

TAX DEDUCTION AT SOURCE (TDS)



What is GST?

- **Goods and Services Tax is an indirect tax levied on the supply of goods and/or services. It is a destination based tax. The GST would apply to all goods other than alcoholic liquor for human consumption and five Petroleum products.**
- **The persons whose turnover in a financial year is more than Rs.20 Lakhs are need to be registered under GST. For registering under GST, PAN is compulsory. All the registered taxable persons will get a 15 digit PAN based GSTIN.**

GST has replaced following indirect taxes:

- **Centre:**
 - **Central Excise Duty**
 - **Duties of Excise (Medicinal and Toilet preparations)**
 - **Additional Duties of Excise**
 - **Additional Duties of Customs (CVD)**
 - **Special Additional Duty of Customs (SAD)**
 - **Service Tax**
 - **Central surcharges and Cesses**

- **State:**

- **Uttarakhand VAT**

- **Central Sales Tax**

- **Luxury Tax**

- **Entry tax**

- **Entertainment tax**

- **Taxes on Lotteries, betting and gambling**

Under GST the following are the major taxes

IGST

- Levied on inter-state transactions.

CGST

- Levied by Central Government for supplies made within the state.

SGST

- Levied by State Government for supplies made within the state.

In the case of intra-state supply of goods/services

CGST

Goes into Central Government Account

SGST

Goes into State Government Account

In the case of inter-state supply of goods/services

IGST

Shared by Central and State Governments in fixed proportions

Who is required to deduct TDS in GST?

Following is the list of the person required to deducts the [TDS in GST](#) as notified by [notification no. 50/2018- Central Tax](#). As per this notification, the provisions of this section will be applicable from

- (a) a department or establishment of the Central Government or State Government; or
- (b) [local authority](#)(Slide 3); 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:

Following categories are notified via [Notification No. 50/2018 – Central Tax](#) dated 13th September 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 fifty-one percent. or more participation by way of equity or control, to carry out any function;
- (b) The 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](#)(Slide 4).

Definitions of Important terms

As per Section 2(69) CGST Act

“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 or local fund;
- (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 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 of the Constitution; or
- (g) a Regional Council constituted under article 371A of the Constitution;

As per section 617 of the Companies Act, 1956:

“Public Sector undertaking or Government Company” means-

For the purposes of this Act, Government company means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government company as thus defined.

- **Taxable Supply:** means the supply of goods or services or both which is leviable to tax under GST Act.
- **Deductor:** Deductor is the person who is required to deduct TDS for a supply from a supplier.
- **Deductee:** The supplier from whom tax is deducted.

When TDS will be deducted in GST?

- TDS will be deducted when the amount of supply in a particular contract is more than Rs. 2,50,000.
- TDS in GST will be deducted on the amount of payment(Taxable value) made by the notified person.
- 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.

When TDS in GST is required to be deposited to the account of government?

The TDS is required to be deposited on 10th of next month in which the amount is deducted.

When GST TDS is not required to be deducted?

- As per the provisions of section 51 of CGST Act, no deduction of TDS 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.

<u>Location of Supplier</u>	<u>Place of Supply</u>	<u>Location of Recipient</u>	<u>Applicability of TDS</u>	<u>Tax</u>
Haryana	Haryana	Haryana	Yes	Haryana CGST Haryana GST
Haryana	Rajasthan	Rajasthan	Yes	IGST
Haryana	Haryana	Rajasthan	Not Applicable	Haryana CGST Haryana GST
Haryana	Punjab	Rajasthan	Applicable	IGST
Haryana	Rajasthan	Haryana	Applicable	IGST

When the return of TDS in GST is required to be filed?

As per the provisions of section 39, the return of TDS is required to be filed by the 10th of next month.

In which form the return for TDS in GST will be filed?

The return of GST will be filed in FORM GSTR -7.

In which form the certificate for TDS in GST will be issued.

The certificate for deduction of deduction of GST TDS will be issued in FORM GSTR 7A.

GSTR-7A

Form GSTR 7A

[See rule 66(3)]

Tax Deduction at Source Certificate

1. TDS Certificate No. –
2. GSTIN of deductor –
3. Name of deductor –
4. GSTIN of deductee –
5. (a) Legal name of the deductee -
(b) Trade name, if any –

6. Tax period in which tax deducted and accounted for in GSTR-7 –

7. Details of supplies Amount of tax deducted –

Value on Which tax deducted	Amount of Tax deducted at source (Rs.)		
	Integrated Tax	Central Tax	State/UT Tax
(1)	(2)	(3)	(4)

Signature

Name

Designation

Office -

In how many days TDS certificate in GST is required to be provided to deductee?

TDS certificate is required to be furnished within 5 days of crediting that amount to the account of government.

What is the late fees for the non-furnishing of GST TDS certificate?

A late fee 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.

PENAL PROVISIONS:

- **Failure to furnish the certificate in form GSTR-7A to the deductee by the deductor 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. -
--- **Section 51(4)**
- **Failure to pay to the Government the amount deducted:** The deductor shall pay interest at a rate not exceeding **eighteen** percent in addition to the amount of tax deducted. ----- **Section 51(6)**
- **Failure to deduct the tax or deducts an amount which is less than the amount required to be deducted or failure to pay to the Government , the amount deducted as tax:** Liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted or deducted but not paid to the Government, whichever is **higher**. ----- **Section 122(1)**

The background features a large, light blue watermark of the GNA logo. The logo consists of the letters 'GNA' in a serif font, with a grey line graph superimposed over them. The line graph starts at the bottom left, rises to a peak, falls to a trough, and then rises again to a higher peak, ending with an upward-pointing arrowhead. Below the 'GNA' text, the words 'FINANCIAL' and 'MANAGEMENT GROUP' are written in a smaller, sans-serif font.

Thank You !!!