



Government of India
Ministry of Finance, Department of Revenue
Directorate General of Human Resources Development
Indirect Taxes & Customs
IRCON Building, West Wing,
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District Centre, Saket,
New Delhi-110017



F.No. S/B/10(2)/HRD/EMC/2017/

Dated: 26th September, 2018

To
All Budgetary Authorities under CBIC

Sir/Madam,

Sub: Implementation of Tax Deduction at Source (TDS) under GST- Reg.

This is to draw your kind attention to the Implementation of Tax deduction at Source (TDS) under GST.

(1) In this regard Notification No. 50/2018- Central Tax, dated 13.09.2018 has been issued to bring into force the provisions of Sec 51 of the CGST Act, 2017 w.e.f 01.10.2018.

(2) Vide this notification, the following persons have been notified under clause (d) of section 51(1) of the CGST Act, 2017.

(a) An authority or a board or any other body, Set up by an Act of Parliament or a State Legislature, or established by any Government, with fifty-one per cent or more participation by way of equity or control, to carry out any functions;

(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

(3) Circular No. 65/39/2018-DOR, dated 14.09.2018 lays down guidelines for deductions and deposits of TDS by the DDO under GST.

Detailed forms have already been prescribed vide FORM GST REG- 07, FORM GSTR- 7. The persons, who are mandatorily required to deduct tax at Source under GST, have been specified in Section 51 of the CGST Act, 2017.

As per provisions of section 24 of the CGST Act, 2017, the person so required to deduct Tax at Source (TDS) are mandatorily required to take registration under 25 of the CGST Act, 2017.

(4) The Rate of TDS to be deducted is specified in Section 51(1) of the CGST Act, 2017 and Section 20 of the IGST Act, 2017 and the timelines are prescribed under *Sub-section (2), (3) and (4) of Section 51 of the CGST Act, 2017.*

(5) Returns have to filled under Rule 66 of the CGST Rules and in case of delayed payment or non-payment of TDS to the Government, interest is to be paid under sub section (6) of Sec 51 of the CGST Act, 2017.

(6) Penalty is also prescribed for non-deduction/ short deduction of TDS or short payment / non-payment of TDS deducted [under: Section 122 (1) (v) of the CGST Act, 2017]. Identical penalty has been prescribed in the SGST/UTGST Act, 2017 of the States/UTs and in case of offence been committed as mentioned above, penalty under State/UT GST Act, 2017 is also required to be paid.

As per further proviso to Section 20 of the IGST Act, 2017, in cases where the penalty is leviable under the CGST Act and State/UT GST Act, the penalty leviable under IGST Act, 2017 shall be sum total of the said penalty.

(7) Provisions for Payment of Tax by Deductee and Refund to Deductor /or Deductee in case of excess/erroneous deduction of TDS have also been made.

(8) Only TDS category GST Registrant not liable to pay GST under Reverse charge on intra-state supplies received from unregistered supplier (remains ineffective till 30.09.2019). (Ref. notification No. 9/2017-Central Tax (Rate), dated 28.6.2017).

(9) Rule 12 of the CGST Rules, 2017 provides for Grant of registration to persons required to deduct tax at source or to collect tax at source.

(10) The details of tax deducted at source furnished by the deductor under sub-section (3) of section 39 in FORM GSTR-7 shall be made available to the deductee in Part C of FORM GSTR-2A electronically through the Common Portal and the said deductee may include the same in FORM GSTR-2 as per Rule 60(6), while as per Rule 80: Annul Return may be filed.

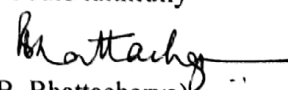
(11) Exemption Notification No.9/2017-Central Tax (Rate), dated 28.06.2017 exempts intra-State supplies of goods or services or both received by a deductor under section 51 of the said Act, from any supplier, who is not registered, from the whole of the central tax leviable thereon under sub-section (4) of section 9 of the said Act, subject to the condition that the deductor is not liable to be registered otherwise than under sub-clause (vi) of section 24 of the said Act w.e.f. 01/07/17.

(12) Rate of interest per annum have been fixed vide Notification No. 13/2017-Central Tax, dated 28.6.2017 and Notification No. 6/2017 – Integrated Tax, dated 28.6.2017.

It is requested to conduct handholding sessions in respect of all DDOs in your jurisdiction by 27th/ 28th September, 2018 & ensure smooth implementation of the TDS provisions under GST.

Please send an Action taken report by 28/09/2018 to ADG, EMC.

Yours faithfully


(B. Bhattacharya)
DG, HRD