

**OFFICE OF THE PRINCIPAL CONTROLLER OF
DEFENCE ACCOUNTS, BANGALORE**

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STORES/GST/01/2018-19/Vol.I

16/10/2018

CIRCULAR

To

All Sections in PCDA Bangalore

All Sub Offices under PCDA Bangalore

Sub: Issue of Guidelines regarding the Deductions and Deposits of TDS by the DDOs under Section 51 of GST Act 2017.

HQRs office vide their Circular No.A/GST/1110/Gen/2018-19/Vol.I dt.25/09/2018 on the subject matter of deductions and deposit of TDS on GST by the DDOs under section 51 of GST Act 2017 as deliberated by GOI Min.of Finance (Department of Revenue) Central Board of Indirect Taxes and Customs Notification No.50/2018-Central Tax dt.13/9/2018 received in this office. Silent features of the Circular are noted below:

a) Section 51 of the GST Act 2017 provides for deduction of tax by the Government Agencies (Deductor) with effect from 01/10/2018 towards payment made to suppliers.

b) Goods or Services or both, where the total value of such supply under a contract exceeds Rs.250000/-.(Rupees Two Lakh Fifty Thousand only).

c) The amount deducted as tax under this section as TDS shall be paid to the Government by deductor within 10 days after the end of the month in which such deduction is made along with a return in FROM GSTR 7 giving the details of deductions made and the details of deductees against whom such deductions were made.

d) Deductor has to issue a certificate to the deductee mentioning therein the contract value, rate of deduction, amount so deducted etc.,

e) Deductor shall deduct the TDS tax amount from the payment due to the supplier of goods or services or both and deposit the tax amount so deducted with Government account through NEFT to RBI or a cheque to be deposited in one of the 25 bank branches using the challan on the common portal. In case of NEFT/RTGS mode, the DDO will have to mention the CPIN number (as beneficiary's account number) RBI (as beneficiary) and the IFSC code of RBI with the request to payment authority to make payment in favour of RBI with the credentials.

f) Deductors are entrusted with the responsibility of filing return in FORM GSTR-7 on the common portal for every month in which deduction has been made based on which the benefit of deduction shall be made available to the deductee.

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g) For payment process of Tax Deduction at source under GST two options are proposed. One being the generation of challan for every payment made during the month. Bunching of TDS deducted from the bills on weekly, monthly or any periodic manner being the second option.

h) TDS so recovered while making the payment to the contractor/supplier shall be kept under suspense head (8659-Suspense: 00.101-PAO Suspense:-GST TDS). Pending receipt of approval for amendment in the Pamphlet of RDR Head code head 00/020/04 will be operated.

i) The DDO shall prepare the bill for the bunched TDS amount for payment through the concerned payment authority. In the bill the DDO will give reference of all earlier paid bills from which 2% TDS was deducted and kept in the suspense head. The DDO may also attach a certified copy of the record maintained by him in this regard.

j) The payment authority will pass the bill by clearing the suspense head operated against the particular DDO after exercising necessary checks.

k) DDO should maintain a Register in the prescribed proforma given in Annx.A'' 'to keep record of all TDS deductions made by him during the month which will be helpful at the time of filing monthly return in FORM GSTR-7.

Further to the directions received from the HQRs office the following guidelines are issued for strict implementation without fail.

a) It is mandatory to recover 2% of GST i.e., 2% on the supply amount who deals with the bills where in the supply or services or both, value of which excluding GST is above Rs.250000/- (non TDS recovery in case the value is Rs.250000/-) all the payment made to vendor/supplier/contractors w.e.f.1/10/2018 vide Notification No.50/2018 – Central Tax dated 13/09/2018.

EG: As per the Illustration/Example exhibited in 6.2.1 of the write up of GSTN if the value of the supply is for Rs.10000/- where the contract for supply is Rs.15 Lakh. Tax to be deducted as whole on the supply is Rs.900/- CGST+Rs.900/- SGST total value being Rs.11800/-. The deductor has to recover CGST 1% & SGST 1% on Rs.10000/- i.e., Rs.200/-. The final payment made to the supplier will be Rs.11600/- and Rs.200/- shall be TDS value. If the suppliers belongs to out station other than Karnataka Rs.200/- TDS needs to shown as IGST at 2%.

b) Deductors shall operate code head 020/04 (under Suspense Head 8659-Suspense:00.101-PAO suspense xxx-GST TDS) pending receipt of approval for amendment in Pamphlet or RDR Head. The TDS amount so recovered has to be booked 28/020/04 Rs.100/-(CGST) and 27/020/04 Rs.100/- (SGST) on the receipt side of the PM for clear identification of CGST & SGST element of recovery while making payment to GST office. In case the supply or services are other than the Karnataka State single booking of 2% TDS under code head 29/020/04 i.e, Rs.200/-

c) All the section and sub offices has to invariably collect the GSTN Registration Number of the supplier/vendor/contractor without which issue of TDS certificate will become difficult towards the TDS so recovered.

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d) GST being the indirect tax TDS so recovered @ 2% has to be paid to GSTN Department before 10th of the succeeding month towards the amount recovered for the previous month. Payment has to be made through NEFT to RBI or a cheque to be deposited in one of the authorised banks, using challan on the common portal.

e) PCDA Bangalore has already registered with the GSTN and the GSTIN Number assigned by the GSTN Department is 29BLRC00350AIDV which will be operative in all transaction of the sections functioning under PCDA Bangalore in Main Office only.

f) All deductors are entrusted with the responsibility of filing return in FORM GSTR-7 on the common portal for every month in which deductions has to be made based on which the benefit of deductions shall be made available to the deductee.

g) A separate cell/section by name GSTN CELL is going to be set up for taking care of payment of TDS recovered by all the sections in MO centrally, generation of GSTR 7 and issue of TDS certificate to the affected vendors/suppliers/contractors on completion payment process and generation in the common portal.

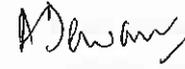
g) All section in MO who are entrusted with the duties of passing of bills value of which is Rs.250000/- and more are instructed to start recover TDS as explained above from the payment w.e.f.1/10/2018 and to place the same under suspense while booking in the code head intimated para (b) of this circular. A register (specimen of which is made available along with this circular) needs to be maintained with the relevant entries. The extract of the same may please made available to GSTN CELL immediately on completion of the month for the convenience to generate GSTR 7 and further issue of TDS Certificate to the affected vendors.

h) All the AO DAD HAL office functioning under PCDA Bangalore are further instructed to follow the instructions explained above, since these offices are functioning as independent DDOs, payment of TDS to the RBI through NEFT/RTGS or depositing the cheque to any one of the 25 designated banks may be made immediately on completion of the month positively by 5th of the succeeding month of TDS recovery without waiting till 10th of the month to avoid delay in payment and levy of interest and penal fees by the GSTN department. Generation of GSTR 7, uploading of the same with common portal and issue of TDS certificate to the vendors has to be carried out independently. GSTIN number of the vendors/suppliers wherever not furnished has to be collected and kept on record for the purpose of issuing the TDS certificate. Monthly compliance report has to reach the MO by 20th of each month once the above functions are completed by all the AO DAD HAL offices without fail. While making the TDS payment the amount earlier booked under suspense head has to be relieved. Register as per the specimen enclosed needs to be maintained. In case of any clarification, GSTN Cell may be contacted for further advice.

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i)It is confirmed by the E section that, AO GEs are not in possession of GSTN number and the respective GEs are holding the same. All the AO GEs are instructed to brought out the Finance Ministry's directions to all the GEs without fail (while enforcing the TDS recovery on the all the payment made to the contractors/vendors above Rs.250000/- excluding GST w.e.f.1/10/2018)and TDS recovered while passing RARs/Supply orders has to be brought to the knowledge of the GE concerned so as to enable GEs office to make the TDS payment to RBI through NEFT to GSTN department positively by 5th of succeeding month without waiting the ultimate date of 10th intimated by Finance Ministry. All the AO GEs has to maintain the register in the specimen enclosed while booking the TDS recovery in suspense head as explained above. It is the responsibility of AO GEs to advise the executives in completing the formalities like uploading in the common portal, generation of GSTR 7 and issue of TDS certificate to the affected contractors/suppliers for the purpose of relieving the suspense head while making payment to RBI. AO GEs may also verify the correctness of uploading by the respective GEs with the entries in the register maintained. In case of any doubt, GSTN Cell and E section may please be contacted.


Addl.CDA

Annexure A

Record to be maintained by the DDO for filing of GSTR7

| Sl. No. | GSTIN of the Deductee | Trade Name | Amount paid to the Deductee on which tax is deducted | Integrated Tax | Central Tax | State/UT Tax | Total |
|---------|-----------------------|------------|------------------------------------------------------|----------------|-------------|--------------|-------|
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