# <u>Brief about GST TDS</u>

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## Section – 51 of CGST Act

## Effective Date: 01.10.2018

**<u>What Section Says:</u>**
"Persons notified vide ***<u>"Notification No. 33/2017 – Central Tax</u>***<u>,"</u> shall be liable to deduct tax **<u>@ 1% under CGST and 1% under SGST</u>** from the payment made or credited to the supplier of taxable goods or services or both if the total value of such supply, under a contract, **<u>EXCEEDS TWO LAKH AND FIFTY THOUSAND RUPEES (Rs. 2,50,000)</u>."**

**<u>Notified persons 33/2017:</u>**

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

**<u>Registration Requirements:</u>**
The person mentioned in above notification have to take separate **<u>Registration (REG 7)</u>** under GST Act as **<u>TDS Deductor.</u>**

**<u>Time limit to deposit tax</u>**
GST TDS Deductor shall deposit tax **<u>within ten days after the end of the month</u>** in which such deduction is made.

**Rate of interest in case of default in deposit**

*Rate of interest:* interest needsto be paid @18% p.a. in case of default in payment of tax deducted.

**Particulars & time of issuance of Certificate of deduction of tax:**

GST TDS Deductor shall issue certificate **within five days of crediting the amount** so deducted to the Government with the following particulars:

i. the contract value,
ii. rate of deduction,
iii. amount deducted,
iv. amount paid to the Government
v. Other particulars as may be prescribed.

**Late fees for non-issue of certificates as mentioned above:**

100/- rupees per day, maximum five thousand rupees

Late fees applicable from the day after the expiry of such five days period until the failure is rectified.

**RETURNS TO BE FILED BY DEDUCTOR (GSTR 7):**

The person deducting tax is required to file a TDS return in form GSTR-7 within 10 days from the end of the month.

**Note: When GSTIN of the unregistered supplier is not available, their name can be mentioned.**

## Example of Accounting of GST TDS:

| | | |
|---|---|---|
| | **Eg: Bill Received from "A"(Contractor)** | 354000 |
| | | |
| | **Basic Amount** | 300000 |
| | **CGST 9%** | 27000 |
| | **SGST 9%** | 27000 |
| | **Total** | **354000** |
| | | |
| | **<u>Need to pass the bill as follows:</u>** | |
| | Bill Amount | 300000 |
| | GST @ 18% | 54000 |
| | Gross | **354000** |
| | Income Tax TDS Eg: 2% | 6000 |
| | CGST TDS @ 1% | 3000 |
| | SGST TDS @ 1% | 3000 |
| | | **342000** |
| | | |
| | | |
| | **Entries** | |
| | | |
| | **<u>Payt To Vendor</u>** | |
| 1 | "A" A/c Dr | 342000 |
| | To Bank A/c | 342000 |
| | | |
| | **<u>Booking Expenditure</u>** | |
| 2 | Expenditure A/c- Dr | 300000 |
| | GST Receivable A/c - Dr | 54000 |
| | To | |
| | "A" A/c | 342000 |
| | Income Tax TDS Payable | 6000 |
| | CGST Payable | 3000 |
| | SGST Payable | 3000 |
| | | |
| | **<u>Payt of TDS (to Government)</u>** | |
| 3 | Income Tax TDS Payable- Dr | 6000 |
| | CGST Payable - Dr | 3000 |
| | SGST Payable - Dr | 3000 |
| | To | |
| | Bank A/c | 12000 |