

# **Provisions regarding Tax Deduction at Source under GST**

# Provisions

In GST u/s 51 Tax Deduction at source is to be made by:

[A] A department or establishment of Central Government or State Government

[B] Local authority

[C] Governmental Agencies

[D] Such person or category of persons as may be notified by Government on the recommendation 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 fifty-one percent 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

**TDS shall be required from the payment made or credited to the supplier of taxable goods or services or both with effect from a date to be notified subsequently, on the recommendations of the Council, by the Central Government.**

# Liability to Deduct Tax

Liability to deduct tax (u/s 51) is –

- From the payment made or credited to supplier of taxable goods or service both
- Where total value of such supply under a contract exceeds Rs. 2,50,000
- Rate of deduction of TDS:
  - In case of intrastate supply 1% (Section 51, RGST/ CGST Act)
  - In case interstate supply 2% (Section 20, IGST Act)

# Value of Supply for TDS

- For TDS value of supply shall be after deducting the tax shown in Invoice
- No TDS shall be deducted on IGST/CGST/SGST or cess shown in Invoice
- If the Location of supplier or place of supply is different from the place where deductor is registered, TDS will be deducted as per provisions of IGST Act and not SGST/ CGST Act.

# Provisions of registration

- Compulsory registration for TDS deductor (u/s 24 and Registration rule 5) i.e no exemption threshold
- Online Registration application by TDS deductor in GST REG-07 at [www.gst.gov.in](http://www.gst.gov.in)
- Registration shall be granted on the basis of Tax Deduction and Collection Account Number (**TAN**).
- Registration certificate issued in 3 working days in REG-06.
- Total 2140 registration has been approved till date in the category of tax deductor under GST.

# Return

- Every registered person required to deduct tax at source under the provisions of Section 51 shall furnish a return, electronically, for the month in which such deductions have been made within ten days after the end of such month (**GSTR-07**)
- Details of such deduction will be automatically reflected in GSTR 2A of supplier i.e. there shall be matching of returns.

# TDS Deductor's liabilities - I

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- Compulsory registration liability
- Deposit of amount deducted as tax (TDS) to the Government within ten days after the end of the month.
- In case of failure to deposit in time, interest as per law has to be paid

# TDS Deductor's liabilities - II

- Deductor to issue TDS certificate, **electronically**, in **GSTR-7A** Within 5 days of depositing TDS.
- TDS Certificate shall contain details of the contract value, rate of deduction, amount deducted and amount paid to the Government.
- Late fee of Rs 100 per day (maximum 5000) in case of delay of more than 5 days in issuing GSTR-7A.



# TDS Deductor's liabilities - III

If

- the deductor fails to deduct TDS, or
- deducts less than the amount required to be deducted, or
- fails to deposit TDS deducted in Government exchequer within prescribed time

**Penalty of Rs. 10000 or equivalent to amount not deducted or amount less deducted or amount which he fails to deposit in government exchequer, whichever is higher.**

# When tax deduction is not required to be made under GST:

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- a) Total value of taxable supply  $\leq$  Rs. 2.5 Lakh under a contract.
- b) Contract value  $>$  Rs. 2.5 Lakh for both taxable supply and exempted supply, but the value of taxable supply under the said contract  $\leq$  Rs. 2.5 Lakh.
- c) Receipt of services which are exempted.
- d) Receipt of goods which are exempted.

## **When tax deduction is not required to be made under GST:**

- e) Goods on which GST is not leviable. For example petrol, diesel, petroleum crude, natural gas, aviation turbine fuel (ATF) and alcohol for human consumption.
- f) Where a supplier had issued an invoice for any sale of goods in respect of which tax was required to be deducted at source under the VAT Law before 01.07.2017, but where payment for such sale is made on or after the 01.07.2017 [Section 142(13)].
- g) 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.

## **When tax deduction is not required to be made under GST:**

- h) All activities or transactions specified in Schedule III of the CGST/SGST Acts 2017, irrespective of the value.
- i) Where the payment relates to a tax invoice that has been issued before 01/10/2018.
- j) 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.
- k) **Where the payment is made to an unregistered supplier.**
- l) Where the payment relates to “Cess” component.

**PAYMENT**

# **Payment process of Tax Deduction at Source under GST (Generation of CPIN at GST Portal)**

**Guidelines issued by FD (Tax) on 25-09-2018**

For payment process of Tax Deduction at Source under GST two options can be followed, which are as under:

**Option I: Generation of challan (CPIN) for every payment made during the month**

**Option II: Generation of CPIN for clearing of Bunching from the bills on weekly, monthly or any periodic manner (Generation of CPIN accordingly)**

***Note: According to SOP, net banking and debit credit card modes may also be used by the respective entities (other than Treasury route).***

# **Option I - Individual Bill-wise Deduction and its Deposit by the DDO (DDO/Divisions/PD Account Holders)**

The DDO will have to deduct as well as deposit the GST TDS for each bill individually by generating first a CPIN (Challan) from GST Portal.

Following process shall be followed by the DDO:

The DDO shall login into the GST Portal (using his GSTIN) and generate the CPIN (Challan)

In the CPIN, he shall have to fill in the desired amount of payment against one/many Major Head(s) (CGST/SGST/IGST) and the relevant component (e.g. Tax) under each of the Major Head.

# Option I - Individual Bill-wise Deduction and its Deposit by the DDO

While generating the challan, the DDO will have to select mode of payment as NEFT/RTGS.

The DDO shall prepare the Bill at IFMS based on the Expenditure Sanction. CPIN is mandatory for this process. This CPIN will be validated by system through the CPIN data provided to State Authorities.

The bill shall be forwarded to Treasury Officer for making payment.

In the bill following details shall be specified by the DDO:

- ✓ Total amount
- ✓ 2% TDS amount of GST (Challan should be attached with the bill).
- ✓ Other deduction as required
- ✓ Net amount payable to the Contractor/Supplier/Vendor
- ✓ The CPIN Number (as beneficiary's account number),
- ✓ RBI (as beneficiary) and
- ✓ the IFSC Code of RBI.



# Option I - Individual Bill-wise Deduction and its Deposit by the DDO

Advice of GST TDS shall be issued in e-payments files by the Treasury Officer to:

RBI (e-Kuber) (**For those treasury whose are following e-Kuber mode**)

Agency Banks (**For other Treasuries**)

In case of Advice shall be issued to Agency Bank, the bank shall deposit the GST TDS amount in RBI account as per details provided by the Treasury in e-payment file.

Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal.

This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal.

This can be viewed and the details of CIN can be noted by the DDO anytime on GST portal using his Login credentials.

## **Option II – Bunching of deductions and its deposit by the DDO**

This option is suitable for those DDOs who make large number of payments in a month as it would require them to make large number of challans during the month.

In this option, In the first phase- the DDO will have to deduct the TDS from each bill, for keeping it under the Suspense Head (8658-101-(60)).

Such deposit of this bunched amount from the Suspense Head can be made on a weekly, monthly or any other periodic basis.

DDO is completely responsible to clear the booking of suspense heads made through this process within the same month.

# Option II – Bunching of deductions and its deposit by the DDO – clearing of suspense by DDO

Two options are available-

A.NEFT/RTGS MODE selecting RBI as bank.

B.OTC (Over the Counter ) Mode

**A. NEFT/RTGS MODE selecting RBI as bank-**

The DDO shall login into the GSTN Portal (using his GSTIN) and generate the CPIN (Challan) of total TDS amount ( parked in suspense heads with multiple bills and multiple vendors/suppliers) under NEFT/RTGS mode and **selecting RBI as bank**.

In the CPIN, he shall have to fill in the desired amount of payment against one/many Major Head(s) (CGST/SGST/IGST) and the relevant component (e.g. Tax) under each of the Major Head.

The DDO shall prepare the Bill at IFMS based on the Expenditure Sanction as per prevailing practices prescribed in the relevant rules. CPIN is mandatory for this process. This CPIN will be validated by system through the CPIN data provided to State Authorities.

The bill shall be forwarded to Treasury Officer for making payment.

In the bill following details shall be specified by the DDO:

- ✓ Reference of previous bill used for bunching
- ✓ 2% TDS amount of GST (**Challan should be attached with the bill**)
- ✓ The CPIN Number (as beneficiary's account number),
- ✓ RBI (as beneficiary) and
- ✓ the IFSC Code of RBI.

**Deduction schedule**( as notified by FD) will also be generated through the system along with the bill for TDS deductions being made under 8658 head of account. (**schedule represent in next slide**)

## **Option II – Bunching of deductions and its deposit by the DDO – clearing of suspense by DDO**

### **a) OTC (Over the Counter) TDS payments**

- In the OTC mode, the DDO will have to select OTC mode at GST Portal for CPIN generation and select the Bank where the payment will be deposited through OTC mode.
- The DDO shall prepare the Bill at IFMS based on the Expenditure Sanction as per prevailing practices prescribed in the relevant rules. CPIN is mandatory for this process. This CPIN will be validated by system through the CPIN data provided to State Authorities.
- the DDO will have to request the Treasuries and Sub Treasuries to issue Cheque
- So that DDO can produce the same along with the CPIN / challan at the authorized bank branches with Treasuries/ Sub Treasuries for further submission in favour of one of the 25 authorized Banks at GST Portal
- The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO through the authorized bank branches.

# Option II – ( Schedule to deposit GST TDS in suspense head):

Annexure: B-1

Government of Rajasthan

Schedule of 8658 - Suspense; \_\_\_\_\_ Suspense; xx – GST TDS

Office Name : DDO code: Division Code: DDO GSTIN no:

PD Account No.:

Service Head:

Bill No. & Bill Date:

Month & Year:

S.No	Name of the firm	Invoice no / Date	Firm GSTIN No	Deduction Amount	Remarks
Total Amount:					

Amount in words: \_\_\_\_\_

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Digital Sign of DDO/Administrator(s)/ Divisional officers



# Option II – Schedule for NEFT/RTGS to RBI

## Annexure B-2

### Government of Rajasthan Schedule For NEFT/RTGS to RBI

Office Name :	DDO code:	Division Code:	DDO GSTIN no:		
PD Account No.:					
Service Head:	Bill No. & Bill Date:	Month & Year:			
CPIN No of the Challan:	RBI Bank Account No.:	RBI Account IFSC Code:			
S.No	Name of the firm	Invoice no / Date	Firm GSTIN No	Deduction Amount	Remarks
Total Amount:					

Amount in words: \_\_\_\_\_

Digital Sign of DDO/Administrator(s)/ Divisional officers



## Annexure-C

Reference No.:

Government of Rajasthan

GA No. (Original Bill type) R

Bill for GST TDS

Month/Year :

Office Name:

Office ID:

DDO Code:

Division Code:

TAN No.:

GSTIN:

PD Account No.:

CPIN No of GST Challan.:

Mode of payment:

Bill No.:

Date:

Budget Head: 8658 - Suspense; \_\_\_\_\_ Suspense; xx - GST TDS

To,

The Treasury Officer, (Concerning Treasury)

Please Order to pay Rs. .... as per claim contained in this advice.

Sign of Clerk

Sign of Jr.ACC/AAO-I/II/Div. ACC.

Sign (With Seal)/ e-Sign/

Digital Sign of DDO/Administrator(s)/  
Divisional officers

## Certificates :

1. Amount claimed in the Advice has not earlier been drawn.
2. Certified that I have personally examined and satisfied myself about the genuineness of claim that the GST TDS transactions of the Third Party included in this advice are strictly in accordance with rules. It is further certified that I have personally ensured observance of all formalities regarding necessary entries.
3. It is certified that the Net claim of this advice will be transferred electronically into RBI account though agency banks and the correct bank detail(s) of the RBI Account have been furnished in advice after due verification.
4. It is certify that I have carefully examined & verified the master data of the said claim.

Sign (With Seal)/ e-Sign/

Digital Sign of DDO/Administrator(s)/ Divisional Officers

S.No.	Third Party Name GSTN No.	Details of the Bill from which TDS was deducted	RBI Bank Detail Account no./ IFSC code/ CPIN number	GST TDS Amount		Remarks
		Reference No./Bill No./TV No./Date				
1.						
2.						

Amount:

Amount in Words:

Sign (With Seal)/ e-Sign/

Digital Sign of DDO/Administrator(s)/ Divisional officers

I Certify that the Compliance of Directions/ Instructions under the provisions of GF &amp; AR has been ensured.

Sign (With Seal)/ e-Sign/ Digital Sign of DDO/Administrator(s)/ Divisional Officers

For Accountant General Office

Admitted (RS.)

Objected (RS.)

Auditor

Supdt.

Gaz. Officer

No.

Treasury Voucher

For Treasury Use

Date :

Pay Rs. :  
(In words) :  
(In Cash) :  
(In words) :

Total Credit Rs.

Auditor

AAO-I/II

Treasury Officer

Disclaimer: All contents related to this bill are provided by Head of Office/DDO and he/she is solely responsible for it.

Group Name :

Print Date &amp; Time :

## Note:

1. In case of PD Account Budget Head, the PD Account No. should be displayed along with Budget Head.
2. All fields are captured automatically from previous bill and challan generated by treasury except correction in Bank details
3. CPIN shall be validated through the system from the data of CPIN provided by GSTN. GSTIN of DDO shall also be validated through the CPIN data.
4. All entries will be properly linked in the system with previous bills for generation of advice for TDS payments under bunching process. This is linked with TV numbers of previous bills. WAM, paymanager and Rajkosh, e-GRAS shall be very well linked with this process.

## **Option II – Bunching of deductions and its deposit by the DDO**

The DDO will require to maintain the Record of the TDS so being booked under the Suspense Head

At any periodic interval, when DDO needs to deposit the TDS amount, he will prepare the CPIN on the GSTN Portal for the amount (already booked under the Suspense Head).

DDO shall be responsible to clear all the parked GST TDS deductions from suspense head upto the 3<sup>rd</sup> working date of consecutive month.



# **Role of the Treasury Officer to clear the suspense head**

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The Treasuries/ Sub Treasuries will pass the bill by clearing the Suspense Head operated against that particular DDO after exercising necessary checks.

IFMS/System will provide online checks linked with previous bills/ deductions for this purpose.

Treasury shall be responsible for authentication of these bills within 36 hours (working days) after receiving the physical copies and providing Token numbers.

# **Role of the Treasury Officer to clear the suspense head**

As per request of the DDO, Treasury Officer shall make the payment in following manner:

➤ **In case of NEFT/RTGS mode:**

➤ As per details provided in the bill by DDO i.e. CPIN Number (as beneficiary's account number), RBI (as beneficiary) and the IFSC Code of RBI, The Treasuries / Sub Treasuries will send e-payment files for making payment in favour of RBI with these credentials.

➤ **In case of the OTC mode:**

➤ As per request of the DDO, the Treasuries and Sub Treasuries to issue Cheque

➤ The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO through the authorized bank branches. DDO is responsible for this process.

# **Role of the Treasury Officer to clear the suspense head**

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Parking clearance process shall be mandatorily linked with monthly account submission

No balance in the parking head- 8658-101- (60) will be allowed after submission of monthly account by Treasuries i.e. clearance of parking transaction related to last month with the first list related to consecutive month.

Systemic controls shall be executed accurately for this purpose. Treasury Officer will ensure regular monitoring over the clearing process of suspense head defined in bunching process

## **After payment compliance by DDO**

Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal.

This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal.

This can be viewed and the details of CIN can be noted by the DDO anytime on GSTN portal using his Login credentials.

## After payment compliance by DDO

The DDO should maintain a Register as per proforma given in Annexure to keep record of all TDS deductions made by him during the month.

This Record will be helpful at the time of filing Monthly Return (**FORM GSTR-7**) by the DDO.

### Annexure-A

**(Record to be maintained by the DDO for filing of GSTR7 )**

S.No	GSTIN of the Deductee	Trade Name	Amount paid to the Deductee on which tax is deducted	IGST	CGST	RGST	Total

## **After payment compliance by DDO**

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The DDO shall file the Return in FORM GSTR-7 by 10th of the following month

The DDO shall generate TDS Certificate through the GSTN Portal in FORM GSTR-7A

# Special Attention for TDS-Payments

- ✓ Registration is mandatory as TDS- Deductor at GST Portal
- ✓ CPIN generation is mandatory for bill preparation where DDO is adopting transaction wise process (CPIN-NEFT/RTGS mode – Bank-RBI)
- ✓ Bunching process invites parking of TDS amount in suspense head in first phase . It doesn't mean that amount has been deposited in Government account.
- ✓ Deposit of TDS in government account means – Deposit of TDS amount at GST Portal with CIN number
- ✓ Bunching Process needs complete monitoring over clearance process.
- ✓ Clearance of transactions made in suspense head during the month must be executed upto 3<sup>rd</sup> of next month. This amount should be deposited at GST-Portal with NEFT/RTGS or OTC mode through clearance bills.
- ✓ For Government DDOs, modes of TDS payments will be NEFT/RTGS and OTC
- ✓ If DDO is adopting OTC (Over the Counter) , He / She has to collect cheque from Treasury/ Sub Treasury and ensure to deposit at the Banks' counter- for which CPIN has been generated (through Treasury authorized bank) with CPIN (COPY)
- ✓ Reconciliation of TDS payments must be done regularly by DDOs /

**Thank You**