbitrator or a panel of arbitrators.

(II) Services by any Court or Tribunal established under any law for the time being in force is neither as a supply of goods nor a supply of services as per Schedule III of section 7 of the CGST Act.

The word Tribunal does not cover the Arbitral Tribunal since the Arbitral Tribunal is the creature of an agreement and not established under any law.

Hence, services supplied by an arbitral tribunal to a business entity located in the taxable territory is covered under RCM.

Exemptions – Services provided by Arbitral Tribunal

Services [heading 9982 or heading 9991] by an arbitral tribunal are exempt from GST through S.No. 45(a) of *Notification No 12/2017 CT(R)*, if provided to the following:

- (i) any person other than a business entity;
- (ii) a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 (12 of 2017)]; or
- (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

<p>Thereby, applicability of TDS provisions under section 51 of CGST Act, 2017 shall not arise for above services when provided to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.</p>
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IV. Supply of Sponsorship Services [Entry 4]

SI No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
4	Services provided by way of sponsorship.	Any person ¹⁵ [other than a body corporate]	Any body corporate or partnership firm located in the taxable territory.

Analysis:

It's important to note that, as per explanation (e) to NN 13/2017 as inserted by Notification No. 22/2017-Central Tax (Rate), dated 22-08-2017, a Limited Liability Partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (6 of 2009) shall also be considered as a partnership firm or a firm.

Exemptions from GST:

Sponsorship services of sporting events organized by the following bodies are exempt under S.No. 53 of *Notification 12/2017 CT(R)*

- by a national sports federation, or its affiliated Federations, where the participating teams or individuals represent any district, state, zone or Country;
- by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
- by the Central Civil Services Cultural and Sports Board;
- as part of national games, by the Indian Olympic Association; or
- under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme ("PYKKA").

Since, the services as specified above are exempted, therefore, option of taxability under RCM does not arise and applicability of TDS provisions under section 51 of CGST Act, 2017 shall not arise for above mentioned supplies.

¹⁵ Inserted vide Notification No. 07/2025- Central Tax (Rate) dated 16-01-2025.

V. Supply of Services by Central Government, State Government, Union territory or local authority to Business Entity [Entry 5]

Sl No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
5	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, - (1) renting of immovable property (Discussed in the next entry 5A below), and (2) services specified below– (i) services by Department the of Posts ¹⁶ [and the Ministry of Railways (Indian Railways)] ¹⁷ [***]; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers.	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory.

Analysis

Before we go into the analysis of the above entries, it is relevant to highlight that the entry para (d) of explanation to *Notification No. 13/2017-Central Tax (Rate), dated 28-06-2017* which provides that the words and expressions used and not defined in this notification but defined in the CGST Act, the

¹⁶ Inserted by Notification No. 14/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

¹⁷ Words "by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority" omitted by Notification No. 5/2022-Central Tax (Rate), dated 13-07-2022, w.e.f. 18-07-2022.

IGST Act, and the UTGST Act shall have the same meanings as assigned to them in those Acts. The definition of Government and local authority have already been discussed in previous chapters.

Services of the Government covers a wide range of services that can be tested on the basis of 'payments made' by 'business entity' located in taxable territory. All payments to Government must be tested on the anvil of whether it is a (i) fee (ii) penalty or (iii) consideration. Fee is that which does not guarantee favourable consideration of application and is not imposed in any proportion to activities involved. Penalty is that which is linked to any infraction of law. All others would have to be admitted and in consideration, that is, quid pro quo. Consideration paid to Government is also subject to two exemptions in entry 47 and 62 of exemption notification (*Notification 12/2017 CT(R)*).

- Sovereign is permitted by article 298 to engage in 'trade or commerce' and natural resources of the State are its stock-in-trade. As such, any award of rights to exploit partake the character of consideration, whether spectrum allocation for mobile telephony or mineral exploitation rights, under a contract.
- Where the payment is due under a statute, there is a debate whether it is a tax or consideration. The Apex Court determined that royalties on mining leases are not taxes but rather contractual considerations under Mineral Lease. Additionally, the Mines and Minerals (Development and Regulation) Act, 1957 does not restrict the States' taxing power. Therefore, States can use the yield of mineral-bearing land as a measure to levy such taxes as held in *Mineral Area Development Authority v. Steel Authority of India Ltd.*
- Licensing Services from State Government or Local Authority for Metal Extraction shall be Taxable under Reverse Charge Mechanism. Any Royalty paid in respect of mining lease and contribution made under Statutory Compliance shall be classifiable under SAC 997337 "Licensing Services for the Right to use Minerals including its Exploration and Evaluation". Additionally, as ruled by AAR Goa in *Cosme Costa and Sons*, any statutory contribution made by the Lessee under statute is obligatory in nature.
- License Fee and Spectrum usage charges paid in respect to Spectrum allotted by Central Government shall be taxable classified under SAC

997338 and payable as Reverse Charge - Commissioner (Appeals) in Bharti Hexacom Limited. However, there was a lot of confusion regarding the Time of Supply for payment of GST where payments to be made in instalments under Deferred Payment option in respect of Spectrum Allocation Services which has been clarified by CBIC vide *Circular No. 222/16/2024 dated 26.06.2024*, such arrangement is considered to be continuous supply of services as per section 2(33) of the CGST Act. Hence, the GST liability would arise as and when such instalments are due and paid.

Illustration: ABC Construction Ltd., a company registered under GST, obtains a license from the municipal corporation of a metropolitan city for constructing commercial buildings. The municipal corporation provides the license as a taxable service. Since the municipal corporation is a government entity and the services provided are taxable under GST, the Reverse Charge Mechanism (RCM) applies to the transaction. Therefore, the Municipal Corporation issues service invoice with mentioning that payment of tax on Reverse Charge Mechanism, consequently ABC Construction Ltd. shall be liable to pay tax under Reverse Charge.

➤ **Services by the Department of Post**

Services of postal and courier fall under the heading 9968

Entry 6 of the exemption notification stipulates that the services provided by the Central Government, State Government, Union territory or local authority are exempt excluding the services by the Department of Posts and the Ministry of Railways (Indian Railways) and few other services.

Department of Posts provides basic mail services known as postal services such as post card, inland letter, book post, registered post to meet the universal postal obligations. It also provides services of transfer of money through money orders, operation of savings accounts, issue of postal orders, pension payments and other such services. Moreover, it provides services like distribution of mutual funds, bonds, passport applications, collection of telephone and electricity bills on commission basis. These services are in the nature of intermediary and are generally called agency services.

These services have been made taxable (under forward charge mechanism) as they are being provided by the Government in sectors where even private players are operating and thus, the Government wants to maintain a level playing field in terms of taxes. Further, services to business entities are not

for common good but for commercial reasons and thus, the same have also been made taxable.

However, Entry 24C of the exemption notification exempts the services provided by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).

Thus, on remaining services provided by the Department of Posts, it is liable to pay tax without the application of reverse charge.

➤ **Services by Indian Railways**

Similar to services provided by Department of Posts, Services by Ministry of Railways (Indian Railways) are taxable under forward charge (*Inserted by Notification No. 14/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023*).

However certain **exemptions** have also been provided by the exemption notification which are highlighted and discussed below:

- (a) Services provided by Ministry of Railways (Indian Railways) to individuals by way of
- (i) sale of platform tickets
 - (ii) facility of retiring rooms/waiting rooms
 - (iii) cloak room services
 - (iv) battery operated car services are exempt w.e.f. 15-7-2024 vide entry number 9E of the exemption notification

These services are regularized on 'as is where is' basis from 20.10.2023 to 14.07.2024-CBIC *Circular No. 228/22/2024-GST dated 15-7-2024*.

- (b) Services by one zone of railways to other are exempt –

Services provided by one zone/division under Ministry of Railways (Indian Railways) to other zone(s)/division(s) are exempt w.e.f. 15-7-2024 vide entry number 9F of the exemption notification.

These services are regularized on 'as is where is' basis from 20.10.2023 to 14.07.2024-CBIC *Circular No. 228/22/2024-GST dated 15-7-2024*.

(c) Services by Special Purpose Vehicles to Railways exempt –

Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration have been exempted vide entry number 9G of the exemption notification.

These services are regularized on 'as is where is' basis from 01.07.2017 to 14.07.2024-CBIC *Circular No. 228/22/2024-GST* dated 15-7-2024.

'As is' means if tax was not paid earlier, it will not be payable now for that period. However, if GST was paid for earlier period, refund will not be admissible (clarified via CBIC *Circular No. 236/30/2024-GST* dated 11-10-2024).

(d) Service of transportation of passengers, with or without accompanied belongings, by

- (i) railways (in a class other than first class or an air-conditioned coach);
- (ii) metro, monorail or tramway are exempt by virtue of Entry no 17 of Exemption *Notification No. 12/2017 CT(R)*.

(e) Services by way of transportation of following goods:

- (i) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
- (ii) defence or military equipments;
- (iii) newspaper or magazines registered with the Registrar of Newspapers;
- (iv) agricultural produce;
- (v) milk, salt and food grain including flours, pulses and rice; and
- (vi) organic manure.

by rail or a vessel from one place in India to another shall be exempt from GST by virtue of Entry no 20 of *Exemption Notification No. 12/2017 CT(R)*.

VI. Supply of Service of Renting of Immovable Property – Entry 5A

SI No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
5A	Services supplied by the Central Government ¹⁸ [excluding the Ministry of Railways (Indian Railways)], State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act	Central Government, State Government, Union territory or local authority	Any person registered under the CGST Act.

Analysis

- (a) This entry was inserted vide *Notification No. 3/2018-Central Tax (Rate)*, dated 25-01-2018, w.e.f. 25-01-2018.
- (b) As per the Explanation of *Notification No. 16/2018-Integrated Tax (Rate)* it is stated that "renting of immovable property" means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property.
- (c) It is important to note that renting services by Central Government [excluding the Ministry of Railways (Indian Railways)], State Government, Union territory or local authority to an unregistered person in GST shall still continue under Forward charge.

¹⁸ Inserted by *Notification No. 14/2023-Central Tax (Rate)*, dated 19-10-2023, w.e.f. 20-10-2023.

Charge of GST on Government Transactions

Additionally, we should note that Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed 5,000 shall be exempted as per entry 9 of *exemption notification 12/2017 CT(R)*.

Further, in case where continuous supply of service is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed 5,000 in a FY.

VII. Supply of services by the members of Overseeing Committee to Reserve Bank of India [Supply Entry 10]

SI No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
10	Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Over-seeing Committee Constituted by RBI	Reserve Bank of India.

Analysis

The exemptions previously granted under S. No. 26 of *Notification No. 12/2017-CT (Rate)* in respect of services provided by the Reserve Bank of India, and under S. No. 42 of *Notification No. 09/2017-IT (Rate)* in respect of services received by the Reserve Bank of India in relation to the management of foreign exchange reserves, have now been withdrawn by the Government.

The taxability has been made to node the broken chain of availing ITC on such services.

VIII. Supply of Security Services [Entry 14]

SI No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
14	<p>Security services (services provided by way of supply of security personnel) provided to a registered person:</p> <p>Provided that nothing contained in this entry shall apply to,—</p> <p>(i) (a) Department or Establishment of the Central Government or State Government or Union territory; or</p> <p>(b) local authority; or</p> <p>(c) Governmental agencies;</p> <p>which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or</p> <p>(ii) a registered person paying tax under section 10 of the said Act.</p>	Any person other than a body corporate	A registered person, located in the taxable territory.

Analysis

Where security services are supplied to Government Department / Establishment of the Central Government / State Government / Union Territory, who have taken registration under GST only for the purpose of deducting TDS or when provided to the Composition dealer, they are not required to pay GST under reverse charge. Thereby such services shall attract forward charge mechanism.

Hence, in cases where security services are supplied to Government Departments, Establishments, Government Agencies, or Local Authorities which are registered under GST not merely for the purpose of TDS under section 51, the liability to deduct TDS under section 51 of the CGST Act, 2017 shall apply, provided the contract value of taxable supply exceeds ₹2.5 lakh.

1.3 Services Notified under IGST Act, 2017

SI No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
1	Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient.

Analysis

RCM is applicable in case of supply of any service, by any person who is located in a non-taxable territory to any person located in the taxable territory other than non-taxable online recipient. Supply of services imported into India shall be treated as supply of services in the course of inter-State trade or commerce, hence IGST shall be applicable.

The term “non-taxable online recipient” has been defined under section 2(16) of the IGST Act. It has been substituted vide section 160 (a) of the Finance Act, 2023 read with *Notification No. 28/2023-CT, dated 31-07-2023* and applicable with effect from 01-10-2023.

Section 2(16) of IGST Act defines 'Non-Taxable Online Recipient'

“non-taxable online recipient” means any unregistered person receiving online information and database access or retrieval services located in taxable territory.

Explanation: For the purposes of this clause, the persons registered solely in terms of clause (vi) of section 24 [i.e., persons who are required to deduct tax under section 51, whether or not separately registered under this Act] shall be treated as unregistered person.

Till 30-09-2023, the term “non-taxable online recipient” was read as follows:

“Non-taxable online recipient” means any Government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.”

Explanation. - For the purposes of this clause, the expression "governmental authority" means 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 ninety per cent. or more participation by way of equity or control, to carry out any function entrusted [to a Panchayat under article 243G or] to a municipality under article 243W of the Constitution.

The amended provision restricts the scope of the term “non-taxable online recipient” only to unregistered persons and persons registered solely for the purpose of deduction of tax under section 51 of the CGST Act. As with effect from 01.10.2023 such Government, local authority, and governmental authority (where registered under GST not merely for TDS purposes) would no longer qualify as “non-taxable online recipient”, and consequently, services received by them from a person located in a non-taxable territory would now fall within the scope of this entry, making them liable to pay tax under the RCM.

Chapter 4

Exemptions from GST

When a supply of goods and/or services falls within the purview of charging section, such supply is chargeable to GST. However, for determining the liability to pay the tax, one needs to further check whether such supply of goods and/or services are exempt from tax.

As discussed in the beginning of this Handbook, exempt supply as defined under section 2(47) refers to supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax and includes non-taxable supply.

Further, section 2(78) defines Non-taxable supply as supply of goods or services or both which is not leviable to tax under CGST Act or under the IGST Act. Thus, under GST, a supply not leviable to tax is also included within the purview of 'exempt supply'.

Under GST, essential goods/services, i.e. public consumption products/services, have been exempted. Further, it's important to note that, Subsidy received from Government is NOT includible in the transaction value as per section 15(2)(e) and is also NOT an exempt supply as it is merely a valuation adjustment for computation of tax payable and not a supply on its own to be even taken for consideration whether it is an exempt supply or not.

In this chapter, we shall discuss the exemptions granted to services provided to and by government departments / local bodies / governmental agencies etc.

A. Exemptions in case of supplies effected TO Government/ Municipal Bodies/ Government Bodies and Organisations and Entities under Article 243G or 243W

Notification No 12/2017 CT(R) (as amended from time to time) provides exemptions that have been granted to certain supply of services when made by a person **TO Government, Government bodies, Local authorities etc.**

Let's deep dive onto each entry one by one now:

1. Entry no 3 of exemption notification provides exemption to

Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.

Analysis

This exemption covers supplies which fulfil the following conditions:

- (a) Supplies should be pure services in nature:
 - Only supplies which are pure services viz., which do not have any element of supply of goods whether as pure supply of goods or as works contract are covered here.
- (b) Supplies should be provided to Central Government, State Government, Union territory or local authority.

Thus, sub-contractors when providing the same services to the contractors of Government shall not enjoy this exemption.

Earlier the exemption was also available when services were provided to Governmental authority or a Government Entity. However, this exemption on services provided to Governmental authority or a Government Entity has been withdrawn vide Notification No. 16/2021-Central Tax (Rate), dated 18-Nov-2021, w.e.f. 1-Jan-2022.

- (c) Supplier should be way of any activity in relation to specified function.

The term 'in relation to' enlarges the coverage of the exemption as any supply which is not 'of' but 'related to' such function. Such function should be one as entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.

(Activities mentioned in Article 243G and 243W are already discussed in the beginning of the handbook and hence not reproduced again here).

For example, Supply of manpower for cleanliness of roads, public places, architect services, consulting engineer services, advisory services, and like

services provided by business entities not involving any supply of goods would be treated as supply of pure services.

Further, *Circular No. 51/25/2018 GST dated 31.07.2018* has clarified that Ambulance services provided by private service providers [under National Health Mission] on behalf of State Governments against consideration in the form of fee or otherwise charged from State Government shall be exempted from GST as ambulance services are an activity in relation to 'health and sanitation' and 'public health' functions entrusted to Panchayats and Municipalities under Article 243G and 243W of the Constitution of India. Such services would be exempt under Entry 3 if it is a pure service and not a composite supply involving supply of any goods, and Entry 3A (discussed below) if it is a composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply.

2. Entry no 3A of exemption notification provides exemption to

Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.

Analysis:

This exemption as inserted vide *Notification No. 2/2018-Central Tax (Rate) dated 25-Jan 2018*, covers supplies which fulfil the following conditions:

(a) Supplies should be composite supply of goods and services:

Composite supply of goods and services is found in two categories of supplies as specified in Schedule II, which are as follows:

- works contract as defined in clause (119) of section 2; and
- supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

- (b) Goods should not constitute more than 25% of value of such supply
- (c) Supplies should be provided to Central Government, State Government, Union territory, local authority:

Thus, sub-contractors when providing the same services to the contractors of government cannot avail this exemption.

- (d) Supplies should be by way of any activity in relation to specified function:

The term 'in relation to' enlarges the coverage of the exemption as any supply which though is not 'of' but 'related to' such function.

- (e) Such function should be one as entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.

For example, A local authority awards the work of maintenance of street-lights in a Municipal area to an agency which involves apart from maintenance, replacement of defunct lights and other spares. In this case, the scope of the service involves maintenance work and supply of goods, i.e. composite supply of goods and services.

Further few other circulars were issued by CBIC clarifying certain queries regarding this exemption.

I. Applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters.

The question touched upon MCD receiving services such as housekeeping, civil maintenance, furniture maintenance and horticulture, from facility management agency, for the upkeep of their office.

It had sought clarification as to whether such services received by them are exempt from GST in terms of Sr. No.3A of the *Notification No. 12/2017-CTR dated 28.06.2017*.

It was clarified by CBIC by virtue of *Circular 245/02/2025 dated 28.01.2025* that;

- MCD is receiving the services of facility management such as housekeeping, civil maintenance, furniture maintenance and horticulture agency for the upkeep of their office and

- that these services are not supplied in relation to performing any functions entrusted to a Municipality under Article 243W of The Constitution of India.
- Thereby such services are not covered under the scope of entry at Sr. No. 3A of the *Notification No. 12/2017-CTR dated 28.06.2017* and
- GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building at applicable rates.

II. Applicability of GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS.

The issue arose whether composite supply of service by way of milling of wheat into wheat flour, along with fortification, by any person to a State Government for distribution of such wheat flour under Public Distribution System is eligible for exemption under entry No. 3A of *Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017*.

It was clarified by CBIC vide *Circular No 153/09/2021 dated 17.06.2021* that Public Distribution specifically figures at entry 28 of the 11th Schedule to the constitution (List already provided in the beginning of book), which lists the activities that may be entrusted to a Panchayat under Article 243G of the Constitution.

Hence, said entry No. 3A would apply to composite supply of milling of wheat and fortification thereof by miller, or of paddy into rice, provided that value of goods supplied in such composite supply (goods used for fortification, packing material etc) does not exceed 25% of the value of composite supply. It is a matter of fact as to whether the value of goods in such composite supply is up to 25% and requires ascertainment on case-to-case basis.

Further, In case the supply of service by way of milling of wheat into flour or of paddy into rice, is not eligible for exemption under Sl. No. 3 A for the reason that value of goods supply in such a composite supply exceeds 25%, then the applicable GST rate would be 5% if such composite supply is provided to a registered person, being a job work service (entry No. 26 of *Notification No. 11/2017- Central Tax (Rate) dated 28.06.2017*).

Combined reading of the definition of job-work [section 2(68), 2(94), 22, 24, 25 and section 51] makes it clear that a person registered only for the purpose of deduction of tax under section 51 of the CGST Act is also a

registered person for the purposes of the said entry No. 26, and thus said supply to such person is also entitled for 5% rate.

We must further note that, when such taxable services are provided to a government department, local authority or any other notified deductor under section 51, TDS will have to be deducted @ 2% IGST or (1% CGST +1% SGST as the case may be) from the payment made or credited to the supplier, where the total value of such supply, under a contract, exceeds 2.5 lakhs rupees.

III. Applicability of GST on pure services and composite supplies by way of horticulture/horticulture works made to Central Public Works Department (CPWD).

The issue arose whether supply of pure services and composite supplies by way of horticulture/horticulture works (where the value of goods constitutes not more than 25 per cent of the total value of supply) made to CPWD are eligible for exemption from GST under Sr. No. 3 and 3A of *Notification no 12/2017-CT(R) dated 28.06.2017*.

Usually, Public parks in government residential colonies, government offices and other public areas are developed and maintained by CPWD.

Since, Maintenance of community assets, urban forestry, protection of the environment and promotion of ecological aspects are functions entrusted to Panchayats and Municipalities under Article 243G and 243W read with Sr. No. 29 of 11th Schedule and Sr. No. 8 of 12th Schedule of the constitution (as discussed in the previous chapters), it was clarified by CBIC by virtue of *Circular No. 206/18/2023 dated 31.10.2023* that such services made to CPWD are eligible for exemption from GST under Sr. No. 3 and 3A of *Notification no 12/2017-CT(R) dated 28.06.2017*.

IV. Applicability of GST on sanitation and conservancy services supplied to Army and other Central and State Government departments.

Circular 177/08/2022 dated 03.08.2022 clarifies that the exemption under entry 3& 3A of *Notification 12/2017- Central Tax (Rate) dated 28.06.2017* has been given on pure services & composite supplies procured by Central Government, State Government, Union Territories or local authorities for performing functions listed in the 11th and 12th schedule of the constitution.

Thereby, it was clarified that if such services are procured by Indian Army or any other Government Ministry/Department which does not perform any functions listed in the 11th and 12th Schedule, in the manner as a local authority does for the general public, the same are not eligible for exemption under Sl. No. 3 and 3A.

3. Entry no 3B of the exemption notification provides exemption for

Services provided to a Governmental Authority by way of-

- a) water supply
- b) public health
- c) sanitation conservancy
- d) solid waste management and
- e) slum improvement and upgradation

Analysis: Above mentioned services are exempted only when provided to Governmental Authority.

As discussed earlier, "Governmental Authority" refers to an authority or a board or any other body,

- (a) set up by an Act of Parliament or State Legislature; or
- (b) established by any Government.

with 90 percent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243W of the constitution or to a panchayat under article 243G of the constitution.

I. A question arose whether District Mineral Foundations Trusts (DMFTs) set up by the State Governments are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority.

It was clarified by CBIC vide *Circular 206/18/2023 dated 31-10-2023* that DMFTs work for the interest and benefit of persons and areas affected by mining related operations by regulating receipt and expenditure from the respective Mineral Development Funds created in the concerned district. They provide services related to drinking water supply, environment protection, health care facilities, education, welfare of women and children, supply of medical equipment etc.

These activities are similar to activities that are enlisted in Eleventh Schedule and Twelfth Schedule of the Constitution (discussed in previous chapters of this book). The ultimate users of the various schemes under DMF are individuals, families, women and children, farmers/producer groups, SHGs of the mining affected areas etc. The services/supplies out of DMF fund are provided free of charge and no consideration is realized from the beneficiaries by DMF against such services.

Accordingly, it was clarified that, DMFT set up by the State Governments are Governmental Authorities and eligible for the same exemptions from GST as available to any other Governmental Authority.

II. Another question arises if Real Estate Regulatory Authority (RERA) can be treated as a governmental authority?

To clarify the position, CBIC by virtue of *Circular No. 228/22/2024 dated 15-07-2024* has clarified that RERA is constituted under the Real Estate (Regulation and Development) Act, 2016 and RERA performs function of regulating the real estate development and construction of the building entrusted to them which fall under Entry No.1 and 2 of the Twelfth Schedule of the Indian Constitution.

Thereby, RERA is a 'governmental authority' as per the definition in the exemption *Notification No.12/2017- CT(R) dated 28.06.2017*.

4. Entry no 11A of the exemption notification provides exemption for

Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin.

Analysis:

This exemption covers supplies which fulfil the following conditions:

- (a) Supplies should be provided by fair price shops:

A public distribution shop, also known as fair price shop (FPS), is a part of India's public system established by Government of India which distributes rations at a subsidized price to the poor / marginal people. The shops are run by allottees of State Government who incur all expenses in running the shop and are compensated in the form of

commission on sale of food grains etc. at government nominated price through such shops.

- (b) Such service should be provided to Central Government, State Government or Union territory.
- (c) Consideration earned by such FPS in the form of commission or margin has been exempted. Thus, any other consideration earned by such FPS shall be taxable.

5. Entry no 16 of exemption notification provides exemption to

Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding:

Provided that nothing contained in this Entry shall apply on or after the expiry of a period of three years from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.

Analysis:

This exemption covers supplies which fulfil the following conditions:

- (a) Supplies should be by way of transport of passengers with or without accompanied belongings, by air;

Thus, the same is available to airlines issuing tickets to passengers for travel by air.

- (b) Supplies should be provided to Central Government;

Regional Connectivity Scheme (“RCS”) is a project of Central Government. The objective of RCS is to make flying affordable for the masses with air fares capped at Rs. 2,500 per hour of flight. Airlines selected under the scheme have to offer lower fares for 50 per cent of their total aircraft seats in return for which they receive a subsidy or viability gap funding (VGF) from the Centre and the State government concerned.

- (c) Scheme limited to designated flights:

Supplies should be only for flights originating from or terminating at RCS airport. RCS airports are airports as designated under the RCS scheme by Central Government.

- (d) Limited time Scheme;

Such Supplies should be provided within three years from the commencement of operation of RCS airport.

6. Entry no. 21B of exemption notification provides exemption to Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, -

- (a) a department or Establishment of the Central Government or State Government or Union territory; or
- (b) local authority; or
- (c) Governmental agencies which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services.

Analysis:

This exemption entry was inserted by *Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.*

The provisions of TDS as per Section 51 requires certain category of persons to take registration and deduct TDS under the GST law. Quite a number of Departments of Central Government and State Government, local authority and Government agencies get covered within this. These persons only possess TDS registration but not the normal registration under GST. Any services provided by GTA to these persons will be exempted.

Example: Ministry of Commerce which has taken registration for the purpose of deducting tax as per the provisions of Section 51, takes the services of a goods transport agency for transportation of construction materials to its site for renovation of its building. Such services by GTAs will stand exempted.

7. Entry 22 (extract) of exemption notification provides exemption to Services by way of giving on hire—

- (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers;**
- (aa) to a local authority, an Electrically operated vehicle meant to carry more than twelve passengers; (*inserted vide Notification No. 13/2019-Central Tax (Rate) dated 31-Jul-2019 w.e.f. 01-Aug-2019.*)**
- (b)**
- (c)**

Analysis:

It is important to note that the above exemption is given for giving the vehicle for hire to the specified person. In this exemption, the person has not been given exemption for actual transportation.

For the purposes of this entry, "Electrically operated vehicle" means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) which is run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicle.

Further, Para 2(zzk) of exemption notification provides that "State transport undertaking" shall have the same meaning as assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

As per the Motor Vehicles Act, 1988 (MVA), a State Transport Undertaking (STU) means any undertaking providing road transport service, where such undertaking is carried on by,—

- (i) the Central Government or a State Government;
- (ii) any Road Transport Corporation established under section 3 of the Road Transport Corporations Act, 1950 (64 of 1950);
- (iii) any municipality or any corporation or company owned or controlled by the Central Government or one or more State Governments, or by the Central Government and one or more State Governments;
- (iv) Zilla Parishad or any other similar local authority.

Explanation. —For the purposes of this clause, “road transport service” means a service of motor vehicles carrying passengers or goods or both by road for hire or reward.

A doubt which arose in the industry was regarding eligibility of the service of ‘RENTING’ of above-mentioned vehicles to State Transport Undertakings (STUs) and Local Authorities for exemption under this entry as this entry mentions “services by way of giving on HIRE” specifically.

This issue has arisen in the wake of ruling issued by an Authority for Advance Ruling that the entry at Sl. No. 22 of *Notification No. 12/2017-Central Tax (Rate)* exempts services by way of giving on hire vehicles to a State Transport Undertaking or a local authority and not renting of vehicles to them. The ruling referred to certain case laws pertaining to erstwhile positive list-based service tax regime.

It is relevant to note in this context that Schedule II of CGST Act, 2017 declares supply of any goods without transfer of title as supply of service even if right to use is transferred. Transfer of right to use has been declared as a supply of service [Schedule II, Entry 5(f) refers].

Further, the issue was placed before the 45th GST Council Meeting held on 17.09.2021 and it was recommended by the GST Council, that the expression “giving on hire” in Sl. No. 22 of the *Notification No. 12/2017-CT (Rate)* includes renting of vehicles.

Accordingly, it was clarified by CBIC vide *Circular No 164/20/2021 dated 6-10-2021* that, services where the said vehicles are rented or given on hire to State Transport Undertakings or Local Authorities are eligible for the said exemption irrespective of whether such vehicles are run on routes, timings as decided by the State Transport Undertakings or Local Authorities and under effective control of State Transport Undertakings or Local Authorities which determines the rules of operation or plying of vehicles.

<p>8. Entry 40 of the exemption notification provides exemption to Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.</p>

Analysis:

This exemption covers supplies which fulfil the following conditions: —

- a) Supplies should be by way of insurance schemes;
The exemption is available to insurance companies only.
- b) Supplies should be provided to Central Government, State Government, Union Territory;
The recipients in this case are limited and thus, such exemption is not available when provided to Local authority, Governmental authorities or Governmental entities.
- c) Total premium should be paid by Government;
As a pre-requisite, total premium of the insurance scheme should be paid by the three specified Governments either individually, severally or in any combination thereof. However, any scheme where the specified Governments only pays a part of the premium and balance is paid by the beneficiary or any other person is not covered under this exemption.

9. Entry 44A of exemption notification provides exemption to

Research and development services against consideration received in the form of grants supplied by –

- (a) Government Entity; or
- (b) a research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961.

Condition- Provided that the research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 is so notified at the time of supply of research and development service.

Analysis:

Exemption has been granted as follows with effect from 10-Oct-2024

- (a) The services relate to supply of research and development services.
- (b) The supply should be against consideration in the form of grants supplied by Government entity or a research association, university, college or other institution notified under clauses (ii) or (iii) of section 35(1) of Income Tax Act, 1961.

- (c) The research association, university, college or other institution notified under clauses (ii) or (iii) of section 35(1) of Income Tax Act, 1961 is so notified at the time of supply of services.

As discussed in the beginning of the book, Govt entity refers to an authority or a board or any other body including a society, trust, corporation, which is:

- (a) set up by an Act of Parliament or State Legislature; or
(b) established by any Government.

with 90 percent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State government, Union territory or a Local authority.

10. Entry 45 of exemption notification provides exemption to

Services provided by-

- (a) an arbitral tribunal to –
- (i) any person other than a business entity;
 - (ii) a business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017; or
 - (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;
- (b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to-
- (i) an advocate or partnership firm of advocates providing legal services; or
 - (ii) any person other than a business entity; or
 - (iii) a business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017 or
 - (iv) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

- (c) a senior advocate by way of legal services to-
- (i) any person other than a business entity or
 - (ii) a business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017; or
 - (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.

Analysis:

The above entry is self-explanatory as it provides for exemption of certain legal services when provided to specified recipients. However, legal services of above specified providers become taxable when such services are provided to business entities with aggregate turnover above the threshold limit who are liable to pay tax on such services under reverse charge in terms of *Notification No. 13/2017-Central Tax (Rate) dated 20-Jun-2017*.

The term 'Business entity' as defined in para 2(n) of the *Notification No. 12/2017-Central Tax (Rate)* means any person carrying out business.

The term 'Legal Services' has been defined in Para 2(zm) of *Notification No. 12/2017-Central Tax (Rate) dated* as any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.

The term 'Advocate' means an advocate entered in any roll under the provisions of the Advocates Act, 1961 [Section 2(1)(a) of the Advocates Act, 1961].

The term 'Arbitral tribunal' means a sole arbitrator or a panel of arbitrators [Section 2(d) of the Arbitration and Conciliation Act, 1996].

The term 'Senior advocate' has the same meaning as assigned to it in section 16 of the Advocates Act, 1961 (25 of 1961); which states that An advocate may, with his consent, be designated as senior advocate if the Supreme Court or a High Court is of opinion that by virtue of his ability standing at the Bar or special knowledge or experience in law he is deserving of such distinction.

Senior advocates shall, in the matter of their practice, be subject to such restrictions as the Bar Council of India may, in the interest of the legal profession, prescribe.

11. Entry no 66A of exemption notification provides exemption to Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity.

Analysis:

Service of affiliation, provided to schools by Central or State educational boards or councils or other similar bodies, by whatever name called, are taxable.

However, affiliation service provided by Central and State educational boards or Councils, or other similar bodies, by whatever name called, to Government schools i.e., schools established owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity has been exempted w.e.f. 10-Oct-2024 vide *Notification No.08/2024-CT(R) dated 08-Oct-2024*.

Circular No. 234/28/2024-GST dated 11-Oct-2024 clarified that the activity of affiliation is to monitor and ensure whether the institution possesses the required infrastructure in terms of space, technical prowess, financial liquidity, faculty strength etc. and is thereby eligible for the privileges to conduct the course/program of study or the degree/title extended by the University to the students enrolled in such institutions.

The affiliation services provided by the universities to colleges are not by way of services related to the admission of students to such colleges or the conduct of examinations by such colleges. Thus, such affiliation services are not covered within the ambit of exemptions provided to educational institutions in the *Notification No.12/2017-CT(R) dated 28-Jun-2017* and attracts GST.

12. Entry no 72 of exemption notification provides exemption to Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the total expenditure is borne by the Central Government, State Government, Union territory administration.

Analysis:

This exemption covers supplies which fulfil the following conditions:

- a) Supplies should be provided to Central Government or State Governments or Union territories;

The scheme is limited to provision of services to specified Governments only. It is important to note that Governmental Authority, Governmental Entity, Government Companies and even local authorities are not covered under this exemption. Thus, training programs where Government is merely a sponsor and not organiser are not covered under this exemption.

- b) Supplies should be for training programmes;

Specified agencies undertake training for or on behalf of the Government and thus, where such trainings are provided to or on behalf of Government, the said condition is fulfilled. It is important to note that any activity in relation to training like provision of space etc. is not covered under this exemption.

- c) 75% or more of the whole of the expenditure should be paid by Government;

In order to claim this exemption, it is important to establish that the 75% or more of the expenditure is borne by the Government. Thus, where the expenditure is shared by any other entity or person, no exemption is available towards the portion of consideration paid by Government.

Further, representations were made seeking clarification regarding applicability of GST on free coaching services provided by coaching institutions and NGOs under the central scheme of "Scholarships for students with Disabilities" where entire expenditure is provided by Government to coaching institutions by way of grant in aid.

In this regard, CBIC by virtue of *Circular 164/20/2021 dated 6.10.2021* clarified that the scope of this entry is wide enough to cover coaching services provided by coaching institutions and NGOs under the central

scheme of “Scholarships for students with Disabilities” where total or Minimum 75% of expenditure is borne by the Government by way of funding to institute providing such coaching and there by covered under entry 72 of *Notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017* and hence exempt from GST.

Further, we are aware that section 51 requires Government departments, agencies, local authorities and other notified deductors (to be discussed in detail in coming chapters) to deduct tax at the rate of one per cent from the payment made or credited to the supplier of TAXABLE goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.

Thereby, we can conclude in the above situations that, NO TDS needs to be deducted by respective recipient of supply (notified deductor) as the supply is not taxable.

B. Exemptions in case of supplies effected BY Government / Municipal Bodies / Government bodies and Organisations

After reviewing the exemptions available when services are provided TO Government or Government related bodies, it's time to go through the exemptions available when services are provided BY Government, Govt bodies and local authorities.

Government is one of the biggest service providers in every nation to its citizens. Some of the services are drawn out of its statutory functions like issuance of visas, birth certificates etc. while, many others are provided for commerce but still at price which is accessible for masses like railways, bus transportation etc.

As discussed in the beginning the book, the term ‘person’ includes central government, state government and local authorities too. Thereby, it is important to understand that all services by Government are taxable unless it is outside the scope of ‘supply’ or specifically exempted.

The exemptions are discussed one by one below:

1. Entry no 4 and 5 of the exemption notification provides exemption to Services by Governmental Authority by way of any activity in relation to any function entrusted to a Municipality under Article 243W of the Constitution.

Services by a Governmental Authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution.

Analysis:

Governmental authority provides support in relation to any function entrusted to a municipality under Article 243W of the Constitution or to a Panchayat under Article 243G of the Constitution.

Activities covered under Article 243W and 243G have been discussed in the previous chapters of this book.

Further, we have also understood (by virtue of *Circular No. 228/22/2024 dated 15-Jul-2024* – discussed earlier in this chapter) that RERA performs the function of regulating real estate development and construction activities, which fall under Entry No. 1 and 2 of the Twelfth Schedule of the Indian Constitution and thereby qualifies as a 'Governmental Authority'.

Therefore, statutory collections made by RERA are covered under the entry no. 4 and hence exempted from GST.

2. Entry 6 of exemption notification provides exemption to Services by the Central Government, State Government, Union territory or local authority excluding the following services—

- (a) services by the Department of Posts and the Ministry of Railways (Indian Railways);**
- (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;**
- (c) transport of goods or passengers; or**
- (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.**

Analysis:

All Services provided by Government, being Central Government, State Government or Union territory Government have been exempted except the above stated four entries.

These services have been made taxable as they are being provided by the Government in sectors where even private players are operating and thus, the Government wants to maintain a level playing field in terms of taxes. Further, services to business entities are not for common good but for commercial reasons and thus, the same have also been made taxable.

Further, *Circular no. 190/02/2023-GST dated 13-Jan-2023* that accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered in this exemption entry provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority.

Another example which can be taken for this exemption entry no 6 (with guidance from *Circular No. 16/16/2017 GST dated 15.11.2017*) is where services are provided by State Government by way of general insurance (managed by government) to employees of the State government / Police personnel, employees of Electricity Department or students of colleges/private schools etc. wherein the total premium for insurance policy is paid by employees, students.

Additionally, as clarified by CBIC vide *Circular No 55/29/2018 dated 10.08.2019*, Services provided by a Government ITI to individual trainees/students, are exempt under this Entry 6 as these are in the nature of services provided by the Central or State Government to individuals. Such exemption in relation to services provided by Government ITI would cover both - vocational training and examinations conducted by these Government ITI's.

3. Exemption entries relating to business entities

Entry no 7

Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes

it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017).

Explanation - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to following services:

- (i) item (a), (b) and (c) of Entry 6 above.
- (ii) services by way of renting of immovable property.

Entry 9

Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees

Provided that nothing contained in this entry shall apply to item (a), (b) and (c) of Entry 6 above.

Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year.

Entry 9C

Supply of service by a Government entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants.

Entry 34A

Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.

Entry 42

Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April, 2016, on payment of licence fee or spectrum user charges, as the case may be.

Entry 47

Services provided by the Central Government, State Government, Union territory or local authority by way of—

- (a) registration required under any law for the time being in force;
- (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.

Entry 61A

Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States

Entry 62

Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.

Entry 63

Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.

Entry 64

Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use any

natural resource where such right to use was assigned by the Central Government, State Government, Union territory or local authority before the 1st April, 2016.

Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in instalments, for assignment of right to use such natural resource.

Entry 65

Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of merchant overtime charges.

Entry 65B

Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders.

Explanation: "Mining lease holder" means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the rules made there under or the rules made by a State Government under sub-section (1) of section 15 of the Mines and Minerals (Development and Regulation) Act, 1957.

Condition- Provided that at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of goods and services tax paid by mining lease holders is less than the amount of goods and services tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and the ERCC shall pay the difference between goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and goods and services tax paid by the mining lease holders on royalty.

Analysis:

As discussed in the beginning of the book, GST on services (other than certain specified services), supplied by the Central Government, State Government, Union territory or local authority to a business entity [whose turnover exceeds such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act] is payable under reverse charge by such business entity.

However, it is also relevant to note that, reverse charge provisions are not applicable to renting of immovable property services provided to unregistered persons and where 'specified services' (as mentioned in entry 6) are being provided to business entities.

Further a question arose if services provided by Police or security agencies of Government to PSUs or corporate entities or sports events held by private entities be taxable?

CBIC by virtue of FAQ series (question no 11) released on government services clarified that, services provided by Police or security agencies of Government to PSU/private business entities are not exempt from GST and that the recipients are required to pay the tax under RCM on the amount of consideration paid to Government for such supply of services.

For example, The Karnataka Cricket Association, Bangalore requests the Commissioner of Police, Bangalore to provide security in and around the Cricket Stadium for the purpose of conducting the cricket match. The Commissioner of Police arranges the required security for a consideration. In this case, services of providing security by the police personnel are not exempt. As the services are provided by Government, Karnataka Cricket Association is liable to pay the tax on the amount of consideration paid under RCM

With regards to exemption entry no 47 stated above, a doubt arose on applicability of GST on supply of Seed Certification Tags.

It was clarified by CBIC by virtue of *Circular No 100/19/2019 dated 30.04.2019* that charges collected for composite supply of seed testing and certification are exempt and such exemption shall apply to supply of seed tags by seed testing and certification agencies.

It was also clarified that State Governments/ Seed Certification Agencies may also get tags used in seed certification printed from other departments / manufacturers outside. In such cases, exemption shall not be applicable.

Further with regards to exemption entry 34A, clarifications were sought on applicability of GST on supply of service by State Govt. to their undertakings or PSUs by way of guaranteeing loans.

The issue was examined by GST Council in its 43rd meeting held on 28th May, 2021 and accordingly, CBIC vide *Circular 154/10/2021 dated 17-06-2021*, re-iterated that guaranteeing of loans by Central or State Government for their undertaking or PSU is specifically exempt under said entry No. 34A.

The provisions with respect to (taxability and exemptions) services by Ministry of Railway, Department of posts and services attracting RCM have been discussed in detail in previous chapter of this book and hence have not been repeated here.

4. Other exemptions include:

Entry no 8

Services (other than those mentioned in item (a), (b) and (c) of Entry 6 above) provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority

Entry 9D

Services by an old age home run by Central Government, State Government or an entity registered under section 12AA/12AB of Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.

Entry 61

Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving license, birth certificate or death certificate.

Entry 66

Services provided –

(a) by an educational institution to its students, faculty and staff;

(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;

Entry 74A

Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961.

Analysis:

With respect to entry no 66(a) and 66(aa) given above, the scope of exemption is quite restricted as, any authority, board or body set up by the Central Government or State Government (including National Testing Agency) for conduct of entrance examination for admission to educational institutions shall be treated as 'educational institution' for the limited purpose of providing services by way of conduct of examination (including entrance examinations for admission to educational institutions). The same was further clarified for National Board of Examination (NBE) by virtue of *Circular No. 151/07/2021 dated 17.06.2021*.

C. Exemption notified under IGST Act

After we have discussed exemptions notified under CGST Act, let us move forward to services exempted under IGST Act.

This transaction is unique for IGST Act 2017 as this transaction falls under the category of inter-State.

Entry no 10 of Notification 9/2017 IT(R) (as amended from time to time) provides exemption to services received from a provider of service located in a non-taxable territory by—

(a) the Central Government, State Government, Union territory, a local authority, a Governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;

- (b) an entity registered under section 12AA of the Income Tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or
- (ba) way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of—
 - (i) pre-school education and education upto higher secondary school or equivalent; or
 - (ii) education as a part of an approved vocational education course;
- (c) a person located in a non-taxable territory.

Provided that the exemption shall not apply to online information and database access or retrieval services received by persons specified in item (a) or item (b).

D. Other notified Exemptions

1. *Notification 07/2017–Central Tax (Rate), dated 28-Jun-2017* provides exemption to supplies of goods by Canteen Stores Department (CSD) [a government department under ministry of defence] or unit run canteens to specified recipients.

S. No.	Tariff item, sub-heading, heading or Chapter	Description of supply of Goods
(1)	(2)	(3)
1.	Any chapter	The supply of goods by the CSD to the Unit Run Canteens
2.	Any chapter	The supply of goods by the CSD to the authorized customers
3.	Any chapter	The supply of goods by the Unit Run Canteens to the authorized customers

2. *Notification 09/2017–Central Tax (Rate), dated 28-Jun-2017* exempts supplies of goods or services or both received by a deductor under section 51 of the CGST Act, from any supplier, who is not registered, from the whole of the central tax leviable thereon under sub-section (4) of section 9 of the said Act, subject to the condition that the deductor is not liable to be registered otherwise than under sub-clause (vi) of section 24 of the said Act.

3. *Notification 26/2017– CT(Rate), dated 21-Sep-2017* provides exemption to supply of heavy water and nuclear fuels falling in Chapter 28 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) by department of

atomic energy to the Nuclear Power Corporation of India Ltd (a Public Sector Enterprise under the administrative control of the Department of Atomic Energy (DAE), Government of India).

4. *Notification 05/2018 Central Tax (Rate), dated 25-Jan-2018* exempts supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, from so much of the central tax as is leviable on the consideration paid to the Central Government in the form of Central Government's share of profit petroleum as defined in the contract entered into by the Central Government in this behalf.

Chapter 5

Registration

Introduction

Chapter VI - Registration [Sections 22 to 30] of the CGST Act, 2017 and Chapter III – Registration [Rules 8 to 26] of the CGST Rules, 2017 contain the provisions relating to registration. State GST laws also prescribe identical provisions in relation to Registration.

Under GST law, a supplier is required to obtain State-wise registration. There is no concept of a centralized registration under GST like the erstwhile service tax regime. A supplier has to obtain registration in every State/UT from where he makes a taxable supply provided his aggregate turnover exceeds a specified threshold limit. Such a supplier is not required to obtain registration in a State/UT from where he makes only a non-taxable supply.

In this chapter we will be going through summary of provisions applicable specifically to government departments and local authorities.

1. Section 22 – Persons liable for registration

Relevance to Government / Local Authorities

- Government departments and local authorities come under the definition of ‘person’ and are liable to registration if they are engaged in taxable supply of goods or services and cross the threshold limit. For example, Services by Ministry of Railways, Department of post etc are liable to GST under forward charge basis and thereby liable for GST registration as a taxpayer.
- However, where activities performed are only as a public authority (sovereign functions) and which are outside scope of GST, no registration required for those activities.

2. Section 23 – Persons not liable for registration

Section 23 lists the persons who are not liable to obtain a registration.

It states that any person engaged exclusively in the business of supplying goods or services or both that is not liable to tax or is wholly exempt from tax under CGST Act/ IGST Act shall not be liable to registration. Hence, if Government departments or local authorities are engaged exclusively in activities that are not considered supply under GST or dealing only in activities covered under Schedule III or exclusively supplying exempted goods or services, they are not liable to registration.

Further, as per *Notification No. 5/2017 CT dated 19.06.2017*, Persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both under section 9(3) have been exempted from obtaining registration.

As we have already discussed in the previous chapters, services provided by Central Government, State Government, Union territory or local authority to a business entity (except on specified services) are taxable under RCM. Hence there might be cases where even though the threshold limit of such local authorities or departments may have exceeded, still may not be required to take registration as a taxpayer.

Further, with regards to renting of immovable property, we have seen that Services supplied by Central Government (excluding the Ministry of Railways (Indian Railways)), State Government, Union territory or local authority to a person registered under CGST Act, 2017 attracts Reverse charge mechanism. However, when such services are supplied to any unregistered person, the supplier being government departments will be liable to pay tax under forward charge basis and thereby liable to registration (subject to section 22 threshold limits).

However, it is important to know that, although the tax on the supply of metal scrap, falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975 is payable by the recipient under RCM, above exemption from registration is not applicable in said case. Thus, any person exclusively engaged in the supply of metal scrap will not be exempted from registration.

In other words, earlier If the entire outward supply was liable to tax under RCM, the supplier was not required to register, even if their turnover exceeded the threshold limit, However, this exemption has

now been withdrawn for metal scrap suppliers, vide Notification No. 24/2024-Central Tax, dated 09th October 2024.

Hence, from now onwards, metal scrap suppliers will be required to obtain GST registration once their aggregate turnover exceeds the threshold limit prescribed under the law (Rs. 40 lakhs for goods in most states / 20 or 10 lakhs in special category states).

This makes it mandatory for all major players in the scrap industry to register under GST, even if they are dealing with registered recipients paying tax under RCM.

The aim is to eliminate the practice of remaining unregistered and increase overall tax compliance.

3. Section 24 – Compulsory registration in certain cases

There are certain cases wherein a supplier is mandatorily required to obtain registration irrespective of the quantum of his aggregate turnover. In other words, these are the cases wherein a supplier is compulsorily required to obtain registration even though his aggregate turnover does not exceed the applicable threshold limit.

Section 24(vi) provides that persons who are required to deduct tax under section 51, are required to take compulsory registration in GST whether or not separately registered under this Act.

Section 51 (to be discussed in detail in coming chapters) deals with “tax deduction at source” (TDS).

Certain specified persons like Departments of the Government, local authority, governmental agencies etc., are required to deduct tax at source under section 51 at the rate of 2% [CGST @1% +SGST @1% or 2% IGST] from the payments made to the supplier of taxable supplies of goods or services or both where the total value of supply under a contract exceeds ₹2.50 lakhs.

A person who is liable to deduct tax at source has to compulsorily register irrespective of the fact whether they are already registered or not meaning thereby there is no threshold limit available for such persons for this clause.

Notification No. 25/2024–Central Tax dated 09.10.2024, effective from 10.10.2024, has expanded the scope of TDS under section 51 of the CGST Act, 2017 by bringing metal scrap transactions within its ambit and extending applicability to registered persons beyond the traditionally notified Government Departments and agencies; accordingly, any person who becomes liable to deduct TDS pursuant to this notification is required to obtain compulsory registration under section 24(vi) of the Act.

List of persons notified as ‘deductor’ and who are liable to deduct TDS will be discussed in detail in coming chapters.

4. Section 25 – Procedure for registration

Section 25(6) states that every person shall have a Permanent Account Number issued under the Income- tax Act, 1961 (43 of 1961) in order to be eligible for grant of registration.

Government Departments are required to take registration as a normal taxpayer only if it makes a taxable supply of goods and/or services and in such cases, the registration shall be obtained on the basis of PAN.

However, proviso to section 25(6) states that a person required to deduct tax under section 51 may have, in lieu of a Permanent Account Number, a Tax Deduction and Collection Account Number issued under the said Act in order to be eligible for grant of registration.

Therefore, if Government departments and local bodies are not making any taxable supply of goods and/or services, they are required to register only as a deductor of tax at source on the basis of TAN/PAN.

Further Rule 12 of CGST rules 2017 prescribes the procedure for applying for registration as a tax deductor.

It requires such persons to electronically submit an application, duly signed or verified through electronic verification code, in **FORM GST REG-07** for the grant of registration through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

Further, a person applying for registration to ¹⁹[deduct or] collect tax in accordance with the provisions of ²⁰[section 51, or, as the case

¹⁹ Inserted vide Notification No.33/2019 - CT dated 18.07.2019.

²⁰ Inserted vide Notification No.33/2019 - CT dated 18.07.2019.

may be], section 52, in a State or Union territory where he does not have a physical presence, they shall mention the name of the State or Union territory in **PART A** of the application in **FORM GST REG-07** and mention the name of the State or Union territory in **PART B** thereof in which the principal place of business is located which may be different from the State or Union territory mentioned in **PART A**.

Normally, the proper officer may grant registration after due verification and issue a certificate of registration in **FORM GST REG-06** within a period of three working days from the date of submission of the application.

Further, where, ²¹[on a request made in writing by a person to whom a registration has been granted under sub-rule (2) or] upon an enquiry or pursuant to any other proceeding under the Act, the proper officer is satisfied that a person to whom a certificate of registration in **FORM GST REG-06** has been issued is no longer liable to deduct tax at source under section 51 or collect tax at source under section 52, the said officer may cancel the registration issued under sub-rule (2) and such cancellation shall be communicated to the said person electronically in **FORM GST REG-08**.

The proper officer shall follow the procedure as provided in rule 22 for the cancellation of registration.

In the context of TDS registration for businesses dealing with metal scrap, the GSTN has issued an advisory on GST REG-07 dated 22nd October."

Taxpayers in this category are required to select "Others" in Part B of Table 2 under the title "Constitution of Business" section.

This selection will open a text box where the taxpayer must enter "Metal Scrap Dealers".

It's important to note that this entry is a mandatory field for those selecting "Others" in Table 2. Once this is completed, the remaining details in the GST REG-07 form must be filled and submitted on the common portal.

A screenshot of the form GST REG-07 is enclosed below with the relevant sections highlighted.

²¹ *Inserted vide Notification No. 26/2022 - CT dated 26.12.2022.*

TDS Application 22/10/2024 06/11/2024 15%

Business Details Drawing and Disbursing Officer Authorized Signatory Office Address of Tax Deductor Verification

Applicant Details: * Indicates mandatory fields

Legal Name of the Tax Deductor: Rajesh Pathak Email Address: Mobile Number:

Permanent Account Number (PAN): **BEWPP3223H**

Trade Name: Trade name, if any

Date of Liability to Deduct Tax: DD/MM/YYYY

Jurisdiction Details:

Name of the State: Delhi State Jurisdiction: ward

Business Details Drawing and Disbursing Officer Authorized Signatory Office Address of Tax Deductor Verification

Applicant Details: * Indicates mandatory fields

Legal Name of the Tax Deductor: Rajesh Pathak Email Address: Mobile Number:

Permanent Account Number (PAN): Date of Creation of PAN: Pan date not available Type of Registration: Tax Deductor

Trade Name: Trade name, if any Constitution of Business: Others Others (Please specify): Please specify

Date of Liability to Deduct Tax: DD/MM/YYYY

(Readers may note that provisions regarding Metal Scrap have further been discussed in detail in the TDS Chapter of this handbook)

Non-Applicability of Aadhar Authentication

Section 25(6D) provides that the provisions of sub-section (6A) or sub-section (6B) or sub-section (6C) [i.e Aadhar authentication] shall not apply to such person or class of persons or any State or Union territory or part thereof, as the Government may, on the recommendations of the Council, specify by notification.

In this regard, following persons have been notified by virtue of *Notification no. 17/2020- CT dated 23.03.2020 w.e.f. 01.04.2020 as superseded by Notification no. 03/2021- Central Tax dated 23.02.2021*

- A person who is not a citizen of India

- Department or establishment of State Government or Central Government
- Local authority
- Statutory body
- Public Sector Undertaking
- A person applying for Unique Identity Number u/s 25(9)

Furnishing of bank account details [Rule 10A]

Usually, while filing the application for registration on GST portal, in Part B of the application form, a person is required to furnish the details of his bank account. However, Rule 10A relaxes this requirement to a limited extent.

A taxpayer has an option to give his bank account details after obtaining registration, within 30 days from the date of grant of registration or the due date of furnishing details of outward supplies, whichever is earlier.

However, it is important to note that, this relaxation is not available for those who have been granted registration as TDS deductor/ TCS collector under rule 12 or suo-motu registration under rule 16.

They are mandatorily required to furnish the bank account details at the time of filing the application for registration.

Chapter 6

Invoicing

Invoicing is very crucial aspect for ensuring tax compliance under any indirect taxation system. In order to ensure transparency, issuance of invoice for every taxable transaction is a pre-requisite.

Tax invoice acts as a document evidencing the payment of the value of the goods or services or both as also the tax portion in the same. In certain cases, an invoice serves as a demand for payment and becomes a document of title when paid in full.

Under the GST regime, an “invoice” or “tax invoice” means the tax invoice referred to in section 31 of the CGST Act, 2017. This section mandates the issuance of an invoice or a bill of supply for every supply of goods or services. Under GST law, a tax invoice is an important document. It not only evidences supply of goods or services, but is also an essential document for the recipient to avail Input Tax Credit (ITC). A registered person cannot avail input tax credit unless he is in possession of a tax invoice or a debit note.

The provisions relating to tax invoices, credit and debit notes are contained in Chapter VII - Tax Invoice, Credit and Debit Notes [Sections 31 to 34] of the CGST Act and Chapter-VI: Tax Invoice, Credit and Debit Notes [Rules 46 to 55A] of Central Goods and Services (CGST) Rules, 2017. State GST laws also prescribe identical provisions in relation to Tax Invoice, Credit and Debit Notes.

Except in certain scenarios, Government departments registered in GST as a taxpayer have not been provided with any separate provisions as far as invoicing is concerned. These certain specific matters need to be looked upon. Let's discuss them one by one.

Self-Invoicing in case of supplies attracting RCM

Section 31(3)(f) provides that a registered person who is liable to pay tax under sub section (3) or sub-section (4) of section 9 (RCM) shall within the period as may be prescribed issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.

Rule 47A (*inserted vide Notification No. 20/2024 – Central Tax dated 8-10-2024 w.e.f 1-11-2024*) provides that where an invoice referred to in rule 46 is required to be issued under clause (f) of section 31(3) by a registered person, who is liable to pay tax under section 9(3)/9(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.

However, it is important to note the²²[Explanation which has been inserted to section 31(3)(f) which states that —” For the purposes of clause (f), the expression "supplier who is not registered" shall include the supplier who is registered solely for the purpose of deduction of tax under section 51.] In other words, a supplier registered solely for the purposes of tax deduction at source under section 51 of the CGST Act, 2017 shall not be considered as a registered person for the purposes of section 31(3)(f).

To summarize, if a person (for example a government department) who has obtained registration in GST solely for purpose of TDS (as tax deductor) and not as ‘tax payer’, supplies certain taxable goods or services attracting RCM, the recipient of such supply will be required to self-generate invoice under section 31(3)(f), as such type of suppliers will be treated as unregistered for this sub section.

E-INVOCING

We are all aware that, all registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than 5 crores (as on date of publication of this book) are required to issue e-invoices for B2B supplies and exports.

Further, Rule 48(4) stipulates that the e-invoice shall be prepared by notified class of registered persons, by uploading such particulars as contained in Form GST INV-01 on the Common GST Electronic Portal and obtain an IRN (Invoice Reference Number), in prescribed manner and subject to prescribed conditions and restrictions. However, it additionally states that, the Commissioner may, on the recommendations of the Council, by notification, exempt a person or a class of registered persons from issuance of e-invoice under rule 48(4) for a specified period, subject to such conditions and restrictions as may be specified in the said notification.

²² *Inserted vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024.*

Resultantly, the following are excluded from generation of E-Invoice:

- Special Economic Zone unit - *Notification No. 61/2020 CT dated 30th July 2020*
- Government department or a local authority - *Notification No. 23/2021 Central Tax dated 1-6 2021*
- Insurer or a Banking company or a financial institution, including a non-banking financial company
- Goods Transport Agency
- Passenger Transport Service provider
- Multiplexes issuing electronic ticket

Further, *Circular No. 186/18/2022-GST dated 27.12.2022* has clarified that the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.

Therefore, government departments and local authorities whether registered as taxpayer or tax deductor are exempted from generating E-Invoices irrespective of any supply made.

Further, the above category of persons exempted from the mandatory requirement of e-invoicing are required to provide a declaration as given below: -

“I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule.”

After getting a clear picture on exemption on generation from e-invoices on outward supplies made by government departments and local authority, a question arose in the industry as to, whether e-invoicing is applicable for supplies made TO Government Departments or establishments/ Government agencies/ local authorities/ PSUs registered solely for the purpose of deduction of tax at source as per section 51?

To this query, *Circular No. 198/10/2023-GST dated 17th July, 2023* has clarified 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 compulsory registration in accordance with section 24(vi) of the CGST Act.

Therefore, they are to be treated as registered persons under the GST law as per provisions of clause (94) of section 2.

Accordingly, the registered person, whose turnover exceeds the prescribed threshold (presently 5 crores) 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).

Further, an Advisory was also issued by NIC on the e-invoicing portal in September 2023 with regard to E-Invoicing, stating that the taxpayers notified for generation of e-invoices and supplying to government departments / agencies, need to generate B2B e-Invoices with the GSTIN of the Government department / agency.



Previous Updates

- 18**
JUL 2024 • New features in e-Invoice and e-Waybill API Systems. [Click here for more details](#)
- 01**
OCT 2023 • Implementation of atleast 6 digit HSN in e-Invoices and e-Waybills has been deferred.
- 19**
SEP 2023 • The tax payers, notified for generation of e-invoices and supplying to government departments / agencies, need to generate B2B e-Invoices with the GSTIN of the Government department / agency. [Click here for more details](#)

Dynamic QR Code

After E-invoicing provisions, let us discuss few points on dynamic QR code.

A dynamic QR code is a type of QR code that is editable, as opposed to a static QR code which isn't editable. Dynamic QR codes also allow for additional features like scan analytics, password protection, device-based redirection and access management.

CBIC has notified through *Notification No.72/2019 CT dated 13th Dec 2019* that the **B2C** GST invoice issued by the registered person, whose aggregate turnover in a financial year **is beyond 500 crores**, to an **unregistered person** (URD), must have a Quick Response (QR) code implying that a separate QR code will be generated for each B2C invoice by the supplier himself and not by the IRP.

Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.

Notification 14/2020 CT dated 21st Mar 2020 exempts following registered persons from mentioning Dynamic Quick Response (QR) Code (effective from 01.10.2020):

- an insurance company or a banking company or a financial institution, including a non-banking financial company;
- goods transport agency supplying services in relation to transportation of goods by road in a goods carriage;
- passenger transportation service;
- services by way of admission to exhibition of cinematograph films in multiplex screens by issuing electronic ticket;
- online information and database access or retrieval services.

Even though the category of persons exempted from generating dynamic QR code may be majorly similar to category of persons exempted from generating E-invoices, it is important to note that government departments, local authorities, SEZ units are NOT covered here.

Thereby government departments, local authorities, SEZ units (having aggregate turnover beyond 500 crores in a financial year), may be required to have a Quick Response (QR) code for each B2C invoice made by them.

Special Points to be noted

1. Rule 86B (EXTRACT) of CGST Rules 2017:

Restrictions on use of amount available in electronic credit ledger.

Notwithstanding anything contained in these rules, the registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of ninety-nine per cent. of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds fifty lakh rupees:

Provided that the said restriction **SHALL NOT APPLY** where –

- (a)
- (b)
- (c)
- (d)
- (e) **the registered person is –**
 - (i) **Government Department; or**
 - (ii) **a Public Sector Undertaking; or**
 - (iii) **a local authority; or**
 - (iv) **a statutory body:**

Provided further that the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

2. Rule 87 (EXTRACT): Electronic Cash Ledger

(1) The electronic cash ledger under sub-section (1) of section 49 shall be maintained FORM GST PMT-05 for each person, liable to pay tax, interest, penalty, late fee or any other amount, on the common portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount.

(2) Any person, or a person on his behalf, shall generate a challan in FORM GST PMT-06 on the common portal and enter the details of the amount to be deposited by him towards tax, interest, penalty, fees or any other amount

²³[Provided that the challan in FORM GST PMT-06 generated at the common portal shall be valid for a period of fifteen days.]

(3) The deposit under sub-rule (2) shall be made through any of the following modes namely:

- (i) Internet Banking through authorised banks;
 - ²⁴[(ia) Unified Payment Interface (UPI) from any bank;
 - (ib) Immediate Payment Services (IMPS) from any bank;]
- (ii) Credit card or Debit card through the authorised bank;
- (iii) National Electronic Fund Transfer or Real Time Gross Settlement from an bank; or
- (iv) Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:

Provided that the restriction for deposit up to ten thousand rupees per challan in case of an Over-the-Counter payment **SHALL NOT APPLY TO DEPOSIT TO BE MADE BY –**

- (a) Government Departments or any other deposit to be made by persons as maybe notified by the Commissioner in this behalf;
- (b) Proper officer or any other officer authorised to recover outstanding due from any person, whether registered or not, including recovery made through attachment or sale of movable or immovable properties;
- (c) Proper officer or any other officer authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit.

Explanation. – For the purposes of this sub-rule, it is hereby clarified that for making payment of any amount indicated in the challan, the commission, if any, payable in respect of such payment shall be borne by the person making such payment.

²³ *Inserted vide Notification No. 22/2017 - CT dated 17.08.2017.*

²⁴ *Inserted vide Notification No.14/2022 - CT dated 05.07.2022.*

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 – Tax Deduction at Source

(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,

(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) ²⁵[A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.]
- (4) ²⁶[****]

²⁵ 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”.

²⁶ 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”.

- (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.*
- (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 74²⁷[or section 74A].*
- (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

²⁷ Inserted by section 127 vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024

GSTR-7 ²⁸[on or before the tenth day of the month succeeding the calendar month.] 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 available electronically to each of the ²⁹[deductees] on the common portal after ³⁰[****] filing of FORM GSTR-7 ³¹[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)?	<p>(a) A department or an establishment of the Central Government or State Government; or</p> <p>(b) Local authority; or</p> <p>(c) Governmental agencies; or</p> <p>(d) Such persons or category of persons as may be notified by the Government on the recommendation of the council,</p> <p>(Such persons or categories of persons are notified vide Notification No. 33/2017–Central Tax dated 15.09.2017, which was superseded by Notification No. 50/2018–Central Tax dated 13.09.2018, and further amended by Notification</p>
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²⁸ Inserted vide Notification No.20/2024 - CT dated 08.10.2024, w.e.f. 01-11-2024

²⁹ 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".

³⁰ Omitted vide Notification No. 31/2019 – CT dated 28.06.2019, prior to omission, it was read as: "the due date of".

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

		<p>No. 25/2024–Central Tax dated 09.10.2024 (w.e.f. 10.10.2024), as follows:</p> <p>(a) an authority or a board or any other body;</p> <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> <p>³²[(d) any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from other registered person]</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?	<p>- Intra-State supply - 1% under CGST and 1% under SGST/UTGST</p> <p>- Inter-State supply - 2% under IGST</p>
5.	On which value Tax shall be	Total value of the taxable supply under a contract excluding central tax, State tax, Union territory tax and Integrated tax and cess

³² Inserted by Notification 25/2024 CT dated 9-10-2024, w.e.f. 10-10-2024

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	deducted?	indicated in the invoice. Meaning thereby that tax shall not be deducted on CGST, SGST / UTGST or IGST and Cess.
6.	Whether tax is deductible on Exempted supply of Goods or Services or both?	No, tax shall not be deductible on 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 and which return	Deductor shall file Form GSTR – 7 for depositing the Tax ³³ [on or before the tenth day of the month succeeding the calendar month.]

³³ Inserted vide Notification No.20/2024 - CT dated 08.10.2024, w.e.f. 01-11-2024

	needs to be furnished by the deductor?	Note: A registered person required to ³⁴ [deduct tax at source under section 51 shall furnish a return for every calendar month whether or not any deductions have been made during the said month.]
11	Can TDS and interest on TDS be paid through E-Credit ledger?	No. As per rule 85(4), the amount deducted under section 51, or the amount collected under section 52, or the amount payable on reverse charge basis, or the amount payable under section 10, any amount payable towards interest, penalty, fee or any other amount under the Act shall be paid by debiting the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.
12.	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.
13.	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.(Detailed procedure is explained at the end of this chapter)
14.	How Refund can be taken?	Refund arising on account of excess or erroneous deduction is subject to the provisions of section 54. Such refund may be claimed either by the deductor or the deductee, but not both. Further, deductor cannot claim refund once the

³⁴ Substituted vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024. Prior to its substitution, it read as “Every registered person required to deduct tax at source under the provisions of section 51 shall furnish, in such form and manner as may be prescribed, a return, electronically, for the month in which such deductions have been made within ten days after the end of such month”.

		<p>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 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.</p>
15.	Any 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.
16	Any Late fee applicability	Section 47. Levy of late fee. -

<p>for failure to furnish the return in FORM GSTR-7</p>	<p>(1) Any registered person who fails to furnish the details of outward supplies required under section 37 or returns required under section 39 or section 45 or section 52 by the due date shall pay a late fee of one hundred rupees for every day during which such failure continues subject to a maximum amount of five thousand rupees.</p> <p><i>However, Notification No. 22/2021-C.T., dated 01-06-2021 waived the amount of late fees in excess of Rs.25 per day, with effect from July 2021 onwards, and also waived the total amount of late fees in excess of 1,000/-, for late filing of Form GSTR-7.</i></p> <p>Adding further, Central government vide Notification 23/2024 CT dated 08.10.2024 (with effect from 01.11.2024),(Superseding above mentioned Notification No. 22/2021-Central Tax dated 01.06.2021) has waived the amount of late fee payable by any registered person, required to deduct tax at source under the provisions of section 51, for failure to furnish the return in FORM GSTR-7 for the month of June, 2021 onwards, by the due date, which is in excess of an amount of twenty-five rupees for every day during which such failure continues.</p> <p>Further the total amount of late fee payable in the above case, shall stand waived which is in excess of an amount of one thousand rupees:</p> <p>Provided further that the total amount of late fee payable, where the total amount of central tax deducted at source in the said month is nil, shall stand waived.</p> <p>To conclude, (from the month of June 2021 onwards), the late fees for GSTR -7 shall be</p> <p>a. 50 (CGST 25 + SGST Rs, 25 for every day of default)</p>
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Handbook on Government Supplies under GST (Including TDS Provisions)

		b. Subject to Maximum of 2,000 (1000+1000) and from 01-11-2024 onwards, no late fees in case the TDS in that month is nil.
17.	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. He shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government whichever is higher.
19.	Whether a Public Sector Undertaking (PSU) shall deduct TDS on payment or credit made for a supply to another PSU?	No, as per proviso inserted in <i>Notification No. 50/2018 dated 13.09.2018</i> vide <i>Notification No.61/2018-Central Tax dated 05.11.2018</i> .
20.	Whether TDS provisions are applicable to Ministry of Defence?	No, as per proviso inserted in <i>Notification No. 50/2018 dated 13.09.2018</i> vide <i>Notification No.57/2018-Central Tax dated 23.10.2018</i> .
21.	Whether TDS provisions are applicable to the supply of goods or services or both which takes place between one person to another	No, as per proviso inserted in <i>Notification No. 50/2018 dated 13.09.2018</i> vide <i>Notification No.73/2018-Central Tax dated 31.12.2018, applicable w.e.f. 31.12.2018</i> . <i>The third proviso is replaced to state</i> “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, except the person referred to in clause (d) of this

	person specified under clause (a), (b), (c) and (d) of sub-section (1) of section 51?	notification” (i.e to person dealing in metal scrap).
22	Is any late fees applicable for delay in providing TDS certificates?	Section 51(4) states that, 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”. However this subsection was Omitted vide section 124 of The Finance Act, 2020 notified through <i>Notification No. 92/2020-C.T. dated 22-12-2020, w.e.f. 01.01.2021.</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.

Following persons have been 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;

(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.)

- (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 with respect to department or an establishment of the Central Government or State Government, 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.

This notification shall not 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.

Applicability of TDS and RCM on Supply of Metal Scrap

A new clause (d) is inserted under the Notification No. 25/2024-Central Tax dated 09.10.2024 to include: “Any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975, from another registered person”.

Effect: Registered buyers of metal scrap are now required to comply with TDS provisions when receiving such supplies from another registered person and where contract value exceeds 2.5 lakhs.

Let's now discuss this topic in depth:

The metal scrap industry constitutes an important segment of India's industrial supply chain. Scrap generated from various manufacturing and consumption activities serves as a critical raw material for industries such as: steel manufacturing, aluminium smelting, foundries, metal recycling units etc. However, the scrap trade has historically been characterised by a large number of small and unregistered dealers, fragmented supply chains, cash transactions and frequent instances of fake invoicing and ITC fraud.

Recognising these systemic risks, the GST Council in its 45th, 47th and 54th Council meetings examined policy measures to strengthen tax compliance in the sector.

Summary of discussions made in various GST Council meetings is given below:

(i) 45th GST Council Meeting (17 September 2021, Lucknow):

As per the official agenda and minutes, the Council discussed representations regarding the GST rate on metal scrap and issues of tax evasion in the scrap trade. Industry had requested a reduction of GST from 18% to 5%, but the Fitment Committee did not recommend this because metal scrap involves significant imports and a very large revenue base, making a rate reduction undesirable. The Council broadly agreed with the committee's view and did not approve any reduction in the GST rate on scrap, thereby continuing the 18% GST rate.

The meeting also examined complaints about fake invoicing and non-payment of tax by scrap dealers, which resulted in denial of ITC to manufacturers purchasing scrap. Because of these compliance issues, stakeholders suggested introducing Reverse Charge Mechanism (RCM) so that tax would be paid by the recipient instead of the supplier. The Council noted the concerns and referred the matter for further examination by the Fitment Committee, as the scrap trade involves multiple intermediaries and required deeper analysis before implementing RCM.

(ii) 47th GST Council Meeting (28–29 June 2022, Chandigarh):

In the 47th meeting, the Council revisited the issue. The Joint Secretary (TRU) informed the Council that the proposal to reduce the GST rate on

scrap from 18% to 5% had already been examined earlier and not accepted due to substantial revenue implications. Consequently, the Council again retained the existing GST rate of 18% on metal scrap.

The Council further examined the proposal of introducing RCM to address tax evasion in the scrap sector. The Fitment Committee highlighted that scrap transactions often pass through several intermediaries and aggregation stages, which could create practical and compliance issues if reverse charge is applied widely. Because of these complexities, the Council did not implement RCM at that stage and indicated that the issue required further detailed study and stakeholder consultation before any final decision.

(iii) 54th GST Council Meeting (9 September 2024, New Delhi):

In the 54th meeting, the Council again took up the matter. The Joint Secretary (TRU-I) presented the Fitment Committee's recommendations to strengthen compliance and curb tax evasion in the scrap sector. The Committee recommended introducing RCM on supply of metal scrap by an unregistered person to a registered person, with the condition that the supplier must obtain registration once the threshold limit is crossed and the recipient must pay tax under RCM even if the supplier is below the threshold.

Additionally, the Council approved TDS at 2% (1% CGST + 1% SGST) on B2B supply of metal scrap by registered persons to improve traceability of transactions and tax collection. During discussions, some states suggested additional measures such as reducing the GST rate to 5% and mandating e-way bills for all scrap transactions, but other members opposed rate reduction and supported retaining the 18% rate. Ultimately, the Council approved the recommendations for RCM and 2% TDS, while directing the Fitment Committee to further examine the proposal of mandatory e-way bills for scrap supplies.

Thereby the Government on the recommendations of the council:

- (i) Vide *Notification no 06/2024 – CT(R)* dated 08 October 2024, introduced Reverse Charge on Metal Scrap when the supplier is unregistered and the recipient is registered and
- (ii) Vide *Notification no 25/2024 – CT* dated 09 October 2024 introduced TDS provisions mandating registered persons receiving metal scrap under chapters 72 to 81 of the Customs Tariff Act (discussed in

subsequent paragraphs) to deduct tax at source when making payments to registered suppliers.

A summary of the TDS and RCM provision can be understood in the below given table:

Seller	Buyer	Tax Type	GST TDS
Registered	Registered	FCM	Yes (subject to contract value exceeding 2.5 lakhs)
Registered	Unregistered	FCM	No
Unregistered	Registered	RCM	No
Unregistered	Unregistered	N/A	N/A

This dual structure ensures that both organised and unorganised segments of the scrap market are brought within the GST compliance net.

Readers may note that, the TDS and RCM provisions apply only to metal scrap falling under Chapters 72 to 81 of the Customs Tariff Act, 1975.

The above-mentioned chapters cover:

HSN Chapter	Description
Chapter 72	Iron and Steel
Chapter 73	Articles of Iron and Steel
Chapter 74	Copper and Articles thereof
Chapter 75	Nickel and Articles thereof
Chapter 76	Aluminium and Articles thereof
Chapter 78	Lead and Articles thereof
Chapter 79	Zinc and Articles thereof
Chapter 80	Tin and Articles thereof
Chapter 81	Other Base Metals, cermets and Articles thereof

Commonly used HSN codes for metal scrap include

7204 - Ferrous waste and scrap (Iron or steel)

7404 - Copper waste and scrap

7602 - Aluminium waste and scrap

7802 - Lead waste and scrap

7902 - Zinc waste and scrap

8002 - Tin waste and scrap

These chapters collectively cover most forms of metal waste and scrap generated in manufacturing and recycling industries.

Further, The third proviso to Notification 50/2018 CT dated 13.09.2018 is replaced to state: “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, except the person referred to in clause (d) of this notification.”

Effect:

- (i) Supplies between entities already specified under section 51(1) clauses (a), (b), and (c) (such as government bodies and local authorities) are exempt from TDS. TDS provisions do not apply to the supply of goods or services or both between specified entities (i.e, between Department of CG/SG or Local Authority or Government Agencies or Persons Notified by the Govt).
- (ii) However, supplies involving metal scrap dealers under clause (d) are explicitly not exempt and continue to attract TDS. However, if any of these entities, when registered, and receives supply of Metal Scrap from another registered person, TDS provisions shall be applicable on such supply. Further an Advisory for Reporting TDS Deducted by scrap Dealers in October 2024 was issued on 26th November 2024 by GSTN stating that taxpayers who were granted registration in November 2024, but who have deducted TDS in October 2024, are required to report the consolidated amount of TDS deducted for the

period from 10.10.2024 to 30.11.2024 in the GSTR-7 return to be filed for the month November 2024.

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 Even though 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.

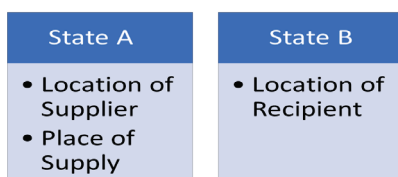
4.	<p>Goods or Services Exempted under GST Law:</p> <p>(a) Services exempted under <i>notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017</i> as amended from time to time.</p> <p>Few examples are given below:</p> <p>(i) Services provided to the Central Government, State Government, Union territory under any INSURANCE SCHEME for which total premium is paid by the Central Government, State Government, Union territory are exempt vide Entry 40 of Exemption Notification.</p> <p>(ii) Services provided to the Central Government, State Government, Union territory administration under any training programme, for which 75% or more of the total expenditure is borne by the Central Government, State Government, Union territory administration are exempt vide Entry 72 of Exemption Notification.</p> <p>(iii) Affiliation services provided by Central and State educational boards or Councils, or other similar bodies to GOVERNMENT SCHOOLS i.e. schools established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity are exempt vide Entry 66A of Exemption Notification.</p> <p>(iv) Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution shall be exempted vide entry 3 of exemption notification.</p> <p>(v) Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to</p>
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	<p>a Municipality under article 243W of the Constitution shall be exempted vide entry 3A of exemption notification.</p> <p>(vi) Services provided to a Governmental Authority by way of — (a) water supply; (b) public health; (c) sanitation conservancy; (d) solid waste management; and (e) slum improvement and upgradation are exempted vide Entry 3B of exemption notification.</p> <p>(vii) Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin are exempt vide Entry 11A of exemption notification.</p> <p>(viii) Services by way of giving on hire to a State Transport Undertaking (STU), a motor vehicle meant to carry more than 12 passengers are exempt vide Entry 22(a) of exemption notification.</p> <p>However, it is clarified vide question 26 of CBIC FAQs on Government Services that, supplies of motor vehicles to Government Departments other than the STUs are taxable.</p> <p>(ix) Services by way of giving on hire to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers are exempt vide entry 22(aa) of exemption notification.</p> <p>It is further clarified by virtue of Circular No. 164/20/2021 GST dated 06.10.2021 that, said services are eligible for above exemption irrespective of whether such vehicles are run on routes, timings as decided by the STUs or Local Authorities and under effective control of STUs or Local Authorities which determines the rules of operation or plying of vehicles.</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	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.

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.

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.



Example 1.: Mr A, a registered person of Delhi provides Interior decoration of 'Kerala House' located in Delhi. Service contract is entered into with the Government of Kerala (registered only in Kerala).

Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of 'Kerala House' shall be Delhi.

Since the location of the supplier Mr A and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Kerala is Kerala, no tax is liable to be deducted in the given case.

Example 2.: ABC Caterers, a registered supplier of Kerala, provided catering services in Kochi, Kerala to Government of Andhra Pradesh for its annual training camp held for its staff. Value of said services was 4,50,000.

As per 12(4) of IGST Act 2017, the place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery shall be the location where the services are actually performed.

Thereby, in the given case, the location of supplier and place of

	<p>supply are in the same State, i.e., Kerala and location of recipient is in Andhra Pradesh and hence, Andhra Pradesh Government is not required to deduct TDS although the total value of supply under the contract is more than 2,50,000.</p> <p>A summary for the above provision is given for quick reference</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Location of Supplier</th> <th style="width: 25%;">Place of Supply</th> <th style="width: 25%;">Registration of Recipient</th> <th style="width: 25%;">TDS u/s 51</th> </tr> </thead> <tbody> <tr> <td>State A</td> <td>State A</td> <td>State A</td> <td>Yes (C+S)</td> </tr> <tr> <td>State A</td> <td>State A</td> <td>State B</td> <td>No</td> </tr> <tr> <td>State A</td> <td>State B</td> <td>State B</td> <td>Yes (IGST)</td> </tr> <tr> <td>State A</td> <td>State B</td> <td>State C</td> <td>Yes (IGST)</td> </tr> </tbody> </table>	Location of Supplier	Place of Supply	Registration of Recipient	TDS u/s 51	State A	State A	State A	Yes (C+S)	State A	State A	State B	No	State A	State B	State B	Yes (IGST)	State A	State B	State C	Yes (IGST)
Location of Supplier	Place of Supply	Registration of Recipient	TDS u/s 51																		
State A	State A	State A	Yes (C+S)																		
State A	State A	State B	No																		
State A	State B	State B	Yes (IGST)																		
State A	State B	State C	Yes (IGST)																		
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.																				
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. 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 that 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.

TDS applies on 'taxable goods or services' supplied and not on 'all taxable supplies'. Please note that 'taxable supplies' is defined in section 2(108) which covers all supplies that are 'leviable' to tax (even if exempt by notification under section 11 of the CGST Act). However, 'taxable goods and

services' require inquiry into whether the goods or services are taxable or exempt. If they are exempt, then TDS will not apply.

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.*(superseded by *Notification No. 10/2025-Central Tax (Rate) dated 17.09.2025*).

9. 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]. Procedure for filing TDS return is as under:

A. Login and Navigate to Form GSTR-7 page

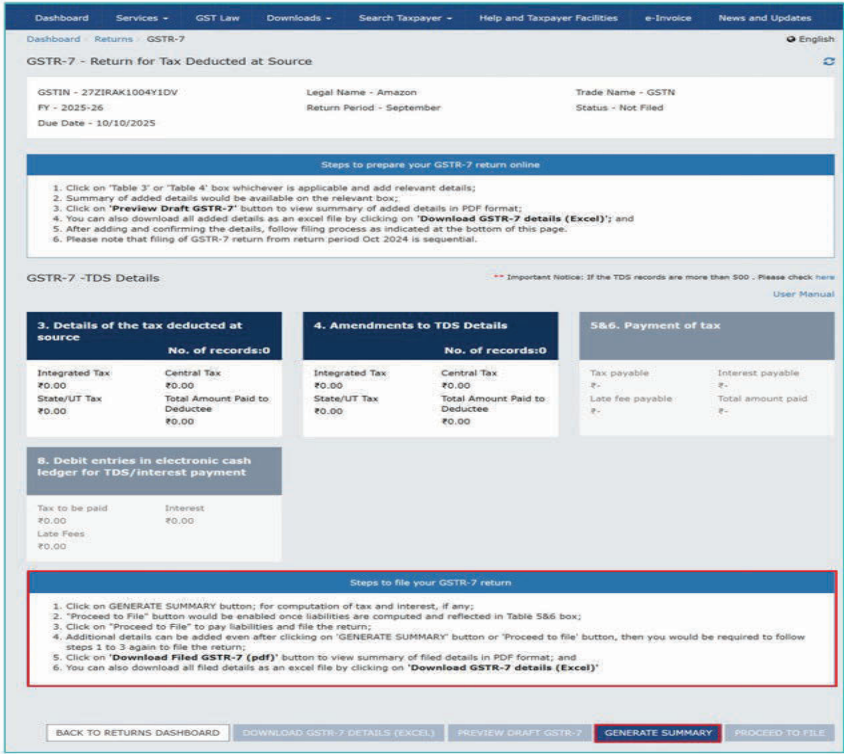
Login to the GST Portal with valid credentials.

Click the Services > Returns > Returns Dashboard

The File Returns page is displayed. Select the Financial Year & Return Filing Period (Month) for which you want to file the return from the drop-down list. Click the SEARCH button.

In the GSTR-7 tile, click the PREPARE ONLINE

The GSTR-7 - Return for Tax Deducted at Source Return page is displayed.



Note - From September 2025 return period onwards:

The Important Message screen has been updated. It mentions that after adding the details in Table 3 and Table 4, you must click on the GENERATE SUMMARY button, which has replaced the earlier 'Compute Liability' option.

B. Enter details in various tiles

Next, moving to entering details in various tiles starting with Table 3. Details of the tax deducted at source.

Click on the “3. Details of the tax deducted at source” tile to add details of the tax deducted at source.

Next, click on the ADD button to add a new invoice.

Upon clicking the ADD button, below new mandatory fields will be displayed in Table 3:

- 1. Invoice/ document no.

2. Invoice/ document date (DD/MM/YYYY)

3. Invoice/ document value (₹)

Dashboard Returns GSTR-7 TDS Add English

TDS Details - ADD

GSTIN of Deductee *	Receiver Name	Invoice/ document no. *
<input type="text"/>	<input type="text"/>	<input type="text"/>
Invoice/ document date (DD/MM/YYYY) *	Invoice/ document value (₹) *	Amount paid to deductee on which tax is deducted (₹) *
<input type="text" value="DD/MM/YYYY"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>
Integrated tax (₹)	Central tax (₹)	State/UT tax (₹)
<input type="text" value="0.00"/>	<input type="text" value="0.00"/>	<input type="text" value="0.00"/>

Important points to be kept in mind while entering Table 3 are:

1. You are not allowed to enter any invoice/document date beyond the selected return period.
2. Taxpayer can click on the plus icon (+) under ADD Invoice heading to add new invoice under the same GSTIN. The GSTIN will be auto populated while adding the invoice details
3. When the number of suppliers (GSTINs) exceeds 100, the "Add" button for new invoices will not be visible. In such cases, deductors are advised to use the offline tool to continue adding invoices.
4. Declare invoice-wise TDS details for each deductee; tax to be deducted on value excluding tax.
5. GSTIN of deductee cannot be declared more than once.
6. Negative values are not allowed.
7. Composition suppliers cannot make inter-state supply.

Further in the following situations, following error messages are displayed by the portal:

S.No	Situations	Error Message by Portal
1	If you enter Invoice number with any special characters other than '/' and '-'. .	Document number should not contain special characters except “/” and “-”. It cannot be only “0”, “-”, or “/”.
2	If total tax amount entered in IGST or CGST and SGST/UTGST is greater than the amount entered in 'Amount paid to deductee on which tax is deducted'	Total tax amount entered in IGST or CGST and SGST/UTGST cannot exceed the amount entered in the “Amount paid to deductee on which tax is deducted” field.
3	If you try to save an invoice with zero/blank amount fields	"Add amounts in the 'Invoice/Document Value', 'Amount Paid to deductee on which tax is deducted' and 'IGST or CGST and SGST/UTGST fields'
4	If the same Invoice/document no. with same deductee GSTIN is repeated for the same period/month	There are other invoices with the same invoice number under the same GSTIN for the tax period.

Next, click on the hyperlink in Processed Records column to view a table of all processed invoices under a GSTIN.

The screenshot shows the 'TDS DETAILS' page in a web application. At the top, there is a breadcrumb trail: Dashboard > Returns > GSTR-7 > TDS. Below this, there is a header section with the following information: GSTIN - 27ZIRAK1004Y1DV, FY - 2024-25, Due Date - 10/07/2024, Legal Name - Amazon, Return Period - June, Trade Name - GSTN, and Status - Not Filed. The main section is titled 'TDS DETAILS' and contains a sub-section 'TDS Record Details'. This sub-section features a table with the following columns: GSTIN of Deductee, Trade name/Legal name of Deductee, Processed Records, Pending/Errored Invoices, and Add Invoice. The table contains two rows of data. The first row has GSTIN 382IRAK1013Y1ZI, Trade name/Legal name of Deductee GSTN, Processed Records 2, Pending/Errored Invoices 0, and an Add Invoice button. The second row has GSTIN 27ZIRAK1011Y1ZN, Trade name/Legal name of Deductee GSTN, Processed Records 2, Pending/Errored Invoices 0, and an Add Invoice button. At the bottom of the page, there are two buttons: 'ADD GSTIN' and 'BACK TO GSTR-7 DASHBOARD'.

You will be navigated to a list of processed invoice wise summary page which have been added under a GSTIN. Once all the invoices are added, click on the BACK TO GSTR-7 DASHBOARD button in the TDS record details page.

Click on the GENERATE SUMMARY button to save details in Table 3.

The status changes to Ready to File. Table 3 tile will be updated and PROCEED TO FILE button will be enabled.

Now Moving to Table 4 which is for Amendments to TDS Details

We have 2 tabs

(a) Uploaded By Deductor Tab:

(b) Rejected By Deductee Tab:

A. Uploaded By Deductor Tab

In Uploaded by Deductor tab, you can amend transactions uploaded by Deductor, of previous tax period. If no action has been taken by deductee, action can be taken by the deductor (to amend transactions), on their own under uploaded by deductor" tab.

From September 2025 return period onwards, we are required to select the Financial Year, Month and enter GSTIN for which invoices are to be amended by Clicking on the AMEND TDS DETAILS button.

A new "TDSA Details" table will be displayed with a list of all original invoices on which no action has been taken by Deductee in TDS and TCS Credit Received.

Below is the screenshot –

Dashboard Returns GSTR-7 English

GSTIN - 27ZIRAK1004Y1DV
FY - 2025-26
Due Date - 10/10/2025

Legal Name - Amazon
Return Period - September

Trade Name - GSTN
Status - Not Filed

TDSA Details Help ?

Uploaded By Deductor Rejected By Deductee

Financial Year* 2025-26 Month* August Please Enter GSTIN* 38ZIRAK1013Y1ZI

AMEND TDS DETAILS

TDSA Details

Records Per Page: 5

Original Invoice/document No.	Original Invoice/document Date	Original Invoice/document value (₹)	Integrated tax (₹)	Central tax (₹)	State tax (₹)	Actions
INB-1N	10/06/2024	500.00	1,000.00	1,000.00	1,000.00	
INB-1	11/06/2024	1,000.00	1,000.00	1,000.00	1,000.00	

BACK TO GSTR-7 DASHBOARD

Amendment table of the selected invoice will appear. Here, all original data fields will be non-editable while all revised fields will be editable.

Handbook on Government Supplies under GST (Including TDS Provisions)

Dashboard | Returns | GSTR-7 English

Amend TDS Details- Amend

* Indicates Mandatory Fields

Original GSTIN Deductee <input type="text" value="38ZIRAK1013Y1ZI"/>	Original Amount paid to deductee (₹) <input type="text" value="5,000.00"/>	Original Month <input type="text" value="June"/>
Original Invoice/document no. <input type="text" value="INB-1N"/>	Original Invoice/document date (DD/MM/YYYY) <input type="text" value="10/06/2024"/>	Original Invoice/document value (₹) <input type="text" value="500.00"/>
Revised GSTIN of Deductee* <input type="text" value="38ZIRAK1013Y1ZI"/>	Revised Amount paid to deductee (₹)* <input type="text" value="5,000.00"/>	Revised Invoice/document no.* <input type="text" value="INB-1N"/>
Revised Invoice/document date (DD/MM/YYYY)* <input type="text" value="10/06/2024"/>	Revised Invoice/document value (₹)* <input type="text" value="500.00"/>	Integrated tax (₹) <input type="text" value="1,000.00"/>
Central tax (₹) <input type="text" value="1,000.00"/>	State/UT tax (₹) <input type="text" value="1,000.00"/>	

After amending the record, you will be redirected to the Processed TDSA Details page. Here, you can view a consolidated list of all invoices saved and processed under different GSTINs in one table.

Processed TDSA Details Records to view per page: 5 Search by GSTIN/Trade or legal name of deductee

Month (Tax Period)	Original GSTIN Deductee	Original Invoice/document number	Original Trade name/Legal name of deductee	Original Amount paid to deductee on which tax is deducted (₹)	Revised GSTIN of Deductee	Revised Trade name/Legal name of deductee	Revised Invoice/document number	Revised Amount paid to deductee on which tax is deducted (₹)	Amount of tax	
									Integrated tax (₹)	Cer tax
June	38ZIRAK1013Y1ZI	INB-1N	GSTN	5,000.00	38ZIRAK1013Y1ZI	GSTN	INB-1N	5,000.00	0.00	1,000.00

TDS Provisions under GST

AMEND TDS DETAILS

Processed TDSA Details Records to view per page: Search by GSTIN/Trade or legal name of deductee

Original Invoice/document number	Original Trade name/Legal name of deductee	Original Amount paid to deductee on which tax is deducted (₹)	Revised GSTIN of Deductee	Revised Trade name/Legal name of deductee	Revised Invoice/document number	Revised Amount paid to deductee on which tax is deducted (₹)	Amount of tax deducted at source			Actions
							Integrated tax (₹)	Central tax (₹)	State/UT tax (₹)	
INB-1N	GSTN	5,000.00	38ZIRAK1013Y1ZI	GSTN	INB-1N	5,000.00	0.00	1,000.00	1,000.00	

If you attempt to amend records using a duplicate Revised Invoice/document number, the record will be moved to the Pending TDSA Details table and the status will be displayed as "Processed with error".

Pending TDSA Details (These will be added after validation)

Original Invoice/document number	Original Trade name/Legal name of deductee	Original Amount paid to deductee on which tax is deducted (₹)	Revised GSTIN of Deductee	Revised Trade name/Legal name of deductee	Revised Invoice/document number	Revised Amount paid to deductee on which tax is deducted (₹)	Amount of tax deducted at source			Status	Actions
							Integrated tax (₹)	Central tax (₹)	State/UT tax (₹)		
	GSTN	5,000.00	38ZIRAK1013Y1ZI	GSTN	INB-1N	5,000.00	1,000.00	1,000.00	1,000.00	Processed with Error	

On clicking the edit icon of pending TDSA record, the below message is displayed - "There are other invoices with the same invoice number under the same GSTIN for the tax period. Kindly amend accordingly."

For a particular GSTIN, if the Deductee has already taken action by rejecting the record the following error message will be displayed "The deductee has already taken action and filed."

Help ?
TDSA Details

Uploaded By Deductor Rejected By Deductee

Deductee has already taken action and filed. X

Financial Year*	Month*	Please Enter GSTIN*
<input type="text" value="2025-26"/>	<input type="text" value="September"/>	<input type="text" value="27ZIRAK1011Y1ZN"/>

AMEND TDS DETAILS

B. Rejected By Deductee Tab

If TDS credit entries are rejected by the deductee, they will be auto-populated into Table 4 of Form GSTR-7 in the next tax period under 'Rejected by Deductee' tab. Now TDS deductor can amend those details and file Form GSTR-7 accordingly.

From September 2025 return period onwards, below additional fields will be visible in Processed TDSA Details table of rejected invoices:

1. Original Invoice/ document number
2. Revised Invoice/ document number

TDSA Details

Uploaded By Deductor Rejected By Deductee

Processed TDSA Details Records to view per page Search by GSTIN/Trade or legal name of deductee

Month (Tax Period)	Original GSTIN Deductee	Original Invoice/document number	Original Trade name/Legal name of deductee	Original Amount paid to deductee on which tax is deducted (₹)	Revised GSTIN of Deductee	Revised Trade name/Legal name of deductee	Revised Invoice/document number	Revised Amount paid to deductee on which tax is deducted (₹)
June	27ZIRAK1011Y1ZN	1234-B	GSTN	2,000.00	27ZIRAK1011Y1ZN	GSTN	1234-B	2,000.00

Original Trade name/ Legal name of deductee	Original Amount paid to deductee on which tax is deducted (₹)	Revised GSTIN of Deductee	Revised Trade name/ Legal name of deductee	Revised Invoice/document number	Revised Amount paid to deductee on which tax is deducted (₹)	Amount of tax deducted at source			Status	Actions
						Integrated tax (₹)	Central tax (₹)	State/UT tax (₹)		
TN	2,000.00	27ZIRAK1011Y1ZN	GSTN	1234-B	2,000.00	0.00	1,000.00	1,000.00	No Action Taken	

Click on the EDIT button to edit the details.

Once the details are edited, the status is changed to modified

Using the delete icon, you can delete the amendment made in the rejected invoices saved.

On clicking the PROCEED button, the original amount will come back and the status changes back to “No Action Taken”.

It’s important to note that prior to the September 25 return period, you cannot delete amendments made to rejected invoices; only editing of details is allowed.

Now, click on the BACK TO GSTR-7 DASHBOARD button to go back to the Form GSTR-7 Dashboard page.

You will be directed to the GSTR-7 Dashboard page and the 4. Amendments to TDS Details tile in Form GSTR-7.

You need to click on the GENERATE SUMMARY button to save the added & modified the details rejected by deductee.

Table 4 tile in GSTR-7 dashboard will be updated and PROCEED TO FILE button will be enabled.

C. Next, we shall move to Table 5&6 - Payment of Tax

Click on the GENERATE SUMMARY button for computation of tax liability and interest, if any

If taxpayer is trying to file GSTR-7 for a period/ month without filing GSTR-7 of past period/month(s), then following error message will be displayed on the screen.

3. Details of the tax deducted at source		4. Amendments to TDS Details		5&6. Payment of tax	
No. of records:1		No. of records:2			
Integrated Tax ₹0.00	Central Tax ₹3,100.00	Integrated Tax ₹-600.00	Central Tax ₹-240.00	Tax payable ₹5,120.00	Interest payable ₹856.00
State/UT Tax ₹3,100.00	Total Amount Paid to Deductee ₹3,10,000.00	State/UT Tax ₹-240.00	Total Amount Paid to Deductee ₹-54,000.00	Late fee payable ₹10,000.00	Total amount paid ₹16,576.00
8. Debit entries in electronic cash ledger for TDS/interest payment					
Tax to be paid (₹)	Interest				
₹5,720.00	₹856.00				
Late Fees					
₹10,000.00					
Steps to file your GSTR-7 return					
<ol style="list-style-type: none"> 1. Click on GENERATE SUMMARY button; for computation of tax and interest, if any; 2. "Proceed to File" button would be enabled once liabilities are computed and reflected in Table 5&6 box; 3. Click on "Proceed to File" to pay liabilities and file the return; 4. Additional details can be added even after clicking on 'GENERATE SUMMARY' button 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)' 					

F. Download Filed Return

GSTR 7 can be downloaded in excel or PDF

The following PDF format will be displayed.

Form GSTR-7

[See rule 66(1)]

Return for Tax Deducted at Source

Financial Year	2025-26
Month	September

1. GSTIN	08SVYAP9282C2DC
2(a). Legal name of the registered person	TATA Promoter
2(b). Trade name, if any	GSTN
2(c). ARN	AA081024000001D
2(d). Date of ARN	26/05/2025

3. Details of the tax deducted at source

No. of GSTINs	Total Amount Paid to Deductees (₹)	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)
1	65,000.00	13,000.00	0.00	0.00

4. Amendments to details of tax deducted at source in respect of any earlier tax period

No. of GSTINs	Revised Total Amount Paid to Deductees(₹)	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)
0	0.00	0.00	0.00	0.00

5.6. Payment of tax

Description	Tax Payable (₹)	Tax Paid in Cash (₹)	Interest Amount Payable (₹)	Interest Paid in Cash (₹)	Late Fee Amount Payable (₹)	Late Fee Paid in Cash (₹)
Integrated Tax	13,000.00	13,000.00	1,263.00	1,263.00	-	-
Central Tax	0.00	0.00	0.00	0.00	5,000.00	5,000.00
State/UT Tax	0.00	0.00	0.00	0.00	5,000.00	5,000.00

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

Debit entry no. DC0805250000007

Debit entry date. 26-05-2025

Description	Tax Paid in Cash (₹)	Interest (₹)	Late Fee (₹)
Integrated Tax (₹)	13,000.00	1,263.00	-
Central Tax (₹)	0.00	0.00	5,000.00
State/UT Tax (₹)	0.00	0.00	5,000.00

Verification

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.

Name of authorized signatory
ANGAD ARORA

Date: 26/05/2025

Designation /Status
CA

HOW TO VIEW FORM GSTR 7A ?

To view Form GSTR-7A **BY DEDUCTOR**, perform following steps:

1. Access the www.gst.gov.in URL.
2. Login to the GST Portal with valid credentials.
3. Click the Services > User Services > View/Download Certificates command.



The View/Download Certificates page is displayed. Click the TDS Certificate link.

Dashboard > Services > User Services > View/Download Certificates

View/Download Certificates

Form No.	Form Description	Date of Issue ▼	Download
GST REG-06	Registration Certificate	03/07/2018	↓
GSTR7A	TDS Certificate		

- Select the Financial Year and Return Filing Period from the drop-down list.
- In the GSTIN of Deductee field, you can also enter the GSTIN of Deductee.

Note: If GSTIN of Deductee is not entered, the downloaded certificate will contain the details of deductees for the selected relevant period.

- Click the SEARCH button
- You can click the Download link to download the TDS Certificate.
- The TDS Certificate is displayed in PDF format.

Form GSTR 7A
[See rule 66(3)]

Tax Deduction at Source Certificate

- TDS Certificate No. - [REDACTED]
- GSTIN of deductor - [REDACTED]
- Name of deductor - [REDACTED]
- GSTIN of deductee - [REDACTED]
- (a) Legal name of the deductee - [REDACTED]
(b) Trade name, if any - [REDACTED]
- Tax Period in which tax deducted and accounted for in GSTR-7 - February 2018
- Details of supplies and amount of tax deducted

Value on which Tax Deducted (₹)	Amount of Tax Deducted at Source (₹)		
	Integrated Tax	Central Tax	State/UT Tax
1,999.00	39.98	0.00	0.00

Similarly, to view Form GSTR-7A **BY DEDUCTEE**, perform following steps:

1. Access the www.gst.gov.in URL.
2. Login to the GST Portal with valid credentials.
3. Click the Services > User Services > View/Download Certificates command.
4. The View/Download Certificates page is displayed. Click the TDS Certificate link.
5. Select the Financial Year and Return Filing Period from the drop-down list.
6. In the GSTIN of Deductor field, you can also enter the GSTIN of Deductor.

Note: If GSTIN of Deductor is not entered, the certificate will be generated having details of all the deductors, who have deducted tax in the selected relevant period.

7. Click the SEARCH button.
8. The search results are displayed. You can click the Download link to download the TDS Certificate in PDF.

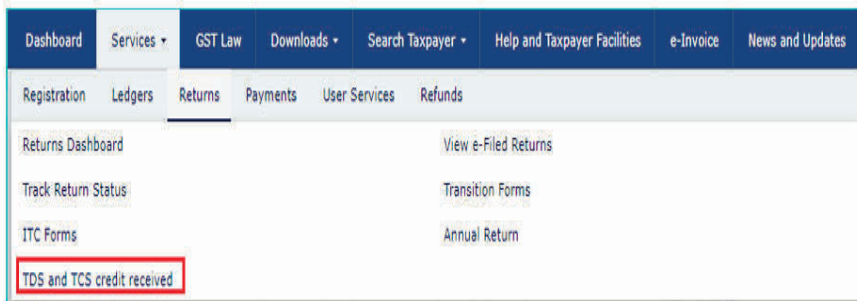
10. How will Deductee take benefit of TDS?

To file details in "TDS and TCS Credit Received" form, we are required to perform following steps:

- A. Login and Navigate to "TDS and TCS Credit Received" form**
- B. Enter details in various tiles (reject/accept action only)**
- C. Preview details in "TDS and TCS Credit Received" form**
- D. File TDS and TCS Credit Received details with DSC/ EVC**
- A. Login and Navigate to " form TDS and TCS Credit Received"**

1. Access the www.gst.gov.in URL. The GST Home page is displayed. Login to the GST Portal with valid credentials. Click the Services > Returns > TDS and TCS credit received command.

Handbook on Government Supplies under GST (Including TDS Provisions)



2. Select the Financial Year & Return Filing Period (Month) for which you want to file the TDS and TCS Credit Received from the drop-down list. Click the SEARCH button.
3. In the TDS and TCS credit received tile, click the PREPARE ONLINE button if you want to prepare the statement by making entries on the GST Portal.

Important points to note are:

- “TDS and TCS Credit received” tile has been provided to all the suppliers (normal as well as composition taxpayers), from whom some amount of tax has been deducted or collected at source, by the persons registered as TDS Deductors/ TCS Collectors (e-commerce operators) respectively. This TDS and TCS credit received tile will be used to take action on auto populated details of Tax Deducted or Collected at Source, as indicated in their Form GSTR-7/ 8 for the said tax period by TDS Deductors/ TCS Collectors.
- The statement must be filed after taking action (Accept/Reject) on each auto-populated record. Filing is not permitted without action on all rows.

4. The AUTO DRAFTED TDS/TCS DETAILS page is displayed

TDS Credit received

TDS Credit received			Amendments to TDS Credit Received		
Number of Records :			Number of Records :		
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

TCS Credit received			Amendments to TCS credit received		
Total Number of Records :			Total Number of Records :		
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/We 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.

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

BACK
PREVIEW DRAFT TDS AND TCS CREDIT RECEIVED (EXCEL)

5. From September 2025 return period onwards, The Important Message screen has been updated. It mentions that after taking the action, you must click on the GENERATE SUMMARY button, which has replaced the earlier 'Proceed to File' button.
6. You will be redirected to TDS & TCS Credit Received dashboard where the points of "Steps to file your TDS and TCS Credit received form" are also updated and GENERATE SUMMARY button has been introduced.

Upon clicking GENERATE SUMMARY button, count of total records and amount of accepted and rejected records will be updated in all TDS, TDSA, TCS and TCSA tiles.

FILE TDS TCS CREDIT RECEIVED button will be enabled if all pre-conditions of filing are satisfied.

(Data in TCS and TCSA tiles will be updated after taking Accept/Reject action. There is no need to click on GENERATE SUMMARY button.)

However, data in TDS and TDSA tiles will not be updated automatically.

Only after clicking on GENERATE SUMMARY button, both TDS tiles will be updated.

B. Enter details in various tiles

1. TDS Credit Received

Click on the TDS Credit Received tile, to accept/reject TDS credit received details populated from Form GSTR-7 of the deductors.

The TDS Credit Received - Summary page is displayed with new invoice level fields:

Invoice details – No, Date and Value (₹)

Select	GSTIN of Deductor	Trade name/Legal name of Deductor	Tax Period of GSTR7	Invoice details			Taxable value (₹)	Amount of tax deducted by deductors			Status
				No.	Date	Value (₹)		Integrated tax (₹)	Central tax (₹)	State/UT tax (₹)	
<input type="checkbox"/>	27ZIRAK1004Y1DV	GSTN	Sep-2025	1234-B	04/06/2024	500.00	2,000.00	0.00	1,000.00	1,000.00	NO ACTION TAKEN

We need to select individual invoice and then accept or reject it.

After taking desired action, you need to click on GENERATE SUMMARY button and then on FILE TDS TCS CREDIT RECEIVED button to proceed with filing of TDS & TCS Credit Received as per existing functionality.

2. Amendments to TDS Credit Received

The TDSA Credit Received - Summary page is displayed with new invoice level fields:

Revised Invoice/document details - No.

Revised Invoice/document details - Date

Revised Invoice/document details - Value (₹)

Select	GSTIN of Deductor	Trade name/Legal name of Deductor	Tax period of original GSTR-7	Tax period of amended GSTR-7	Revised Invoice / document details			Revised Taxable value (₹)	Revised Amount of tax deducted at source		
					No.	Date	Value (₹)		Integrated tax (₹)	Central tax (₹)	State/UT tax (₹)
<input type="checkbox"/>	27ZIRAK1004Y1DV	GSTN	Sep-2025	Sep-2025	1234-8	04/06/2024	500.00	2,000.00	0.00	1,000.00	1,000.00

You can select individual invoice and then accept or reject them.

After taking desired action, you need to click on GENERATE SUMMARY button and then on FILE TDS TCS CREDIT RECEIVED button to proceed with filing of TDS and TCS Credit Received as per existing functionality.

I/We 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.

Authorised Signatory*

ANGAD ARORA

PREVIEW DRAFT TDS AND TCS CREDIT RECEIVED (PDF) GENERATE SUMMARY **FILE TDS TCS CREDIT RECEIVED**

BACK PREVIEW DRAFT TDS AND TCS CREDIT RECEIVED (EXCEL)

C. Preview details in "TDS and TCS Credit Received" table

Once you have entered all the details, click the PREVIEW DRAFT TDS AND TCS CREDIT RECEIVED button. This button will download the draft summary page for your review.

The Proceed to File button is enabled only after actions are taken on all auto-populated records.

D. File TDS and TCS Credit Received details with DSC/ EVC

Click the PROCEED TO FILE button.

A message is displayed on top page of the screen that 'Proceed to file' request has been received. Please check the status after sometime.

Click the Refresh button.

Select the Declaration checkbox. Select the Authorized Signatory from the drop-down list. Click the FILE TDS TCS CREDIT RECEIVED button.

SUBMIT WITH DSC / EVC

The success message is displayed and ARN is displayed. Status of the TDS and TCS Credit Received statement changes to "Filed".

Points to Note: After TDS and TCS Credit received statement is filed:

- ARN is generated on successful filing of the statement.
- Accepted TDS/ TCS credit amount will be credited to your Electronic Cash Ledger.
- An SMS and an email are sent to the applicant on his registered mobile and email id. The statement will be available in the Dashboard of tax officer.
- Statement can be seen by Tax Official.

11. 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.

12. FAQs

FAQs on TDS under GST – CBIC SOP dated 18.02.2019

Q.1 As a DDO (Drawing and Disbursing Officer) 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?

- A. TDS under Income Tax is different from TDS under GST. There was a provision of TDS under VAT Act also.
- 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 *goods or services or both* under GST for taxable supply of goods or services or both.

Persons liable to deduct TDS under GST Laws

Q2. Who are liable to deduct TDS?

- A. As per section 51 of the CGST Act, following persons/entities/ establishments are required to deduct TDS.
1. a department or establishment of the Central Government or State Government;
 2. local authority;
 3. Governmental agencies; and
 4. such persons or category of persons as may be notified by the Government on the recommendations of the Council.

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.
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 www.gst.gov.in . 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) 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.

<p>Q12. Is this ARN called the GST registration No?</p>
<p>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 the Tax Deductor will be generated. This GSTIN is the GST Registration No. of the applicant office.</p>
<p>Q13. How do I know that GSTIN has been generated for my office or not?</p>
<p>A. Information will be given to the DDO in his registered email id as well as registered mobile no.</p>
<p>Q14. After getting GSTIN what should I do?</p>
<p>A. DDO should update his DDO master details with the GSTIN in their respective DDO login in E-bill module of PFMS.</p>
<p>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?</p>
<p>A. It is true that the DDO is personally liable for any lapses regarding TDS deduction.</p> <p>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.</p>
<p>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?</p>
<p>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.</p>

Valuation for deduction of tax with illustrations

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.

A. For the 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.

In this case, TDS is to be deducted on ₹ 10,000/- and not on the full amount of ₹ 11,800/-.

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.

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

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.

TDS Return

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.

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 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.

	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.
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.

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.
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.	All deductions made earlier must be included while furnishing the first return. In other words, while furnishing the return for the month of

	<p>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>
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12.2 Other FAQs

Q.1 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.2 Will tax be deductible on supplies received from outside India?

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

Q.3 Whether tax will be deductible on payment made or credited to an unregistered person?

Ans. No

Q.4 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.5 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.

13. General Compliances

(i) By Deductor

Sr. No.	Particulars	Relevant Section
1	Taking Registration	Section 24
2	Mandatory furnishing Monthly Return GSTR 7 in time	Section 39(3)
3	TDS Certificate made available to Deductee	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 51
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

14. 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 Readers may make note of the following while reading the publication: Unless otherwise specified, the section numbers and rules referred to in this publication pertain to Central Goods and Services Tax Act, 2017 and Central Goods and Services Tax Rules, 2017 respectively. (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. /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.

**[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.25/2024 – Central Tax**

New Delhi, the 09th October, 2024

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, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) vide number G.S.R 868 (E), dated 13th September, 2018, namely:—

In the said notification,

- (i) after clause (c) and before the first proviso, the following clause shall be inserted,-
“(d) any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from other registered person”;
- (ii) for the third proviso, the following proviso shall be substituted, 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, except the person referred to in clause (d) of this notification.”

2. This notification shall come into force with effect from the 10th day of October, 2024.

[F No. CBIC-190354/149/2024-TO(TRU-II)]

(Amreeta Titus)

Deputy Secretary

Note:- The principal notification no. 50/2018- Central Tax, was published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) vide number G.S.R 868 (E), dated 13th September, 2018 and last amended vide notification no. 73/2018-Central Tax, number G.S.R 1250(E), dated 31st December, 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 GoI), similar payment portals of other Ministries/Departments of GoI 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

- (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.

- (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.

- (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.

ANNEXURE A							
Record to be maintained by the DDO for filing of GSTR 7							
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.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUBSECTION (i)]

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Revenue)

NOTIFICATION No. 06/2024-Central Tax (Rate)

New Delhi, the 8th October, 2024

G.S.R....(E).- In exercise of the powers conferred by sub-section (3) of section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 4/2017- Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 676(E), dated the 28th June, 2017, namely:-

In the said notification, in the Table, after S. No. 7 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)
"8.	72, 73, 74, 75, 76, 77, 78, 79, 80 or 81	Metal scrap	Any unregistered person	Any registered person".

2. This notification shall come into force on the 10th day of October, 2024.

[F. No. CBIC-190354/149/2024-TO(TRU-II)]

(Amreeta Titus)

Deputy Secretary

Note: - The principal notification No. 4/2017-Central Tax (Rate) was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 676(E), dated the 28th June, 2017 and was last amended by notification No. 19/2023-Central Tax (Rate), dated the 19th October, 2023, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 780(E), dated the 19th October, 2023.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUBSECTION (i)]

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Revenue)

NOTIFICATION

No. 24/2024-Central Tax

New Delhi, the 9th October, 2024.

G.S.R....(E).- In exercise of the powers conferred by sub-section (2) of section 23 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue) No. 5/2017- Central Tax, published in the Gazette of India, Extraordinary, Part II, section 3, subsection (i) vide number G.S.R. 607(E), dated the 19th June, 2017, namely:-

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

“Provided that nothing contained in this notification shall apply to any person engaged in the supply of metal scrap, falling under Chapters 72 to 81 in the first schedule to the Customs Tariff Act, 1975 (51 of 1975).”.

2. This notification shall come into force with effect from the 10th day of October, 2024.

[F No. CBIC-190354/149/2024-TO(TRU-II)]

(Amreeta Titus)

Deputy Secretary

Note: The principal notification no. 5/2017- Central Tax was published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) vide number G.S.R.607(E), dated the 19th June, 2017.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (ii)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
NOTIFICATION

No. 23/2024–Central Tax

New Delhi, dated the 8th October, 2024.

S.O....(E). In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue), Central Board of Indirect Taxes and Customs published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) vide number G.S.R. 366(E), dated the 1 June, 2021 (No.22/2021-Central Tax), except as respects things done or omitted to be done before such supersession, the Central Government, on the recommendations of the Council, hereby waives the amount of late fee payable under section 47 of the said Act by any registered person, required to deduct tax at source under the provisions of section 51 of the said Act, for failure to furnish the return in FORM GSTR-7 for the month of June, 2021 onwards, by the due date, which is in excess of an amount of twenty-five rupees for every day during which such failure continues:

Provided that the total amount of late fee payable under section 47 of the said Act by such registered person for failure to furnish the return in FORM GSTR-7 for the month of June, 2021 onwards, by the due date, shall stand waived which is in excess of an amount of one thousand rupees:

Provided further that the total amount of late fee payable under section 47 of the said Act by the registered person, who fails to furnish the return in FORM GSTR-7 for a month by the due date, where the total amount of central tax deducted at source in the said month is nil, shall stand waived.

2. This notification shall come into force on the 1st day of November, 2024.

[No.CBIC-20006/20/2023-GST]
(Raghavendra Pal Singh)
Director

Circular No. 198/10/2023-GST

F. No. CBIC-20001/5/2023-GST
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST Policy Wing

New Delhi, Dated the 17th July, 2023

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/ Commissioners of Central Tax (All)

The Principal Directors General/ Directors General (All)

Madam/Sir,

Subject: Clarification on issue pertaining to e-invoice.

Representations have been received seeking clarification with respect to applicability of e-invoice under rule 48(4) of Central Goods and Services Tax Rules, 2017 (hereinafter referred to as "CGST Rules") w.r.t supplies made by a registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, to 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 Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act").

2. In order to clarify the issue and to ensure uniformity in the implementation of the provisions of law across the field formations, the

Handbook on Government Supplies under GST (Including TDS Provisions)

Board, in exercise of its powers conferred by section 168 (1) of the CGST Act, hereby clarifies the issue as under:

S. No.	Issue	Clarification
1	Whether e-invoicing is applicable for supplies made by a registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, to Government Departments or establishments/ Government agencies/ local authorities/ PSUs which are registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act?	<p>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 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.</p> <p>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.</p>
<p>3. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.</p> <p>4. Difficulty, if any, in implementation of this Circular may please be brought to the notice of the Board. Hindi version would follow.</p> <p style="text-align: right;">(Sanjay Mangal) Principal Commissioner (GST)</p>		

Advisory - Reg 07

Oct 22nd, 2024

Dear Taxpayer,

GSTN has introduced an update to facilitate the registration compliance for buyers of metal scrap through form GST REG-07. This update follows the new GST provisions for metal scrap buyers as outlined in the advisory issued on October 13.

Taxpayers in this category are required to select "Others" in Part B of Table 2 under the "Constitution of Business" section. A text box will appear where the taxpayer must enter "Metal Scrap Dealers." This entry is mandatory for those selecting the "Others" option. Once this is completed, the remaining details in form GST REG-07 should be filled and submitted on the common portal to meet the registration requirements as per Notification No. 25/2024 - Central Tax, dated October 9, 2024.

Please click [here](#) (advisory_on_gst_reg07_22_10_2024.pdf) for more details.

Thanking You,

Team GSTN

Advisory for Reporting TDS Deducted by scrap Dealers in October 2024

Nov 26th, 2024

As per Notification No. 25/2024-Central Tax, effective from 10.10.2024, any registered person receiving supplies of metal scrap classified under Chapters 72 to 81 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from another registered person, is required to deduct TDS under Section 51 of the CGST Act, 2017.

2. In this regard various tickets have been received on the issue that taxpayers are unable to report TDS deducted in the month October 2024 as they are not able to file return for the month of October 2024. This issue has occurred because while the taxpayers applied for GST registration in October 2024 pursuant to the above notification, their GST

registrations were approved only in November 2024. Hence, in the return dropdown the month October 2024 is not visible to such taxpayers. This is as per the existing GSTN system design where returns for tax period prior to registration month is not enabled for taxpayers.

3.However, to resolve the issue, taxpayers who were granted registration in November 2024, but deducted TDS in October 2024, are hereby advised to report the consolidated amount of TDS deducted for the period from 10.10.2024 to 30.11.2024 in the GSTR-7 return to be filed for the month November 2024.

For any further assistance, taxpayers may contact the GSTN helpdesk.

Thanking You,

Team GSTN

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GST & Indirect Taxes Committee
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