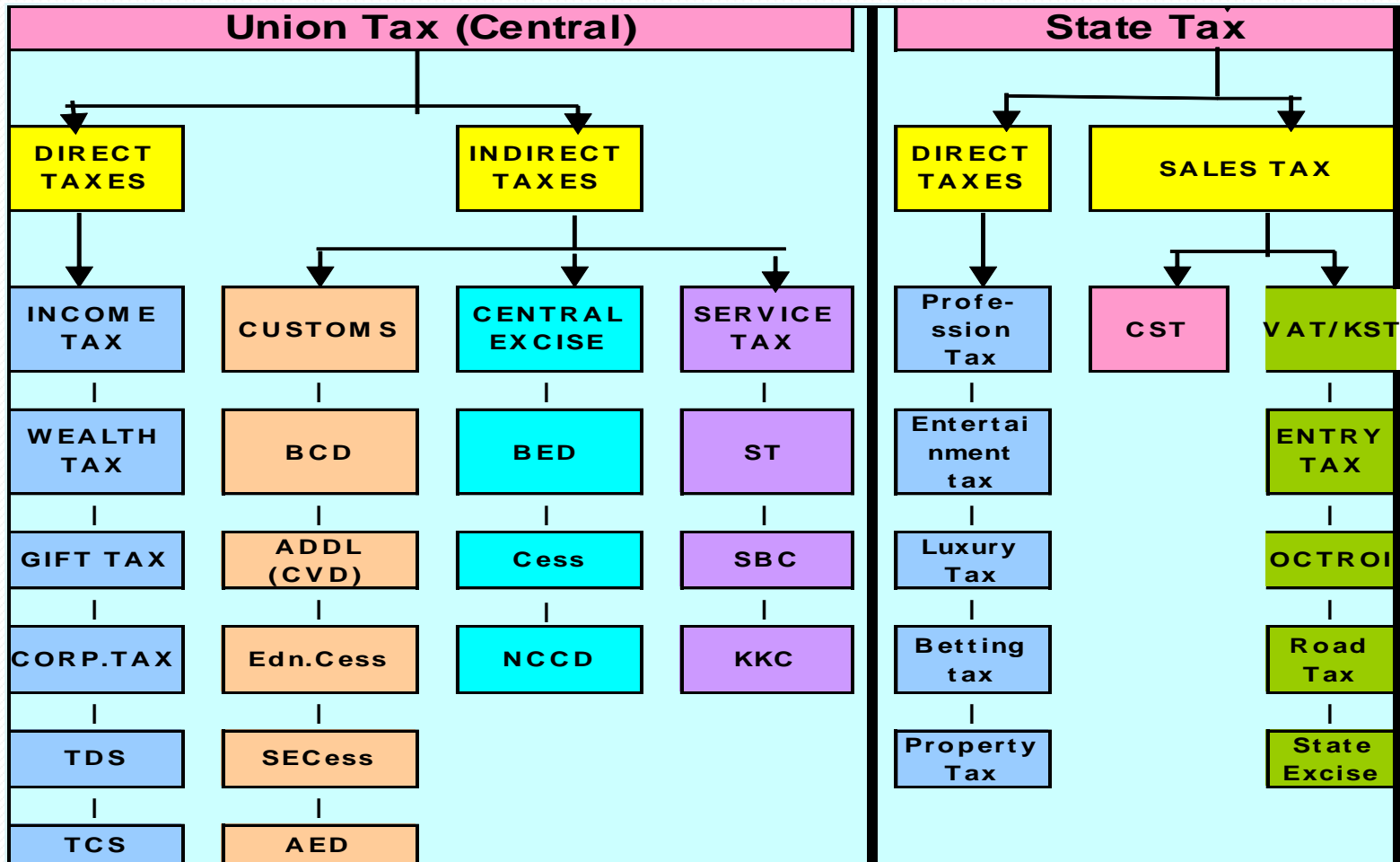




Tax Deduction at Source under GST

Taxation



Goods & Service Tax (GST)

1. Central Excise Duty
2. Service tax
3. VAT
4. CST
5. Entry Tax
6. Octroi
7. Entertainment tax
8. Luxury Tax



GST

GST Act

Local Supplies →
(Within the State)

S-GST

+

C-GST

Interstate Supplies
(Outside the State)

→

I-GST

Imported

→

I-GST

TDS - Introduction

1. Under Income Tax Act & VAT Act, the concept of Tax Deduction at Source (TDS) was already existing
2. GST Law also mandates Tax Deduction at Source (TDS) vide Section 51 of the CGST/SGST Act 2017, Section 20 of the IGST Act, 2017
3. Vide Notn.No.50/2018 dt.13.09.2018 TDS is introduced w.e.f. 01.10.2018

Persons liable to deduct TDS

Following would be the deductors of tax in GST

- (a) A department or establishment of the Central Government or State Government; or
- (b) Local authority; or
- (c) Governmental agencies; or
- (d) An authority or a board or any other body,-
 - (i) set up by an Act of Parliament or a State Legislature
 - (ii) established by any Government,
with fifty-one per cent. or more participation by way of equity or control, to carry out any function; or
- (e) A society established under the Societies Registration Act, 1860 (21 of 1860); or
- (f) Public sector undertakings.

Applicability of TDS

1. Where the **Taxable contract value** i.e. PO/WO value is more than Rs.2,50,000/- (excluding GST) then TDS is applicable
2. If there is no specific contract then if the Bill amount is more than Rs.2,50,000/- TDS applicable
3. Individual contract if it exceeds Rs.2.50L, then only TDS applicable. If there are 5-6 separate contracts (PO/WO) and each contract is less than Rs.2.50L, then TDS need not have to deduct
4. Suppose out of 4 contracts two are more than Rs.2.50L and 2 are less than Rs.2.50L, then TDS is only for more than Rs.2.50L
5. TDS is based on the individual contract not on monthly or yearly basis
6. If the contract is on monthly basis and total contract exceeds Rs.2.50L then TDS is applicable. E.g. In the case of Car rental, the agreement is for Rs.30,000/- per month and contract for one year. Then TDS applicable

Applicability of TDS

1. Payment made to suppliers of Meters, Transformer, Cable, Conductor, Poles, Machinery within the state (Intra-State) & outside the state (Interstate)
2. Payment made to suppliers like Table, Chair, Office Equipments, Stationery, Vehicle, Construction items
2. Payment made to Service Providers like, Security, Manpower, Cleaning, Consultancy, Car Rentals
3. Payment made to Contractors like Civil Work, Works Contract, Installation & Commissioning of Machinery, Repair & Maintenance, Transformer Repair, Electrical work, Turn key contracts etc.
4. Payment made to the supplier is liable for TDS and not payment received by the company.
5. If payment made to Govt. agencies also company has to deduct TDS (payment made to KPTCL)

Applicability of TDS

S.N	Contract Value	GST	Total Contract Value	TDS
1	Rs.5,00,000/-	90,000/-	5,90,000/-	Yes
2	Rs.2,50,000/-	Rs. 45,000/-	2,95,000/-	No
3	Rs.2,50,000/-	0	2,50,000/-	No
4	Rs.1,00,000/- for supply of Printed Books Rs.1,00,000/- for supply of Stationery Rs.1,00,000/- for Printer Cartridge	NIL 12,000/- 18,000/-	3,30,000/-	No

Accounting of TDS

		Rs.
Bill Amount		10,00,000/-
Transportation & Handling charges		50,000/-
Total :-		10,50,000/-
CGST – 9%	94,500/-	
SGST – 9%	94,500/-	1,89,000/-
Gross Bill Amount :-		12,39,000/-
TDS on Rs.10,50,000/-		
CGST – 1%	10,500/-	
SGST – 1%	10,500/-	21,000/-
Amount Payable to Contractor		12,18,000/-

Applicability of TDS

1. Invoice dated after 01.10.2018 TDS applicable if the contract value more than Rs.2.50L
2. If the invoice dated before 30.09.2018 approved and processed for payment after 01.10.2018 – TDS applicable (Credit given to party's account after 01.10.2018 - Payment or credited to supplier whichever is earlier.
3. TDS has to deduct in the month when the Bills are accounted and not based on the payment. (Like Income Tax TDS. Cheque may be issued to supplier after 2-3 months. But TDS should be remit within 10th of next month when the Bills are accounted for payment)
4. TDS at 2% on Basic value and not on Gross value. No TDS on GST

No TDS for following transactions

1. If the goods or services are exempted from GST, no need to deduct TDS (Purchase of Diesel, Fire wood, Electricity, Construction of Residential house)
2. Purchase of Land, Building, Live tree, is exempted from GST
3. Reverse Charge Mechanism (RCM - Transporter Bill)
4. Bills dated before 01.07.2017 even accounted and payment made after 01.10.2018 (before 01.07.2017 no GST)
5. Bills dated before 30.09.2018 approved and processed for payment before 30.09.2018 but payment made after 01.10.2018
6. Advance paid before 30.09.2018 but bills received after 01.10.2018
7. Payment made to un-registered suppliers
8. Salary paid to Employees, Remuneration paid to Managing Director, Directors

Rate of TDS

1. Purchase within the state : 1% CGST & 1% SGST
2. Interstate Purchase : 2% IGST
3. TDS on Basic value excluding GST. No TDS on GST
4. Any other charges included in the bills like Freight & Insurance, Transportation, Handling charges should be included for TDS purpose.
4. Tax is required to be deducted from the **payment made or credited to a supplier.** (Credited to supplier means invoice is accounted in suppliers account – It is on accrual basis)
6. If the contract is more than Rs.2.50L and the invoice issued Rs.1.00L, TDS has to deduct for the Bill even subsequently the contract is cancelled for the balance amount.

Registration

1. TDS Deductor should Register in GST Portal and get GSTIN Registration No.
2. Application in REG-07 for Registration
3. Registration certificate under REG-06
4. Even if the company has obtained Regn. under GST for supply of goods, he has to get separate GSTIN under TDS
5. There is no Threshold limit. Even for Rs.1000/- TDS payment he has to register, payment to be made, file return, issue TDS certificate follow the procedure set out in the GST Act & Rules.
6. If the authorised person transferred, then amendment can be done in the Registration entering new person
7. Get the Registration through EVC (OTP) instead of DSC

Returns

1. Amount to be deposited before 10th of next month for the TDS deducted for the previous month and pay by Challan in GST Portal. This cannot be paid by ITC credit account
2. Make statement of TDS deducted party-wise for uploading data
3. One party – One time upload for all the invoices for the month
3. Monthly TDS Return in Form GSTR-7 should be filed before 10th of next month.
4. After filing return, the TDS amount will be credited to the suppliers GST account in cash. He can use for his sales
5. TDS Certificate should be generated and issued to the supplier in GSTR-7A within 15th of next month.
6. Interest at 18% shall be paid for delayed payment of TDS
7. Late Fee Rs.200/- per day (CGST:Rs.100/- and SGST: Rs.100/-) subject to maximum Rs.10,000/- for late filing of Return and also for late issue of Certificates

Returns

1. If there is no transaction in the month Nil Return need not to file
2. No annual Return. Only monthly return
3. Online payment through GST Portal.
4. If once payment is made it is final. Subsequently you cannot transfer from CGST to SGST or IGST
3. Party-wise, details to be entered and Return to be filed. Invoice-wise details not required. You can give invoice-wise details along with TDS certificate (Just like Income TDS)
4. Similarly Party-wise monthly TDS certificate can be generated and send to the supplier.
5. After filing of return the supplier can accept or reject. If he accepts then, the amount will be credited to his GST ledger a/c.
6. If he rejects due to some mistake in the data, the deductor can amend and resubmit the return
7. If TDS is excess paid refund cannot be claimed by the deductor

Recovery, Interest & Penalty

If TDS is not deducted for the contract above Rs.2.50L

- ❖ The Tax dept will recover TDS from CESC
- ❖ The Dept. will recover Interest at 18% and Penalty
- ❖ In the normal course penalty is up to 25%
- ❖ Suppression of Fact penalty up to 100%
- ❖ The Dept. can recover up to 5 years from the date filing annual Return (i.e. up to 7 years)
- ❖ The TDS cannot be recovered from the supplier of Goods
- ❖ CESC has to bear the Tax, Interest & Penalty
- ❖ Govt. can recover by freezing the Company Bank account
- ❖ Govt. can recover from our vendor, supplier, contractor
- ❖ Govt. can detain the moveable or immovable property
- ❖ Provisional Attachment
- ❖ The Person In charge shall be prosecuted for recovery
- ❖ In the case of company every person is responsible

Documents to be maintained

- Statement showing Invoice-wise payment made and TDS deducted
- Copy of PO / WO for Audit purpose (Serially numbered for all purchases)
- Copy of Challan for having credited TDS to Govt.
- Suppliers Invoice copy for deducting TDS
- TDS Returns & TDS Certificates
- Invoice / Bills for Supervision charges raised by CESC
- In the case of Job work – Challan for movement of Goods
- Job worker Bill for receipt of Repaired goods
- If ITC credit taken, then Purchase Bills
- The documents to be kept for 5 years from filing the Annual return



ThanQ

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