CIRCULAR

Sub:- Tax Deduction at source as per Section 51 of Goa Goods and Services Tax Act, 2017 and Section 51 of the Central Goods and Services Tax Act, 2017 and procedure / guidelines to be followed by Drawing and Disbursing Officers (DDO’s) / Government Departments or Government Agencies / Local authorities etc. of the State Government.

The Goa Goods and Services Tax Act, 2017 (SGST) and the Central Goods and Services Tax Act, 2017 (CGST) has come into force with effect from 01st July, 2017. The Goods and Services Tax Acts envisages the tax on supply of goods and services or both. The Goods and Services Tax (GST) is also applicable for the supplies or services or both, made to the Government Departments / Agencies / Local authorities, in the course of its day to day activity.

The relevant procedure for registration of a deductor, payment of tax to Government, issuance of TDS certificates, filing monthly returns etc. are explained hereunder.

1. Deductor:

Section 51 of SGST as well as CGST, provides that every Department or establishment of the Central Government or the State Government or local authority or Government agencies, shall deduct tax at source (TDS).

As provided in Section 51 of the ‘Goa Goods and Services Act, 2017’ a deductor is a, –

(a) Department or establishment of the Central Government or State Government, or
(b) Local Authority; or
(c) Government Agencies; or
(d) Such persons or category of persons as may be notified by the Government on the recommendations of the Council (viz. Goods and Services Tax Council), as tax deductor.

2. Registration:

(a) The registration as a deductor is compulsory for every Drawing and Disbursing Officer (DDO) in the State of Goa. For obtaining registration as deductor, an application in Form “REG 07”, will have to be filled appropriately and uploaded on the GST portal of the Goods and Services Network (GSTN) viz. www.gst.gov.in.

(b) The applicant / DDO should have a valid TAN as also valid e-mail ID / address.

(c) During the registration process, DDO is advised to quote TAN (Tax Account Number) allotted by the Income Tax Department in place of PAN (Permanent Account Number).

(d) The GST portal, will allot an unique GSTIN (Goods & Services Tax Identification Number).

(e) Each DDO shall intimate the GSTIN allotted; to the Directorate of Accounts by 14th August, 2017.

Note 1: The registration process for DDO’s is expected to commence from 28th July, 2017 on the GST portal.

3. TDS under GST:

(a) Section 51 of Goa Goods and Services Act, 2017 provides the procedure for deduction of tax at source (TDS) at the rate of 02% by a deductor from the payment made or credited to the supply of taxable goods or services or both, where the total value of supply of goods or services or both, under a contract, exceeds two lakh fifty thousand rupees; except in cases where the location of the supplier and the place of supply is different from the State of registration of the DDO.

Illustration:

DDO “XYZ” purchases computers for the office costing Rs. 20,00,000/- (basic price) from a local dealer.

On such a purchase incidence of GST as notified for such supplies to be charged by the local dealer is 18% (i.e. 9% CGST plus 9% SGST). For any purchase done by Government above Rs. 2,50,000/- a deduction
of TDS @ 2% (i.e. 1% CGST and 1% SGST) has to be made; except in cases of procurement done from a dealer outside the State of Goa.

The invoice given to DDO “XYZ”, by the local dealer, will be as follows:

(i) Basic price ... Rs. 20,00,000/-
(ii) CGST 9% ... Rs. 1,80,000/-
(iii) SGST 9% ... Rs. 1,80,000/-
(iv) Total ... Rs. 23,60,000/-

(b) Method to pay GST:

(i) The DDO “XYZ” shall deduct 02% TDS in terms of Section 51 of the SGST Act and CGST Act, in the following manner:

   (i) Basic Price ... Rs. 20,00,000/-
   ii) 02% TDS ... Rs. 40,000/- (1% CGST plus 1% SGST)

Note 2: In terms of Notification No. 38/1/2017 – Fin (R&C)(6) dated 30/06/2017, section 51 of the SGST Act, as also, section 51 of the CGST Act has not been brought into force and the above levy shall be made on such supplies which are billed on or after the date on which section 51 comes into force.

Note 3: “Basic Price” means price after including base price, charges towards packaging & forwarding, C & F, Insurance, Freight etc. except CGST and SGST plus cess. That is to say, no tax shall be deducted on SGST, CGST or IGST (Integrated Goods and Services Tax) tax amount shown in the bill or invoice.

(ii) While preparing the FVC (Fully Vouched Contingency) Bill, the above details as per illustration (as given in 3(a) above) shall be provided on the FVC, wherein the amount payable to the local dealer shall be as follows:

   (i) Amount payable ... Rs. 23,60,000/-
   (ii) Less: TDS @2% ... Rs. 40,000/-
   (iii) Net payable ... Rs. 23,20,000/- (amount payable to the local dealer)

(iii) The amount of TDS so deducted, shall be remitted into a separate bank account (current account) permitted to be opened in the name of the DDO, in any branch of State Bank of India only.
(iv) The DDO shall, as per the sub-section (2) of Section 51 of the SGST and CGST Acts, make the payment of SGST as well as CGST, within ten days after the end of the month in which such deduction is made. That is to say, by the tenth day of succeeding month, in which the FVC bill has been cleared and paid by the Directorate of Accounts.

Illustration: In the example given above, if the invoice and supply was done by the dealer on 02nd July, 2017 to the DDO, who thereafter processed the FVC bill for payment to the Directorate of Accounts; which in turn was cleared on 22nd July, 2017; than the payment of TDS shall have to be made on or before 10th August, 2017.

(v) For the purpose of making payment of TDS deducted as per clause 3(b)(ii) above, the DDO, shall generate an online tax payment challan from the GST portal, in Form “GST-PMT-06”. He may then proceed to make payment of this challan, by quoting the unique CPIN (common portal identification number) which is generated alongside the online tax payment challan; either:

1. through online payment, using SBI payment gateway or SBI Internet Banking facility, or
2. through NEFT/RTGS at any SBI branch; only.

Note 4: DDO should ensure that while making payments CPIN is clearly visible and quoted during this transaction.

(vi) Thereafter, the DDO shall furnish a certificate in Form “GSTR-7A” to the deductee (viz. the dealer), electronically, in respect of the TDS deducted and paid to the Government; clearly mentioning therein the contract value, rate of deduction, amount deducted and amount paid to the Government. This certificate shall have to be issued not later than five days from the date of making payment to the Government.

Illustration: In the example given under clause 3(b)(iv) above, if the payment of TDS deducted was paid to the Government on 10th August, 2017; than the TDS certificate has to be issued on or before 15th August, 2017.

Note 5: DDO should mention the CIN (challan identification number), which is generated after the challan is paid, on the TDS certificate being issued so as to enable the deductee to avail credit of TDS.
(c) DDO should note the provision of sub-sections (3), (4) and (6) of section 51 of the SGST as well as CGST Acts; which *interalia* provides for penalties in delays in making tax payments and issue of TDS certificate to the local dealer (compulsorily within five days of making such payment) in the prescribed Form “GSTR-7A”.

(d) DDO is required to file a monthly return, electronically, in the prescribed Form “GSTR-7” within ten days after the end of the month in which deductions are made, as provided under sub-section (3) of section 39 of the SGST as well as CGST Acts.

*Illustration:* In the example given under clause 3(b)(iv) above, since the deductions were made in the month of July 2017, the monthly return shall have to be filed on or before 10th August, 2017.

(e) In case the DDO fails to pay/remit to the Government the amount deducted, within the prescribed time limits; he shall be liable to pay interest at the rate of 18% in addition to the amount of tax deducted for the period of delay; in terms of sub-section (6) of section 51 read with sub-section (1) of section 50 of the SGST as well as CGST Acts.

DDO shall be personally liable to pay this amount in case of the aforementioned default, which shall be recovered from his pay and allowances.

*Illustration:* In the example given above, if the TDS deducted is paid on 30th September, 2017 beyond the prescribed date of 10th August, 2017; than an interest calculated at the rate of 18% will have to be paid for the period 11th August, 2017 to 30th September, 2017 (i.e. 51 days). The interest amount payable will be Rs. 1006/- { i.e. 40000 x (18/100) x (51/365) }.

(f) In case TDS certificate is not issued to the deductee within prescribed time limit, deductor i.e. DDO shall be liable to pay late fee of Rs. 100/- per day, subject to the maximum amount of Rs. 5000/-; from the expiry of the 05th day till the TDS certificate is issued.

DDO shall be personally liable to pay this amount in case of the aforementioned default, which shall be recovered from his pay and allowances.
(g) If a deductor, i.e. DDO fails to deduct TDS as provided in section 51 of SGST as well as CGST Acts, or deducts an amount which is less than the amount required to be deducted or fails to pay to the Government the amount deducted as tax, then the deductor i.e. DDO shall be liable to pay a penalty equivalent to the amount of TDS not deducted or short deducted or deducted but not paid to the Government or Rs. 10,000/-, whichever is higher; in terms of sub-section (1) of section 122 of the SGST as well as CGST Acts.

DDO shall be personally liable to pay this amount in case of the aforementioned default, which shall be recovered from his pay and allowances.

4. All DDO's / Heads of Departments are required to strictly adhere to the aforesaid instructions and ensure timely deduction of TDS, its payment, issuance of TDS certificate and filing of monthly returns.

5. Instructions contained in this Circular are for the guidance of the Drawing and Disbursing Officers of the State Government and are clarificatory in nature and cannot be made use for interpretation of the provisions of law as in force.

6. This issues with the approval of the Government vide U.O. No. 1132/F (1400039445) dated 21/07/2017.

(Daulat A. Hawaldar, IAS)
Finance Secretary

To
All DDO's / Heads of Departments / Offices.

Copy to:
1. Chief Secretary, Secretariat, Porvorim.
2. All Secretaries to the Government, Secretariat, Porvorim.
3. Secretary to Hon'ble Governor of Goa, Raj Bhavan, Dona Paula.
4. Secretary to Hon'ble Chief Minister, Secretariat, Porvorim.
5. O.S.D. to Hon'ble Speaker, Goa Legislative Assembly, Porvorim.
6. O.S.D. to Hon'ble Ministers, Secretariat, Porvorim.
8. Director of Accounts, Directorate of Accounts, Panaji.
11. Accountant General (Goa), Audit Bhavan, Pilerne.