WEB CIRCULATION

Employees' Provident Fund Organization
(Ministry of Labour & Employment, Govt. Of India)
Head Office
Pradhan, Nirvachan Bhawan, 14, Bhikaji Cama Place, New Delhi-110066

No. PDU/4(3)2019/ Date: 01 OCT 2019

To,

The Zonal ACCs/Director (PDNASS)/RPFCs in-charge,

All Zonal Office/Regional Offices/ZTIs/NDC/ASD of Head Office.

Subject:- Deductions and Deposits of TDS by the DDOs under Section 51 of GST Act 2017 - Regarding.

Reference: (i) GOI, Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes and Customs Notification No. 50/2018-Central Tax Dated: 13.09.2018 (Copy enclosed).


Sir/Madame,

Please refer to the subject and references cited above.

2. Vide Notification under reference above, the Union Government had notified the 1st day of October, 2018, as the date on which the provisions of section 51 of the CGST Act-2017 shall come into force.

3. To elaborate further, Section 51 of the aforesaid Act provides for deduction of tax by the Government Agencies (Deductor) or any other person to be notified in this regard, from the payment made or credited to the supplier (Deductee) of taxable goods or services or both, where the total value of such supply, under a contract exceeds Rs. 250000/- (Rs. two lakh and fifty thousand). The sum so deducted as tax under this section shall be paid to the Government by the deductor by 10th of the following month along with a return in Form GSTR-7 giving the details of deductions and deductees. Furthermore, the deductor has to issue a certificate to the deductee mentioning therein the contract value, rate of deduction, amount deducted, etc.

4. As per Section 51 of CGST Act 2017, deductor shall deduct the tax amount from the payment made to the supplier of goods or services or both and deposit the tax amount so deducted with the Government account through NEFT to RBI or a cheque to be deposited in one of the authorized banks, using Challan on the GSTN Portal. In addition, the deductors are entrusted with the responsibility of filing return in Form GSTR-7 on the GSTN Portal for every
month in which deduction has been made. Benefit of deduction shall be made available to the
deductees on the basis of return filed in Form GSTR- 7 by the deductors. All the DDOs who are
performing the role as deductors have to register with the GSTN Portal and get the GST
Identification Number (GSTIN).

5. For payment processing of Tax Deduction at Source under GST, two options are
available as follows:-
Option I: Generation of Challan for every payment made during the month.
Option II: Bunching of TDS deducted from the bills on weekly, monthly or any periodic
manner.
For more details on payment processing, CBIC Circular under reference above may please be
referred to.

6. At any periodic interval, when DDO needs to deposit the TDS amount, he will prepare
the CPIN (Challan) on the GSTN Portal for the amount. While generating the CPIN, the DDO will
have to select mode of payment as either (a) NEFT/RTGS or (b) OTC. In the OTC mode, the
DDOs will have to select the Bank where the payment will be deposited through OTC mode
(Over the Counter Mode)

7. The DDOs are obliged to ensure maintenance of all TDS deductions effected during the
month in a Register in the format prescribed under Annexure ‘A’ appended to CBIC Circular
dated 14.09.2018. The register will come handy at the time of filing Monthly Return (FORM
GSTR-7) by the DDO. The DDO may also make use of the offline utility available on the GSTN
Portal for the purpose.

8. Standard Operating Procedure issued by GST Council is available on the link given
hereunder for guidance:-

http://www.gstcouncil.gov.in/sites/default/files/faq/28092018_SOP_ON_TDS.pdf

{This issues with the approval of Central P.F. Commissioner in consultation with FA&CAO and
ACC(HQ)(Legal)}

Enclosure: As above.

Yours faithfully,

(A. Kumar)
Regional P. F. Commissioner-I (PDU)
G.S.R. .....(E).— In exercise of the powers conferred by sub-section (3) of section 1 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and in supercession of the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 33/2017-Central Tax, dated the 15th September, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 1163 (E), dated the 15th September, 2017, except as respects things done or omitted to be done before such supersession, the Central Government hereby appoints the 1st day of October, 2018, as the date on which the provisions of section 51 of the said Act shall come into force with respect to persons specified under clauses (a), (b) and (c) of sub-section (1) of section 51 of the said Act and the persons specified below under clause (d) of sub-section (1) of section 51 of the said Act, namely:—

(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 per cent. 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.

[FR No. 349/58/2017-GST(Pt.)]

(Gunjan Kumar Verma)
Under Secretary to the Government of India
Circular No. 65/39/2018-DOR
Government of India
Ministry of Finance
Department of Revenue
***
New Delhi, Dated the 14th September, 2018

To,

1. Secretaries of the Central Ministries as per list enclosed.
2. Chief Secretaries of all States/UTs with legislature/UTs without Legislature.
3. All Finance Secretaries/ CCTs of the States/UTs with Legislature/UTs without Legislature.
4. Chairman CBIC/All Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/ Commissioners of Central Tax (through Member, GST, CBIC)
5. Pr.Chief Controller of Accounts, CBIC.

Madam/Sir,

Subject: Guidelines for Deductions and Deposits of TDS by the DDO under GST

Section 51 of the CGST Act 2017 provides for deduction of tax by the Government Agencies (Deductor) or any other person to be notified in this regard, from the payment made or credited to the supplier (Deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees. The amount deducted as tax under this section shall be paid to the Government by deductor within ten days after the end of the month in which such deduction is made along with a return in FORM GSTR-7 giving the details of deductions and deductees. Further, the deductor has to issue a certificate to the deductee mentioning therein the contract value, rate of deduction, amount deducted etc.

2. As per the Act, every deductor shall deduct the tax amount from the payment made to the supplier of goods or services or both and deposit the tax amount so deducted with the Government account through NEFT to RBI or a cheque to be deposited in one of the authorized banks, using challan on the common portal. In addition, the deductors are entrusted 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. All the DDOs in the Government, who are performing the role as deductor have to register with the common portal and get the GST Identification Number (GSTIN).

3. The subject section which provides for tax deduction at source was not notified to come into force with effect from 1st July, 2017, the date from which GST was introduced. Government has recently notified that these provisions shall come into force with effect from 1st October, 2018, vide Notification No. 50/2018 – Central Tax dated 13th September, 2018.

4. For payment process of Tax Deduction at Source under GST two options can be followed, which are as under:

**Option I**: Generation of challan for every payment made during the month

**Option II**: Bunching of TDS deducted from the bills on weekly, monthly or any periodic manner

5. In order to give effect to the above options from 01.10.2018, a process flow of deduction and deposit of TDS by the DDOs has been finalised in consultation with CGA for guidance and implementation by Central and State Government Authorities. The process flow for Option I and Option II are described as under:

**Option I - Individual Bill-wise Deduction and its Deposit by the DDO**

6. In this option, the DDO will have to deduct as well as deposit the GST TDS for each bill individually by generating a CPIN (Challan) and mentioning it in the Bill itself.

7. Following process shall be followed by the DDO in this regard:

   (i) The DDO shall prepare the Bill based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST.

   (ii) The DDO shall login into the GSTN Portal (using his GSTIN) and generate the CPIN (Challan). In the CPIN he shall have to fill in the desired amount of payment against one/many Major Head(s) (CGST/SGST/UTGST/IGST) and the relevant component (e.g. Tax) under each of the Major Head.
(iii) While generating the CPIN, the DDO will have to select mode of payment as either (a) NEFT/RTGS or (b) OTC. In the OTC mode, the DDO will have to select the Bank where the payment will be deposited through OTC mode.

(iv) The DDO shall prepare the bill on PFMS (in case of Central Civil Ministries of GoI), similar payment portals of other Ministries/Departments of GoI or of State Governments for submission to the respective payment authorities.

(v) In the Bill,
(a) the net amount payable to the Contractor; and
(b) 2% as TDS
will be specified

(vi) 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 these credentials.

(vii) In case of the OTC mode, the DDO will have to request the payment authority to issue ‘A’ Category Government Cheque in favour of one of the 25 authorized Banks. The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO.

(viii) Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal. This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal. This can be viewed and the details of CIN can be noted by the DDO anytime on GSTN portal using his Login credentials.

(ix) The DDO should maintain a Register as per proforma given in Annexure ‘A’ to keep record of all TDS deductions made by him during the month. This Record will be helpful at the time of filing Monthly Return (FORM GSTR-7) by the DDO. The DDO may also make use of the offline utility available on the GSTN Portal for this purpose.
(x) The DDO shall generate TDS Certificate through the GST Portal in FORM GSTR-7A after filing of Monthly Return.

Option II - Bunching of deductions and its deposit by the DDO

8. Option-I may not be suitable for DDOs who make large number of payments in a month as it would require them to make large number of challans during the month. Such DDOs may exercise this option wherein the DDO will have to deduct the TDS from each bill, for keeping it under the Suspense Head. However, deposit of this bunched amount from the Suspense Head can be made on a weekly, monthly or any other periodic basis.

9. Following process shall be followed by the DDO in this regard:

(i) The DDO shall prepare the Bill based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST.

(ii) The DDO shall prepare the bill on PFMS (in case of Central Civil Ministries of GoI), similar payment portals of other Ministries/Departments of GoI or of State Governments for submission to the respective payment authorities.

(iii) In the Bill, it will be specified
(a) the net amount payable to the Contractor; and
(b) 2% as TDS

(iv) The TDS amount shall be mentioned in the Bill for booking in the Suspense Head (8658 - Suspense; 00.101 - PAO Suspense; xx – GST TDS)

(v) The DDO will require to maintain the Record of the TDS so being booked under the Suspense Head so that at the time of preparing the CPIN for making payment on weekly/monthly or any other periodic basis, the total amount could be easily worked out.

(vi) At any periodic interval, when DDO needs to deposit the TDS amount, he will prepare the CPIN on the GSTN Portal for the amount (already booked under the Suspense Head).

(vii) While generating the CPIN, the DDO will have to select mode of payment as either (a) NEFT/RTGS or (b) OTC. In the OTC mode,
the DDO will have to select the Bank where the payment will be deposited through OTC mode.

(viii) 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 the 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.

(ix) The payment authority will pass the bill by clearing the Suspense Head operated against that particular DDO after exercising necessary checks.

(x) 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 these credentials.

(xi) In case of the OTC mode, the DDO will have to request the payment authority to issue ‘A’ Category Government Cheque in favour of one of the 25 authorized Banks. The Cheque may then be deposited along with the CPIN with any of branch of the authorized Bank so selected by the DDO.

(xii) Upon successful payment, a CIN will be generated by the RBI/Authorized Bank and will be shared electronically with the GSTN Portal. This will get credited in the electronic Cash Ledger of the concerned DDO in the GSTN Portal. This can be viewed and the details of CIN can be noted by the DDO anytime on GSTN portal using his Login credentials.

(xiii) The DDO should maintain a Register as per proforma given in Annexure ‘A’ to keep record of all TDS deductions made by him during the month. This Record will be helpful at the time of filing Monthly Return (FORM GSTR-7) by the DDO. The DDO may also make use of the offline utility available on the GSTN Portal for this purpose.

(xiv) The DDO shall file the Return in FORM GSTR-7 by 10th of the following month
(xv) The DDO shall generate TDS Certificate through the GSTN Portal in FORM GSTR-7A

10. Departments in Central Government should instruct all its DDOs under them to follow the above procedure for payment of GST TDS amount deducted from payments to be made to suppliers.

11. Difficulty, if any, in implementation of this circular may please be brought to the notice of Department of Revenue.

(Ritvik Pandey)
Joint Secretary to the Government of India
Annexure A

Record to be maintained by the DDO for filing of GSTR7

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>GSTIN of the Deductee</th>
<th>Trade Name</th>
<th>Amount paid to the Deductee on which tax is deducted</th>
<th>Integrated Tax</th>
<th>Central Tax</th>
<th>State/UT Tax</th>
<th>Total</th>
</tr>
</thead>
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