Handbook on TDS Provision under GST

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

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

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

I congratulate CA. Rajendra Kumar P, Chairman, CA. Sushil Kumar Goyal, Vice Chairman and other members of GST & Indirect Taxes Committee for coming out with this Handbook and for taking active steps in providing regular guidance to the members and other stakeholders at large.
I am sure that the members will find this publication very useful in discharging the statutory functions and responsibilities in an efficient and effective manner.

CA. Atul Kumar Gupta  
President, ICAI

Date: 15.05.2020  
Place: New Delhi
Preface

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

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

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

We sincerely thank CA. Atul Kumar Gupta, President and CA. Nihar Niranjan Jambusaria, Vice-President, ICAI for their encouragement to the initiatives of the GST & Indirect Taxes Committee. We express our gratitude for the untiring effort of CA. Rajeeesh Gupta who has shared his intellectual expertise and CA. Ganesh Prabhu B for reviewing this publication. We place on record the services and unstinted support provided by the Secretariat of the Committee.
We trust this Handbook will be of practical use to all the members of the Institute and other stakeholders. We also welcome suggestions at gst@icai.in and request to visit our website https://idtc.icai.org and provide valuable inputs in our journey to make GST truly a good and simple tax.

CA. Rajendra Kumar P
Chairman
GST & Indirect Taxes Committee

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

Date: 15.05.2020
Place: New Delhi
# Contents

1. Introduction........................................................................................................................................... 1
2. Provisions of TDS under GST Act(s)................................................................................................. 1
3. Effective Date of TDS implementation .............................................................................................. 3
4. Analysis of TDS Provisions ................................................................................................................ 3
5. Who is liable to deduct tax .................................................................................................................. 6
6. When tax shall be deducted ................................................................................................................ 7
7. When no tax shall be deducted .......................................................................................................... 7
8. Valuation of supply ............................................................................................................................. 8
9. Procedure of filing TDS return by Deductor ....................................................................................... 9
10. How Deductee will take Benefit of TDS ......................................................................................... 13
11. TDS on Advance .................................................................................................................................. 18
12. Late Fee, Interest and Penalty .......................................................................................................... 18
13. FAQs .................................................................................................................................................. 18
14. MCQs .................................................................................................................................................. 22
15. General Compliances by Deductor and Deductee .......................................................................... 24
16. Relevant Notifications ...................................................................................................................... 25
1. Introduction

Tax Deduction at Source ("TDS") generally means 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, through filing of 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 CGST Act, 2017, Section 21 of the UTGST Act, 2017 and Section 20 of the IGST Act, 2017.

2. Provisions of TDS under GST Act(s)

I. Section 51 of the CGST Act, 2017

(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) 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.¹

(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-day period until the failure is rectified, subject to a maximum amount of five thousand rupees.²

(5) The deductee shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor furnished under sub-section (3) of section 39, in such manner as may be prescribed.

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

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

¹ Amendment by The Finance Act, 2020 (Effective date yet to be notified)
² Amendment by The Finance Act, 2020 (Effective date yet to be notified)
(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:

Province 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, 2017

20(X): All provisions of the CGST Act, 2017 related to tax deduction at source shall, mutatis mutandis, apply as if they were enacted under this Tax Act. Provided that tax shall be deducted at the rate of 2% from the payment made or credited to the supplier.

III. Section 21 of the UTGST Act, 2017

21(xi) All provisions of the CGST Act, 2017 related to tax deduction at source shall, mutatis mutandis, apply as if they were enacted under this Tax Act.

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

<p>|   | Who is Liable to deduct tax at source (Persons covered) | (a) A department or an establishment of the Central Government or State Government; or | (b) Local authority; or | (c) Governmental agencies; or | (d) Such persons or category of persons as may be notified by the Government, (notified vide Notification No 33/2017 and 50/2018 – Central Rate dated 15.07.2018 and 13.09.2018 respectively); | (a) an authority or a board or any other |</p>
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<tr>
<td><strong>Handbook on TDS Provision under GST</strong></td>
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<td>Body, -</td>
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<td>(i) set up by an Act of Parliament or a State Legislature; or</td>
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<td>(ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function;</td>
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<td>(b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);</td>
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<td>(c) Public sector undertakings.</td>
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<td>2</td>
<td>When shall Tax be deducted at source</td>
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<td>When the total value of taxable goods or services or both, under a contract, exceeds ₹ 2,50,000 (excludes central tax, state tax, UT tax and IGST and cess indicated in the invoice).</td>
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<td>3</td>
<td>When shall tax NOT be deducted at source</td>
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<td></td>
<td>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 of the registration of the recipient.</td>
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<td>4</td>
<td>What is the rate of Tax</td>
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<td>- Intra-State supply - 1% under CGST (1% of State /UT)</td>
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<td>- Inter-State supply 2%</td>
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<td>5</td>
<td>On which value Tax shall be deducted</td>
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<td>Total value of the taxable supply excluding central tax, state tax, union territory tax and Integrated tax and cess indicated in the invoice. Meaning thereby Tax shall not be deducted on CGST, SGST / UTST or IGST and Cess.</td>
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<td>6</td>
<td>Weather Tax is deductible on Exempted supply of Goods or Services or both</td>
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<td>No, Tax shall not be deductible on Exempted and Nil rated supply of goods and services.</td>
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### Handbook on TDS Provision under GST

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<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer</th>
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<tr>
<td>7</td>
<td>Whether Registration is mandatory for the Tax deductor</td>
<td>Yes, there is no threshold limit for this. Registration is mandatory under section 24(vi). The registration can be obtained on the basis of PAN or TAN issued under the Income Tax Act.</td>
</tr>
<tr>
<td>8</td>
<td>Whether separate registration is required as Tax deductor to a person who is already registered as a supplier</td>
<td>Yes, deductor is required to get a separate registration as TDS deductor by using his PAN/TAN.</td>
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<td>9</td>
<td>When Tax should be deposited</td>
<td>Tax shall be deposited within 10 days after the end of the month in which deduction was made.</td>
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<tr>
<td>10</td>
<td>How Tax should be deposited</td>
<td>Deductor shall file Form GSTR – 7 for depositing the Tax.</td>
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<tr>
<td>11</td>
<td>What are the provisions relating to the issue of TDS certificates under the GST law</td>
<td>TDS certificate in Form GSTR-7A to the concerned person within 5 days of depositing the tax to the government. ³</td>
</tr>
<tr>
<td>12</td>
<td>How deductee (Supplier) will get the benefit of TDS</td>
<td>Deductee will login to GST portal and accept the TDS reflecting there. After acceptance, TDS will automatically reflect in his Electronic Cash Ledger.</td>
</tr>
<tr>
<td>13</td>
<td>How Refund can be taken</td>
<td>Refund arising on account of excess or erroneous deduction, 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 amount deducted has been credited to the electronic cash ledger of the deductee.</td>
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³ Amendment by The Finance Act, 2020 (Effective date yet to be notified)
“(3) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.”;
### 14. Any Late Fee or Interest applicability

Where deductor **fails to issue certificate** in time, shall be liable to pay Late fee of ₹100 per day up to a maximum of ₹5,000 under the CGST and SGST Act separately.  

Where deductor **fails to deposit TDS** in time, he shall be liable to pay Interest @ 18% for the delay period, as per provisions of Section 50(1) of CGST Act, 2017.

### 15. Since when did these provisions come into force

October 01, 2018 *(vide Notification No. 50/2018 dated 13.09.2018)*

### 16. Whether a Public Sector Undertaking (PSU) shall deduct TDS on payment or credit made for a supply to another PSU/Govt.

No *(Notification No. 61/2018 CT dated 05.11.2018 and Notification No. 73/2018 CT dated 31.12.2018)*

### 17. Whether TDS provision are applicable to Ministry of Defence

No *(Notification No. 57/2018 Central Tax dated 23.10.2018)*

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### 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:

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4 *Amendment by The Finance Act, 2020* (Effective date yet to be notified)  
sub-section (4) shall be omitted.  
As such, no late fees will be levied on failure to issue certificate in time after the implementation date of the above amendment.
(a) an authority or a board or any other body, -
   (i) set up by an Act of Parliament or a State Legislature; or
   (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function;

(b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);

(c) Public sector undertakings.

6. When Tax shall be deducted

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<tr>
<td><strong>1</strong></td>
<td>When total taxable value of supply <strong>exceeds ₹ 2,50,000</strong> under a contract.</td>
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<tr>
<td><strong>2</strong></td>
<td>Where the location of the supplier and the place of supply is in Chandigarh and the recipient is also registered in Chandigarh. It is an intra-state supply. Tax will be deducted @ 1% each under CGST and UTGST.</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>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. Tax will be deducted @ 2% under IGST.</td>
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7. When NO Tax shall be deducted

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<tr>
<td><strong>1</strong></td>
<td>When total taxable value of supply is <strong>not exceeding ₹ 2,50,000</strong> under a contract.</td>
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<td><strong>2</strong></td>
<td>When there are more than one contract and each contract is for supply of taxable goods / services value not exceeding ₹ 2,50,000. e.g. M/s Ram Brothers entered into 2 contracts for supply of goods to Department of Govt. valued ₹ 2,20,000 and ₹ 2,10,000. No tax will be deducted as each taxable supply under a contract is not exceeding ₹ 2,50,000. Nevertheless, their joint value is more than ₹ 2,50,000.</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>When there is a common contract for taxable supply as well as exempted supply. But value of taxable supplies is not exceeding ₹ 2,50,000 under that contract.</td>
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</table>
### 4. Goods or Services Exempted under GST Act:

(a) Services exempted under notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017 as amended from time to time.
(b) Goods exempted under notification No. 2/2017 – Central Tax (Rate) dated 28.06.2017 as amended from time to time.
(c) Goods on which GST is not leviable. For example, petrol, diesel, petroleum crude, natural gas, aviation turbine fuel (ATF) and alcohol for human consumption.

### 5. Where the location of the supplier and place of supply is in a State(s)/UT(s) which is different from the State / UT where the deductor is registered.

*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.

### 6. All activities or transactions specified in Schedule III of the CGST/SGST Acts 2017, 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 the tax is to be paid on reverse charge by the recipient i.e. the deductee

### 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 tax will be deductible on only taxable value of the supply. No tax shall be deducted on taxes shown in the tax invoice.

In addition, no tax shall be deducted on value of exempted goods or services or both even if the exempt and taxable supplies are shown together in a tax invoice.
e.g. M/s Ram Brothers have supplied Printed material valued at ₹ 2,10,000 along with Books valued at ₹ 1,00,000 to Department of Govt. and a tax invoice has been raised for ₹ 3,10,000 plus applicable GST.

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

9. **Procedure of Filing TDS Return (GSTR – 7) By Deductor**

TDS Return shall be filed in Form GSTR – 7 electronically on GST portal before 10th of the month succeeding the month in which deductions have been made to avoid payment of any late fee, interest. [Section 39(3) of the CGST Act, 2017 read with Rule 66 of the CGST Rules, 2017 refers].

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

Procedure for filing return is as under:

**A. Login at GST Portal**
B. After Login, Go to Returns Dashboard:

C. Select Financial year and Respective Month:
D. SELECT GSTR-7, PREPARE IT ONLINE / OFFLINE, as per the requirement:

E. Feed details of GST Deducted at source in Table No. 3

Any Amendment in previous period Returns can be corrected through Table No. 4:
F. Click on “Proceed to File”:

G. Press Refresh after 1 minute:
H. Payment of Tax - Table no. 5 & 6:

I. Then Create Challan to Pay Tax/TDS

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

K. Download copy of return filed for record.

10. How Deductee Will take Benefit of TDS

A. LOGIN AT GST PORTAL:
B. Go to Option Services, Select Returns, List will display – Select TDS & TCS credit received option

C. Select Financial year and Respective Month:
D. Click on TDS and TCS Received, as shown below:

![TDS and TCS credit received](image1)

E. Four Tables will be displayed, as shown below:

![Four Tables](image2)
F. Click on Relevant Table and Accept the entries reflected in the table.
   
   In case there is no entry it will show Nil, Press “Back”

G. Click on “Proceed to File”: 
H. Refresh the Page after 1 minute, it will show ready to file:

I. Finally, File TDS & TCS credit received Return for Taking Credit:

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

K. TDS Credit will come into his Electronic Cash Ledger.

L. Deductee can utilize this credit for the payment of GST.
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. Late fee, Interest and Penalty

(a) Where deductor fails to issue certificate in time within 5 days of crediting the amount so deducted to the Government, he shall be liable to pay Late fee of ₹ 100 per day separately under CGST Act and SGST Act up to a maximum of ₹ 5000 each under CGST Act and SGST Act.\(^5\)

(b) Where deductor fails to deposit TDS vide Return GSRT - 7 within 10 days of the month succeeding the month in which tax was deducted, he shall be liable to pay Interest @ 18% for the delay period, as per provisions of section 50(1).

(c) Amount of default shall be determined as per the manner specified in section 73 or 74 of the CGST Act.

13. FAQs

Q1. Who are liable to deduct tax at source?

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

(a) A department or establishment of the Central or State Government,

(b) Local authority,

(c) Governmental agencies,

(d) Such persons or category of persons as may be notified, by the

\(^5\) Amendment by The Finance Act, 2020 (Effective date yet to be notified) sub-section (4) shall be omitted.

As such, no late fees will be levied on failure to issue certificate in time after the implementation date of the above amendment.
Central or a State Government on the recommendations of the Council:

(a) an authority or a board or any other body, -
   (i) set up by an Act of Parliament or a State Legislature; or
   (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function;

(b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);

(c) Public sector undertakings.

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

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

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

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

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

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

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

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

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

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

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

Q.7 Is GST Registration mandatory for the deductor?

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

Q.8 What is the nature of certificate to be furnished by the deductor to the deductee and what is the time limit?

Ans. The Deductor shall furnish a certificate in Form GSTR-7A mentioning therein the contract value, rate of deduction, amount deducted, TDS deposited with the Government and such particulars as may be prescribed in this behalf, to the deductee. This certificate is to be issued within 5 days of depositing the TDS with the Government, failing which, the deductor would be liable to pay late fee of ₹ 100 per day during which the failure continues but subject to Maximum of ₹ 5000.6

Q.9 Can the deductee claim credit of the Tax deducted at source by the Deductor?

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

6 Amendment by The Finance Act, 2020 (Effective date yet to be notified)

“(3) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.”;

7 Amendment by The Finance Act, 2020 (Effective date yet to be notified)

sub-section (4) shall be omitted.

As such, no late fees will be levied on failure to issue certificate in time after the implementation date of the above amendment.
Q.10 Can tax, once deducted, be claimed as a refund? Who can claim refund?

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

Q.11 What is the effective date of applicability of TDS provisions?

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

Q.12 Department of Govt. has entered into a contract worth ₹ 10 lakh with a supplier ABS prior to 01.10.2018. Now, they are making a payment of ₹1.5 Lakh in respect of an invoice dated 25.10.2018 submitted by the supplier. Should DDO deduct tax while making payment of ₹1.5 Lakh?

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

Q.13 Department of Govt. has entered into a contract worth ₹ 5 lakh with a supplier ABS prior to 01.10.2018. However, goods are supplied after 01.10.2018 and payment is also made later on. Should DDO deduct tax while making payment of ₹5 Lakh?

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

Q.14 Department of Govt. has entered into a contract worth ₹ 5 lakh with a supplier M/s ABS on 01.08.2018 and an advance of ₹3,00,000 was made on the same date. However, goods were supplied on 02.11.2018 and the balance payment was released on 05.11.2018. On which amount shall DDO deduct tax?

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

Q.15 A PSU has purchased goods worth ₹ 4 lakh on 15.07.2018. However, payment was made on 0.11.2018. Should the DDO deduct tax?

Ans. No tax shall be deductible as purchase was made before 01.10.2018, the effective date.
Q.16 M/s Ram Brothers entered into 2 contracts with a Department of Govt. for supply of goods valued at ₹ 2,20,000 and ₹ 2,10,000. DDO has issued a cheque of ₹ 4.30 lacs to him. Should the DDO deduct tax?

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

Q.17 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.18 Will tax be deductible on supplies received from outside India?

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

Q.19 Whether tax will be deductible on payment made or credited to an unregistered person?

Ans. No.

Q.20 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.21 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 if return in FORM GSTR 7.

14. MCQs

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

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

Ans. (a) 2%

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

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

Ans. (b) 10 days

Q3. The time limit for furnishing the deduction-cum-remittance certificate by the deductor to the deductee is:

(a) 10 days
(b) 20 days
(c) 5 days
(d) None of the above.

Ans. (c) 5 days  *

Q4. The deductee can claim credit of the remittance made by the Deductor in his,

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

Ans. (c) Electronic Cash Ledger

* Amendment by The Finance Act, 2020 (Effective date yet to be notified) sub-section (4) shall be omitted.
Q5. If excess or erroneous deduction has been made by the Deductor and this amount is credited to Electronic Cash Ledger of the Deductee, refund can be claimed by,

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

Ans. (b) Deductee

Q6. Tax deduction shall be made if -

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

Ans. (b) A supplier supplies goods or services or both exceeding ₹2,50,000 in a year.

15. General Compliances

(i) By Deductor

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Relevant Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Taking Registration</td>
<td>Section 24</td>
</tr>
<tr>
<td>2</td>
<td>Furnishing Monthly Return GSTR 7 in time</td>
<td>Section 39(3)</td>
</tr>
<tr>
<td>3</td>
<td>Issuing TDS Certificate to Deductee in time</td>
<td>Section 51(3)</td>
</tr>
<tr>
<td>4</td>
<td>Keeping proper record of all transactions as required under section 35 of the CGST Act</td>
<td>Section 35</td>
</tr>
<tr>
<td>5</td>
<td>Keeping record of all tax deductions</td>
<td>Section 35</td>
</tr>
<tr>
<td>6</td>
<td>Keep in record all contracts</td>
<td>Section 35</td>
</tr>
</tbody>
</table>
(ii) By Deductee:

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

16. Relevant Notifications

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

25
Handbook on TDS Provision under GST

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

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

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

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

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

Notification No. 57/2018 – Central Tax

New Delhi, the 23rd October, 2018

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

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

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

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

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

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

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

Notification No. 61/2018 – Central Tax

New Delhi, the 5th November, 2018

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

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

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

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

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

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

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

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

New Delhi, the 31st December, 2018

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

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

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

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

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

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