

Handbook on TDS Provision under GST

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



**Handbook
on
TDS Provision under GST**



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Foreword

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. An attempt has been made to cover all aspects related to **Handbook on TDS Provision under GST** at one place and is intended to give general guidance to all stakeholders and also help them in resolving issue that they may face during the course of their compliance aspect in GST. This Handbook on TDS Provision under GST is comprehensive containing analysis of the entire provisions under the law including notifications, circulars or orders upto 31st March, 2020 issued by the Government from time to time along with few FAQ's, MCQ's, Flowcharts, Diagrams and Illustrations etc. to make the reading and understanding easier.

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

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

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

CA. Rajendra Kumar P

Chairman

GST & Indirect Taxes Committee

CA. Sushil Kumar Goyal

Vice- Chairman

GST & Indirect Taxes Committee

Date: 15.05.2020

Place: New Delhi

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TDS Provision under GST

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:***

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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)

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

² **Amendment by The Finance Act, 2020** (Effective date yet to be notified) sub-section (4) shall be omitted.

(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, 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

1	Who is Liable to deduct tax at source (Persons covered)	(a) A department or an establishment of the Central Government or State Government; or (b) Local authority; or (c) Governmental agencies; or (d) Such persons or category of persons as may be notified by the Government, (notified <i>vide</i> 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
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		<p>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>
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 (excludes 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 <i>is in a State / UT</i> which is different from the State of the registration of the recipient.
4	What is the rate of Tax	<p>- Intra-State supply - 1% under CGST (1% of State /UT)</p> <p>- Inter-State supply 2%</p>
5	On which value Tax shall be deducted	<p>Total value of the taxable supply excluding central tax, state tax, union territory tax and Integrated tax and cess indicated in the invoice.</p> <p>Meaning thereby Tax shall not be deducted on CGST, SGST / UTST or IGST and Cess.</p>
6	Weather 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.

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7	Whether Registration is mandatory for the Tax deductor	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.
8	Whether separate registration is required as Tax deductor to a person who is already registered as a supplier	Yes, deductor is required to get a separate registration as TDS deductor by using his PAN/TAN.
9	When Tax should be deposited	Tax shall be deposited within 10 days after the end of the month in which deduction was made.
10	How Tax should be deposited	Deductor shall file Form GSTR – 7 for depositing the Tax.
11	What are the provisions relating to the issue of TDS certificates under the GST law	TDS certificate in Form GSTR-7A to the concerned person within 5 days of depositing the tax to the government. ³
12	How deductee (Supplier) will get the benefit of TDS	Deductee will login to GST portal and accept the TDS reflecting there. After acceptance, TDS will automatically reflect in his Electronic Cash Ledger.
13	How Refund can be taken	Refund arising on account of excess or erroneous deduction, 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.

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.”;

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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. ⁴ 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 (<i>vide Notification No. 50/2018 dated 13.09.2018</i>)
16	Whether a Public Sector Undertaking (PSU) shall deduct TDS on payment or credit made for a supply to another PSU/Govt.	No (<i>Notification No.61/2018 CT dated 05.11.2018 and Notification No. 73/2018 CT dated 31.12.2018</i>)
17	Whether TDS provision are applicable to Ministry of Defence	No (<i>Notification No.57/2018 Central Tax dated 23.10.2018</i>)

5. Who is liable to deduct tax

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

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.

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

6. When Tax shall be deducted

1	When total taxable value of supply exceeds ₹ 2,50,000 under a contract.
2	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.
3	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.

7. When NO Tax shall be deducted

1	When total taxable value of supply is not exceeding ₹ 2,50,000 under a contract.
2	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.
3	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.

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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

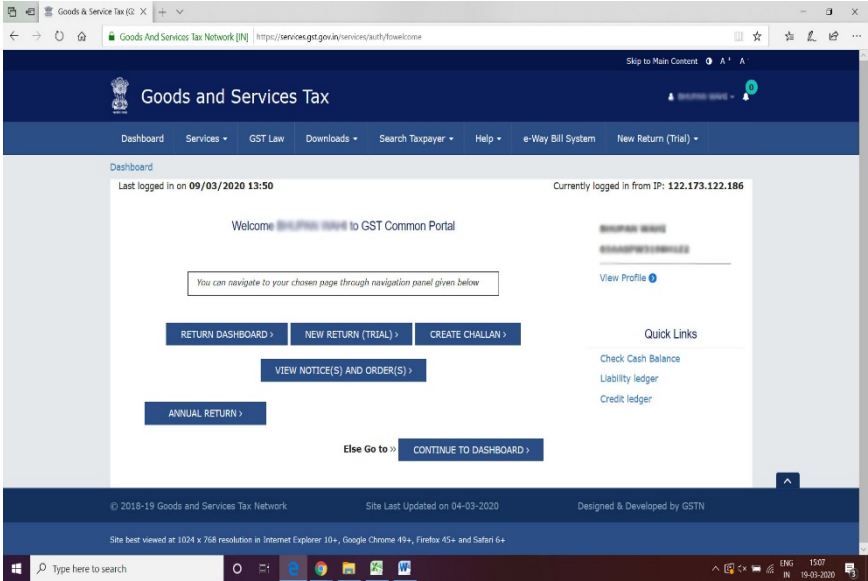
The screenshot shows the GST Portal login interface. At the top, there is a navigation bar with 'Home', 'Services', 'GST Law', 'Downloads', 'Search Taxpayer', 'Help', 'e-Way Bill System', and 'New Return (Trial)'. The main content area is titled 'Login' and contains the following elements:

- A red asterisk indicating mandatory fields.
- A text input field for 'Username' with the placeholder 'Enter Username'.
- A text input field for 'Password' with the placeholder 'Enter Password'.
- A blue 'LOGIN' button.
- Links for 'Forgot Username' and 'Forgot Password'.
- A note: 'First time login: If you are logging in for the first time, click here to log in.'

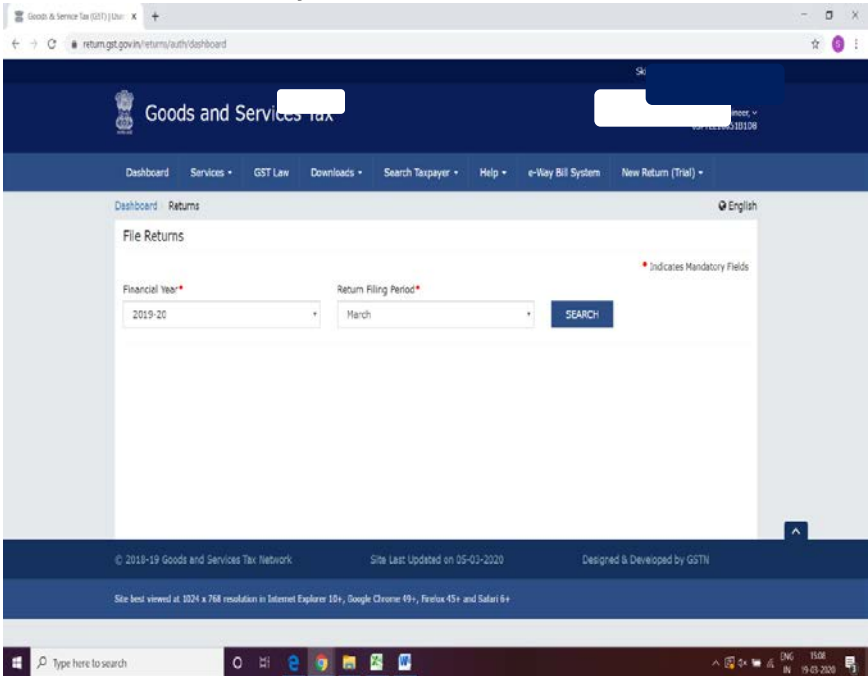
The footer contains several links: 'About GST', 'Website Policies', 'Related Sites', 'Help', and 'Contact Us'. The system tray at the bottom shows the date and time as 15:02 on 19-03-2020.

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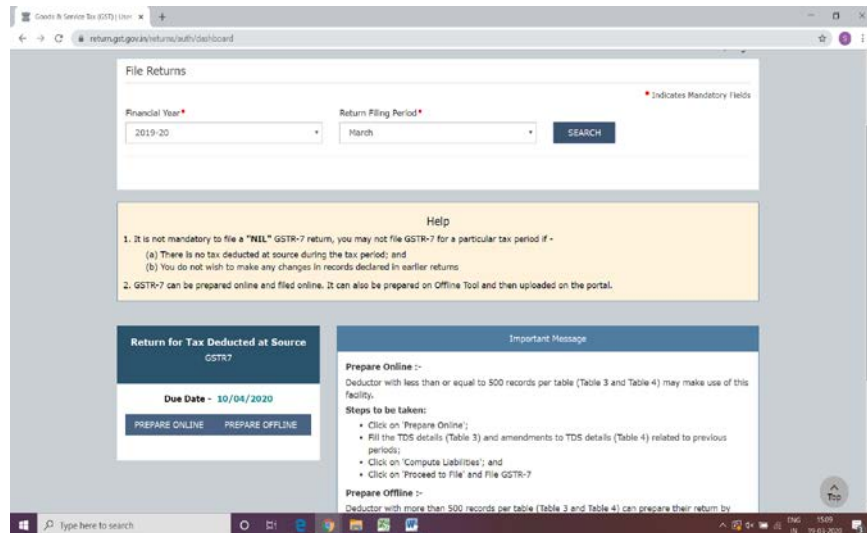
B. After Login, Go to Returns Dashboard:



C. Select Financial year and Respective Month:

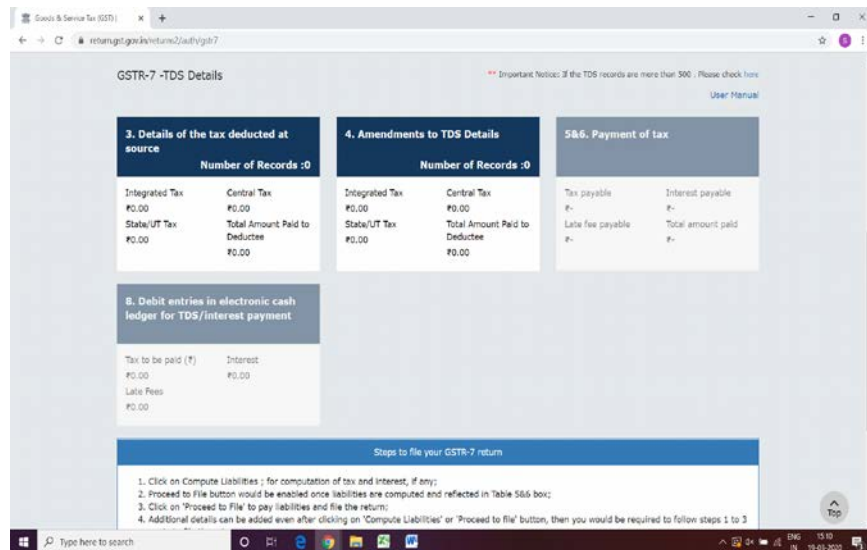


D. SELECT GSTR-7, PREPARE IT ONLINE / OFFLINE, as per the requirement:



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:



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F. Click on “Proceed to File”:

The screenshot shows the GSTN portal interface for filing a GSTR-7 return. At the top, there is a section titled "8. Debit entries in electronic cash ledger for TDS/interest payment" with a table showing Tax to be paid (₹), Interest (₹), and Late Fees (₹), all with values of ₹0.00. Below this is a "Steps to file your GSTR-7 return" section with a numbered list of instructions. At the bottom, there are buttons for "BACK TO RETURNS DASHBOARD", "DOWNLOAD GSTR-7 DETAILS (EXCEL)", "PREVIEW DRAFT GSTR7", and "PROCEED TO FILE".

Debit Entry	Amount (₹)
Tax to be paid (₹)	₹0.00
Interest	₹0.00
Late Fees	₹0.00

Steps to file your GSTR-7 return

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

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

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

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

G. Press Refresh after 1 minute:

The screenshot shows the GSTN portal interface for preparing a GSTR-7 return. The page title is "Goods and Services Tax" and the breadcrumb is "Dashboard > Returns > GSTR-7". The main content area shows "GSTR-7 - Return for Tax Deducted at Source" with a refresh icon. Below this is a table with fields for GSTIN, Trade Name, FY, Return Period, Status, and Due Date. At the bottom, there is a "Steps to prepare your GSTR-7 return online" section with a numbered list of instructions.

Field	Value	
GSTIN - @SPT/XXXXXXXXXX	Trade Name -	
FY - 2019-20	Return Period - February	Status - Filed
Due Date - 10/03/2020		

Steps to prepare your GSTR-7 return online

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

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

[User Manual](#)

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

S66: Payment of tax

View balances available in cash ledger

Cash Balance

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

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

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

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

DOWNLOAD GSTR-7 DETAILS (EXCEL) DOWNLOAD FILED GSTR7

- I. 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:

Goods and Services Tax

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

Home : Login

Login

Username* * indicates mandatory fields

Enter Username

Password*

Enter Password

LOGIN

Forgot Username Forgot Password

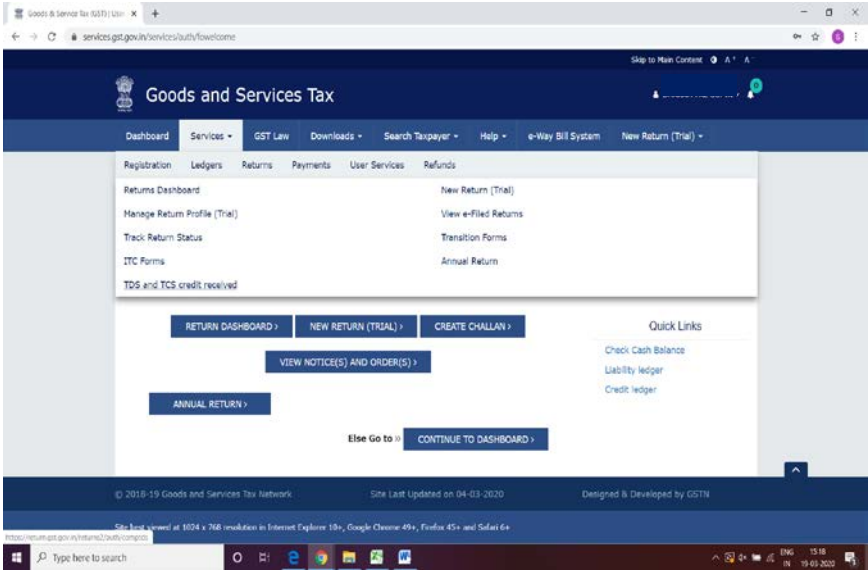
First time login: If you are logging in for the first time, click [here](#) to log in.

About GST Website Policies Related Sites Help Contact Us

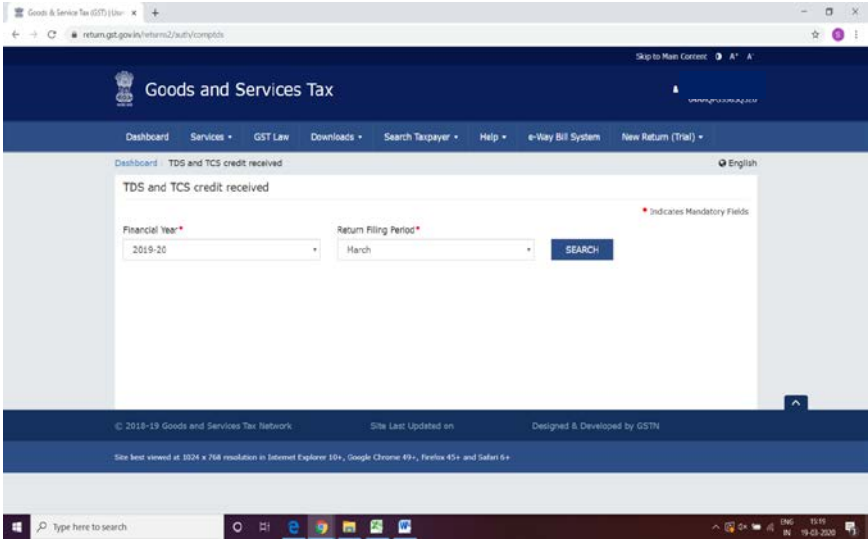
GST Council Structure Website Policy Central Board of Indirect Taxes and Customs System Requirements Help Desk Number: 1800-133-4786

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



C. Select Financial year and Respective Month:



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

TDS and TCS credit received

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

Help

- You can't file nil return if there are no auto populated TDS/TCS details from GSTR 7/8 (Filing of nil return is not required).
- You can file the 'TDS and TCS Credit received' form for 'M' period without filing 'M-1' period TDS and TCS credit received i.e. you can file 'M-1' period return after filing of 'M' period return.
- There is no due date for filing of this form and hence late fee and interest is not applicable.

TDS and TCS credit received

[PREPARE ONLINE](#)

Important Message

Prepare Online:-
Auto populated details are less than or equal to 500 records per table may make use of this facility.

Steps to be taken:

- Click on 'Prepare Online';
- Take the action on auto populated details from GSTR 7 and GSTR 8; and
- Click on 'Proceed to File' and File 'TDS and TCS Credit received form'.

Prepare Offline:-
If Auto populated details are more than 500 records per table (TDS credit received, Amendments to TDS Credit received, TCS Credit received, Amendments to TCS credit received) can prepare their return by using the offline utility and subsequently upload on GST Common Portal.

You can download the 'TDS and TCS Credit received' offline tool from the 'Downloads' section in the

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

TDS Credit received

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

TCS Credit received

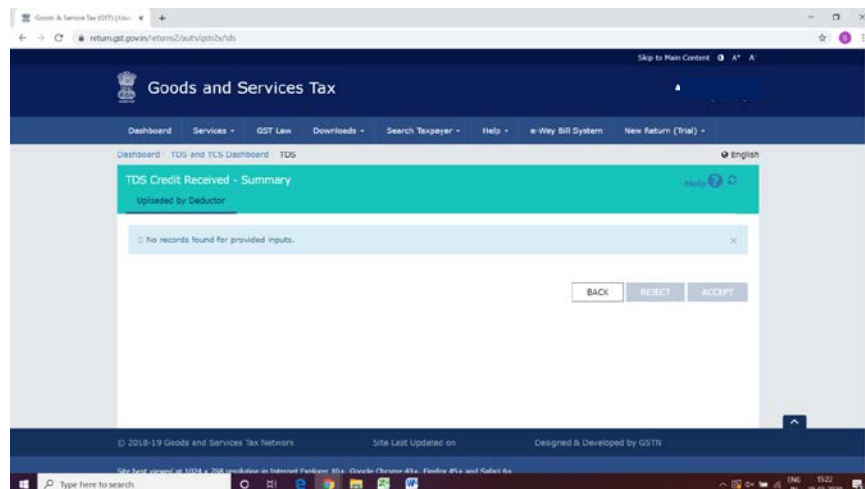
TCS Credit received			Amendments to TCS credit received		
Number of Records : 0			Number of Records : 0		
Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount	Total Accepted Count	Total Accepted Taxable Value	Total Accepted Tax Amount
0	₹0.00	₹0.00	0	₹0.00	₹0.00
Total Rejected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

Steps to file your TDS and TCS Credit received form

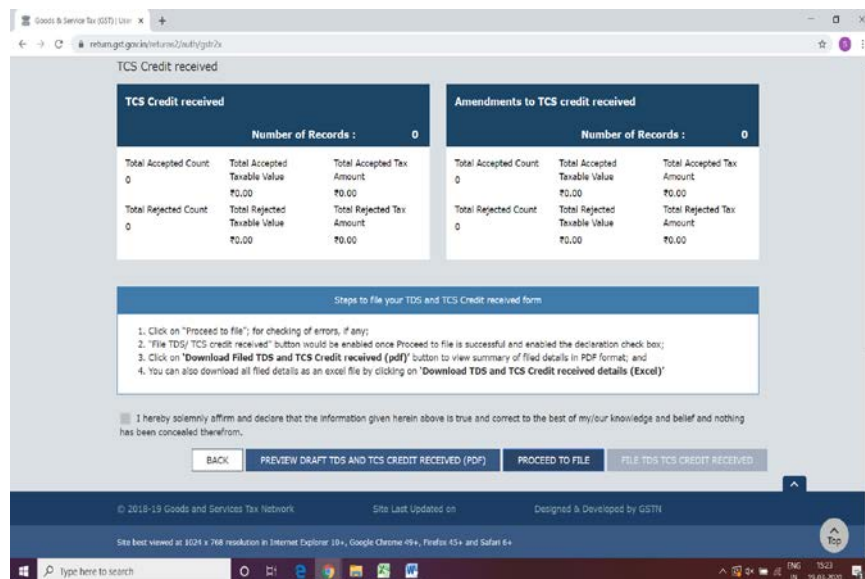
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- F. Click on Relevant Table and Accept the entries reflected in the table.

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

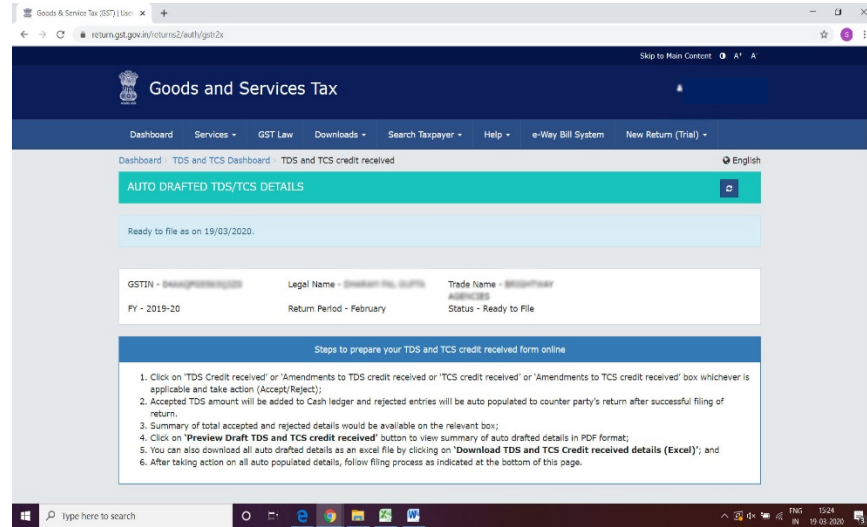


- G. Click on “Proceed to File”:

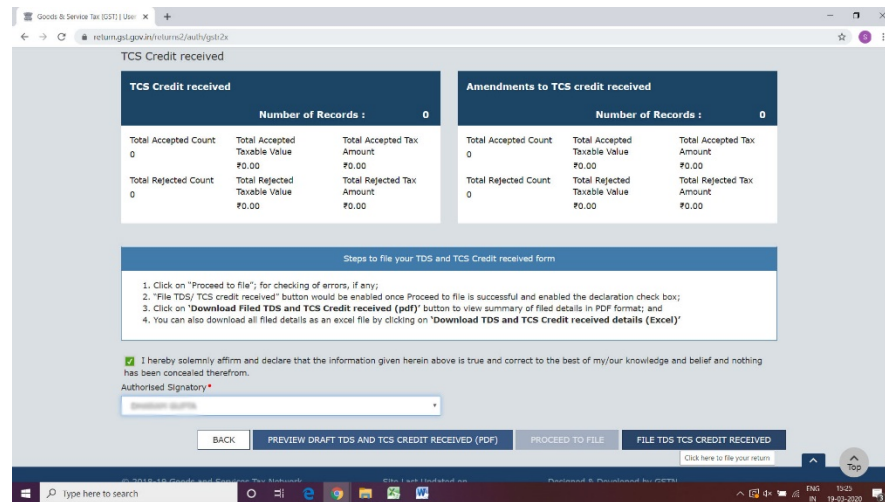


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H. Refresh the Page after 1 minute, it will show ready to file:



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



S

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.

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 ₹ 5000.⁶⁷

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 ⁸

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

⁸ **Amendment by The Finance Act, 2020** (Effective date yet to be notified) sub-section (4) shall be omitted.

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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

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

(ii) By Deductee:

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

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

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- (a) an authority or a board or any other body, -
- (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government,
- with 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:—

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“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

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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

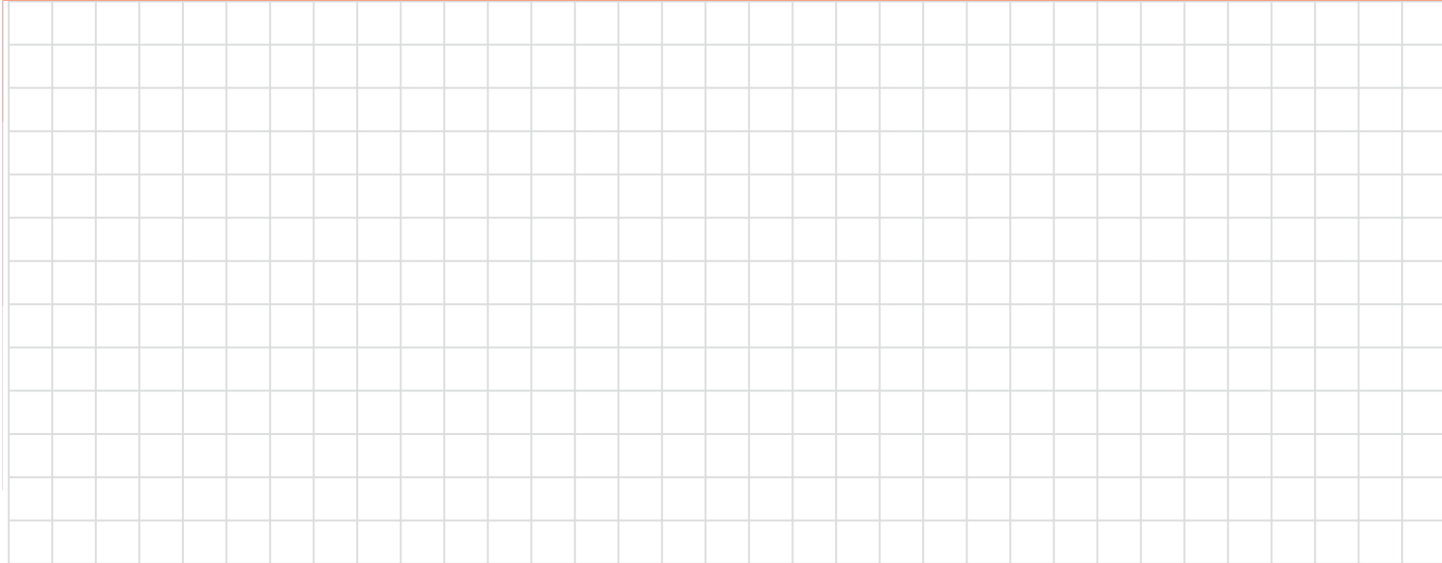
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person specified under clauses (a), (b), (c) and (d) of sub-section (1) of section 51 of the said Act.”.

[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.



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