

NOTE ON TAX DEDUCTED
AT SOURCE (TDS) UNDER
THE GST LAW.

EXCISE AND TAXATION
DEPARTMENT,
HARYANA.

TAX DEDUCTED AT SOURCE (TDS) UNDER THE GST LAW.

- **What is TDS:-**

- TDS is the tax deducted at source from the payments made to a supplier of taxable goods or services or both.

- **Conditions for deduction of TDS under GST law:-**

- TDS is to be deducted from payments made to a supplier of any taxable goods or services or both where the total contract of such supply exceeds Rs. 2.5 lacs.
- No deduction shall be made if the location of the supplier and the place of supply is not in the State of Haryana.
- For the purpose of deduction of TDS, the value of supply shall exclude the Central Tax, State Tax, Integrated Tax and Cess mentioned in the invoice.

- **The followings are liable to deduct TDS:-**

- A department or establishment of the Central Government or State Government; or
- Local authority; or
- Governmental agencies; or
- Such persons or category of persons as may be notified by the Government on the recommendations of the Council,

- **How to obtain Registration:-**

- The registration application For Tax Deductor can be filed by the applicant directly or through a Facilitation Centre notified by the Commissioner.
- The registration under GST is online by filing application in form GST REG-07, to be signed through DSC or EVC.
- The single portal for registration, payment and filing of Returns is www.gst.gov.in.
- The existing deductors of TDS under VAT Act will not be automatically migrated to GST.
- The GST Law provides for compulsory liability of registration for the deductors of TDS.
- On account of deferment of TDS provisions in GST, Registration for the same will commence from 25th July 2017.

- **The following are the requirements for taking registration as Tax Deductor:-**

- Applicant must have valid PAN or TAN.
- Applicant must have a valid mobile number.

- Applicant must have valid E-mail ID.
- Applicant must have the prescribed documents and information on all mandatory fields as required for registration.
- Applicant must have a place of business.
- Applicant must have an authorized signatory with valid details.
- **Rate of tax of TDS and Payment thereof under GST Law:-**
 - There are 3 types of taxes in GST – Inter-state Goods & Service Tax, Central Goods & Service Tax and State Goods & Service Tax.
 - The deduction against intra-state (within the state) supply will be Central GST & State GST @ 1% each – to be deposited with the respective Governments.
 - The deduction against inter-state supply will be IGST @ 2%, to be deposited in the said account.
 - The deductor to generate a challan online in FORM GST PMT-06 on the Common Portal and make the payment to a Bank through e-payment mode [Net Banking/Debit-Credit card/NEFT-RTGS] or OTC Mode [Cash/Cheque/DD].
- **Interest for late deposit of TDS in GST:-**
 - In case of default to pay the deducted TDS to the Government within 10 days after the end of the month in which such deduction is made, interest @18% shall be payable in addition to tax deducted.
- **Penalty to deduct less amount of TDS or failure to deduct TDS:-**
 - The deductor is liable to pay a penalty of Rs. 10,000/- or an amount equivalent to the tax not deducted or short deducted or deducted but not paid to the Government, whichever is higher.
- **Filing of TDS returns under GST Law:-**
 - Monthly return in form GSTR-7 to be filed by all deductors, online within 10 days after the end of such month.
 - The deductors shall furnish to the deductee (the supplier) a system generated certificate in Form GSTR-7A, within 5 days of crediting the amount so deducted to the Government, mentioning therein the contract value, rate of deductions, amount deducted, amount paid to the Government and other related particulars.
 - If the deductor fails to furnish the said certificate within the 5 days period, the deductor shall pay a late fee of Rs. 100 per day from the day after the expiry of such five day period until the failure is rectified.
 - The maximum amount of Late Fee payable is Rs. 5000/-.