FAQ's on TDS under GST

GST Law mandates Tax Deduction at Source (TDS) vide Section 51 of the CGST/SGST Act 2017, Section 20 of the IGST Act, 2017 and Section 21 of the UTGST Act, 2017.

GST Council in its 28th meeting held on 21.07.2018 had recommended the introduction of TDS from 01.10.2018.

Q.1 Who shall be required to Deduct TDS under GST ?

Ans. Following classes of person shall be required to deduct tax at source @2% (CGST 1% + SGST 1%) on the payment made or credited to the supplier: -

a) Department or establishment of Central Government b) Local authority c) Government Agencies d) Establishment in which Govt hold 51% or more equity control e) Societies established by Central or State Govt. under Societies Registration Act and f) Public Sector undertakings.

Q2. What is the Effective date for deduction of TDS under GST?

Ans. TDS provision has been made operative with effect from 01.10.2018 vide Notification No. 50/2018-Central Tax dated 13.09.2018.

Q3. When TDS to be deducted ?

Ans. TDS to be deducted at the time of making payment or crediting the supplier, if the total value of taxable supply under a single contract (excluding GST) exceeds Rs.2.5 lakhs.

Q4. What is the rate of TDS under GST ?

Ans. TDS to be deducted @2% (1% CGST + 1% SGST) or @2% IGST depending upon nature of supply.

Q5. What is the due date of deposit of TDS to the Government ?

Ans. TDS to be deposited in Government account within 10 days after the end of the month in which deduction was made.

Q6. What is the time limit for filing TDS return ?

Ans. TDS return to be furnished in Form GSTR-7 within 10 days after the end of the month in which deduction was made.

Q7. What is the due date of furnishing TDS certificate ?

Ans. The system generated TDS certificate in **FORM GSTR-7A** to be furnished to the deductee **within 5 days of crediting payment of TDS to the Government.**

Q8. Whether TDS to be deducted in case of supply made by Composition scheme dealer ?

Ans. Yes, TDS to be deducted if the contract value exceed Rs. 2.5 lakhs.

Q9. Is TDS provision applicable in case of taxable supply covered under RCM ?

Ans. No. in case of supply covered under RCM, TDS not to be deducted.

Q10. Is their any separate registration required for TDS by a registered person under GST?

Ans. Yes, separate registration under GST is mandatory (Just like TAN under Income Tax Act), even if a person registered under GST.

Q11. What are the penal provision for Non compliance of TDS Provision ?

Ans. Default in furnishing TDS return/ TDS certificate within due dates will attract late fee of Rs.100/day subject to maximum amount of Rs. 5000/- each under CGST Act & SGST/UTGST Act.

Q12. When tax deduction is not required to be made under GST ?

Ans. Tax deduction is not required in following situations:

a) Total value of taxable supply ≤ Rs. 2.5 Lakh under a single 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 ≤ Rs. 2.5 Lakh.

c) Receipt of services which are exempted vide Notification No.12/2017-Central Tax Dated 28.06.2017, as amended from time to time.

d) Receipt of goods which are exempted. For example goods exempted under notification No. 2/2017 – Central Tax (Rate) dated 28.06.2017 as amended from time to time.

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 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.

g) All activities or transactions specified in Schedule III of the CGST/SGST Acts 2017, irrespective of the value.

h) Where the payment relates to a tax invoice that has been issued before 01.10.2018

i) 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 made before 01.10.2018.

j) Where the tax is to be paid on reverse charge by the recipient i.e. the deductee.

k) Where the payment is made to an unregistered supplier.

l) Where the payment relates to "Cess" component

Q13. How can a deductor discharge his TDS liability?

Ans.TDS liability can be discharged by debiting of Electronic Cash Ledger only at the time of filing return in **FORM GSTR** 7.

Q14. Can the deductee adjust the TDS credit declared by the deductor?

Ans. Yes. After filing of return by deductors (DDOs) in **FORM GSTR-7**, the amount so deducted will be auto-populated in 'TDS/TCS credit receipt' table of respective suppliers. The supplier (deductee) has to accept or reject the amount so auto-populated in the table after logging on the portal. The accepted amount will be credited to Electronic cash ledger while rejected amount will be auto-populated in Amendment table of next month's **FORM GSTR-7** of the deductor.

Q15.Is there any provision of refund to the deductor or the deductee arising on a/c of excess or erroneous deduction made under GST?

Ans. The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54. Further no refund to the deductor shall be granted, if the amount deducted has been credited to the electronic cash ledger of the deductee.

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