2016

TDS and TCS provisions under Revised GST law

CA. Sanjeev Singhal
Sanjeev Kavish and Associates, Chartered Accountants
11/15/2016

TDS and TCS provisions under Revised GST Law

In VAT Law there is provision of TDS in case of work contract in most of the Sates though in Service Tax there is no provision of TDS and TCS . Under Service Tax, it is directly or indirectly being governed by Reverse Tax Mechanism. But GST law has expressly provided the TDS and TCS provision under Section 46 and 56 respectively. Now, I will discuss the provisions .

Tax Deducted at Source [Section – 46]

1. Following person will deduct tax at source @ 1% on credit or payment made to supplier of goods and/or services.

- ✓ Department or establishment of Central or State Govt.
- ✓ Local authority
- ✓ Government agencies
- ✓ Such person or category of person as may be notified by the Central or State Govt.

The above provision will be applicable when the value of supply under contract exceeds Rs. 5 lacs. For the purpose of TDS, only value of supply shall be considered excluding the tax shown in invoice.

2. The amount deducted above shall be deposited in Govt. a/c within 10 days from the end of the month in which it is deducted.

3. The Deductor shall issue certificate to the deductee mentioning the contract value, rate and amount deducted and paid.

4. The Deductor will issue the above certificate within five days of depositing the tax so deducted otherwise pay the late fees of Rs. 100 per day subject to maximum of Rs. 5000.

5. The Deductee shall take credit of TDS deducted in Electronic Cash Ledger .

6. If the deductor fail to deposit the amount to Govt. a/c will have to pay interest u/s 45

7. Refund to the deductor or deductee, as the case may be , shall be dealt according to Sec.48. No refund can be made, if the amount has been credited to electronic cash ledger of deductee.

Collection of Tax at Source [S.56]

1. Every electronic commerce operator not being agent, shall collect 1% of the net value of taxable supplies, where the consideration for such supplies is collected by operator.

   “ Net value of taxable supplies “ means aggregate taxable value of goods or services other than services notified in Section 8[4], made during any month by registered taxable person, reduced by aggregate of taxable supplies return to the supplier during the said month.

2. The amount collected above shall be deposited in Govt. a/c within 10 days from the end of the month in which it is deducted.

3. Every operator shall furnish electronic statement containing the detail of outward supplies of goods and services including the return of supplies and the amount collected under Sub Sec. 1 in month, within 10 days from the end of month.

4. The supplier shall take credit of TCS collected in his Electronic Cash Ledger.

5. Where the outward supplies statement filed by operator does not match with the statement filed by supplier u/s 32, the discrepancy shall be communicated to both operator and supplier.

6. Where the discrepancy has not been rectified by supplier in his valid return or operator in his statement , the same shall be added to the output tax liability of supplier , if the supplies shown by operator is more than the supplier. And supplier shall be liable for interest as well .

Disclaimer :

The contents of this article are solely for information and knowledge and does not constitute any professional advice or recommendation. Author does not accept any liability for any loss or damage of any kind arising out of this information set out in the article and any action taken based thereon.

About the Author:

Author is practicing chartered accountant in Gurgaon and having specialization in Service Tax and Haryana VAT. He can be reached at sanjeev.singhal@skaca.in WWW. skaca.in