

V.O.CHIDAMBARANAR PORT TRUST
FINANCE DEPARTMENT

No.VOCPT /FIN/TAX/GST/CIR

Date:24.10.2018

CIRCULAR No.13-2018-19

Sub: Tax deducted at Source under GST Act-Reg

Ref: 1) Sec 51 of CGST Act

2) Notification No.50/2018-Central Tax dated 13.09.2018

Central Government vide Notification reference second cited, introduced Tax Deducted at Source (TDS) as per Provision of Section 51 of CGST Act applicable under GST Law, on all payments effected by Person specified therein such as

- a) Authority or a Board or any other body set up by an Act of Parliament or State Legislative with fifty-one per cent (51%) or more participation by way of equity or control,
- b) by Society Established by Central Government or State Government or
- c) Local Authority under Society Registration Act 1860 Public Sector Enterprises.

2. V.O.Chidambaranar Port Trust being an Autonomous Body set up under Provisions of Major Port Trust Act, GST TDS needs to be deducted from all the payments/advances made by VOCPT to Contractor and suppliers on invoices raised on or after 01.10.2018 where value of contract exceeds Rs.2,50,000/- excluding GST . This is applicable to existing contracts also.TDS under GST Act shall be deducted on both material as well as services in addition to TDS under Income Tax Act 1961. The following are the requirements.

- a) TDS needs to be deducted @ 2% in case of IGST. In case of CGST and SGST, TDS @ 1% each shall be deducted. The TDS is to be deducted on the value of supply excluding Central and State tax Union Territory Tax ; Integrated Tax, cess specified in the invoice.
- b) TDS deducted from payments will be deposited with GST authorities by 10th of the following month and Corresponding GST TDS certificates will be issued accordingly.

- c) The above TDS need not be deducted in respect of cases listed in Annexure –I.
- d) Mode of Deduction and Applicability in deduction
- i) For Contractors and Suppliers to Port : Invoice based GST (TDS) calculation-option –I (Refer Circular No. 65/39/2018-DOR)
 - ii) For payment to Port by Government Agencies for services rendered in respect of Port services – option –II will be insisted(Refer Circular No. 65/39/2018-DOR)

Further, it is to be noted that Tax can be deducted at Source under GST only from the date on which the application for GST TDS Registration is made which is under process.

It is requested to ensure the above compliances immediately. System related changes are being arranged through EDP separately.

for  23/09/2018

**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

Encl: as above

To

All Heads of Department VOCPT - For information and necessary action.

Copy To:

- 1) Sr.DD(EDP) – for making necessary provision in SAP
- 2) CAO – to provide relevant Accounting Codes
- 3) All Officers of finance department for Strict Compliance
- 4) AO/Tax- for follow-up and necessary action.

When tax deduction is not required to be made under GST:

Tax deduction is not required in following situations:

- a) Total value of taxable supply \leq Rs. 2.5 Lakh under a 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 \leq Rs. 2.5 Lakh.
- c) Receipt of services which are exempted. For example services exempted under notification No. 12/2017 – Central Tax (Rate) 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 a supplier had issued an invoice for any sale of goods in respect of which tax was required to be deducted at source under the VAT Law before 01.07.2017, but where payment for such sale is made on or after 01.07.2017 [Section 142(13) refers].
- g) 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.
- h) All activities or transactions specified in Schedule III of the CGST/SGST Acts 2017, irrespective of the value.
- i) Where the payment relates to a tax invoice that has been issued before 01.10.2018.
- j) 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.
- k) Where the tax is to be paid on reverse charge by the recipient i.e. the deductee.
- l) Where the payment is made to an unregistered supplier.
- m) Where the payment relates to “Cess” component.