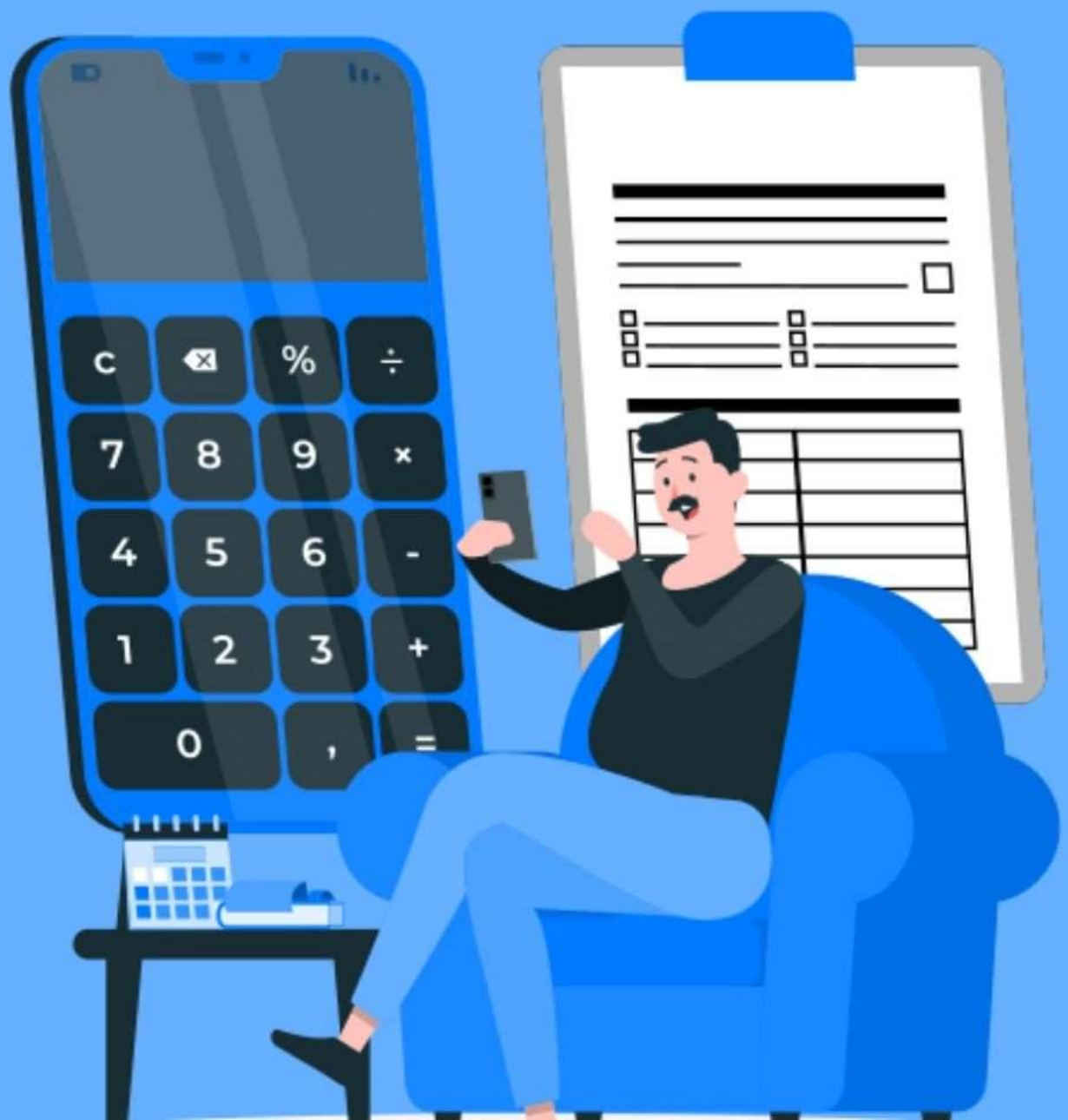


TCS & TDS UNDER GST





TDS and TCS Under GST

TDS under GST is the tax deducted while making payments by the buyer of goods and services like government departments under a business contract. In the case of TCS, it refers to the tax collected by the eCommerce operators as a supplier supplies goods or services via its websites and the payment for it collected by the eCommerce operator.



Who can deduct TDS under GST?



- ◆ A Government department (Central Government or State Government); or

- ◆ Local authority; or

- ◆ Governmental agencies; or

- ◆ categories of persons, notified by the Government

- ◆ Public sector undertakings (PSUs), or

- ◆ society established by the Central or any State Government or a Local Authority and the society is registered as per the Societies Registration Act, 1860, or

- ◆ An authority or a board or any other body which has been established by Parliament or a State Legislature or by a government, with 51% equity (control) owned by the government.

What is the rate of TDS to be deducted under GST?

The rate of TDS to be deducted under the GST is 2% (1% CGST+1% SGST or 2% IGST) on the payments made to the seller of taxable goods or services.

Is there any limit for deducting TDS under GST?

In case the total value of supply under a contract exceeds Rs 2.5 lakhs then the person or the organization would be liable to deduct TDS.

COMPANY FORMATION
Your Business, Our Experience

TDS and TCS under GST



What is the deadline for the payment of TDS?

The deductor has to make the payment of TDS by the 10th day of the next month in form GSTR-7. For instance, the 'A' department of the Central Government deducts TDS @2% from 'B' on 5 February 2021, then it has to make payment by 10 March 2021

Deadline for Payment of TDS Under GST

Government Entities

Deadline: TDS should be deposited with the government within 10 days from the end of the month in which the deduction is made.

Example: If TDS is deducted in July, it must be deposited by 10th August.

Deadline for Filing TDS Returns

In addition to depositing TDS, you also need to file TDS returns

TDS returns are to be filed quarterly in Form GSTR-7



Q1 (April - June):

10th July



Q2 (July -September)

10th October



Q3 (October - December)

10th January

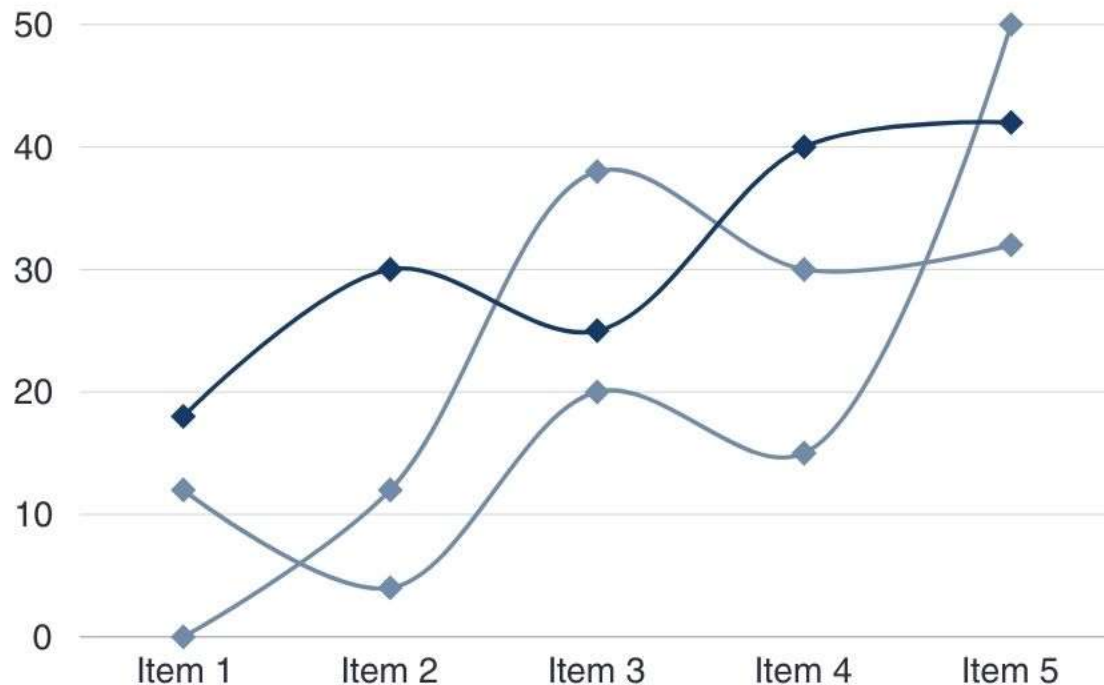


Q4 (January - March)

10th April

Penalties for Late Payment

The deductor has to make the payment of TDS by the 10th day of the next month in form GSTR-7. For instance, the 'A' department of the Central Government deducts TDS @2% from 'B' on 5 February 2021, then it has to make payment by 10 March 2021



Interest: If the TDS is not paid on time, interest is charged at 18% per annum for the delay period.

Late Fees: If the TDS return is not filed on time, a late fee of ₹200 per day is applicable, subject to a maximum of ₹5,000.

Important Notes

- # Ensure timely payment and filing to avoid penalties and interest.
- # Keep updated with any changes in GST laws or deadlines by checking the official GST portal or consulting with a tax professional.

Impact of TDS under GST on Government civil contractors

Tax Deducted at Source (TDS) under GST has specific implications for government civil contractors. Here's a comprehensive overview of the impact:

CASH FLOW MANAGEMENT

Example Scenario

Project Value: A civil contractor is awarded a government project with a contract value of ₹10,00,000.

COMPLIANCE REQUIREMENTS

TDS Rate: The applicable TDS rate under GST is 2% (1% CGST + 1% SGST/UTGST).

CLAIMING CREDIT

TDS Deduction: The government deducts 2% of ₹10,00,000, which amounts to ₹20,000

INCREASED COMPLIANCE BURDEN

Payment Received: The contractor receives ₹9,80,000 (₹10,00,000 - ₹20,000) from the government department.

IMPACT ON BIDDING AND CONTRACTS

Credit Claim: The contractor will need to track the ₹20,000 TDS and ensure it is correctly reflected in their GST returns to claim it as a credit.

REGULATORY CHANGES

Understanding TCS Under GST

What is TCS?

TCS is a mechanism where e-commerce operators collect tax at source on behalf of the sellers who use their platforms to sell goods or services. The collected tax is then deposited with the government.

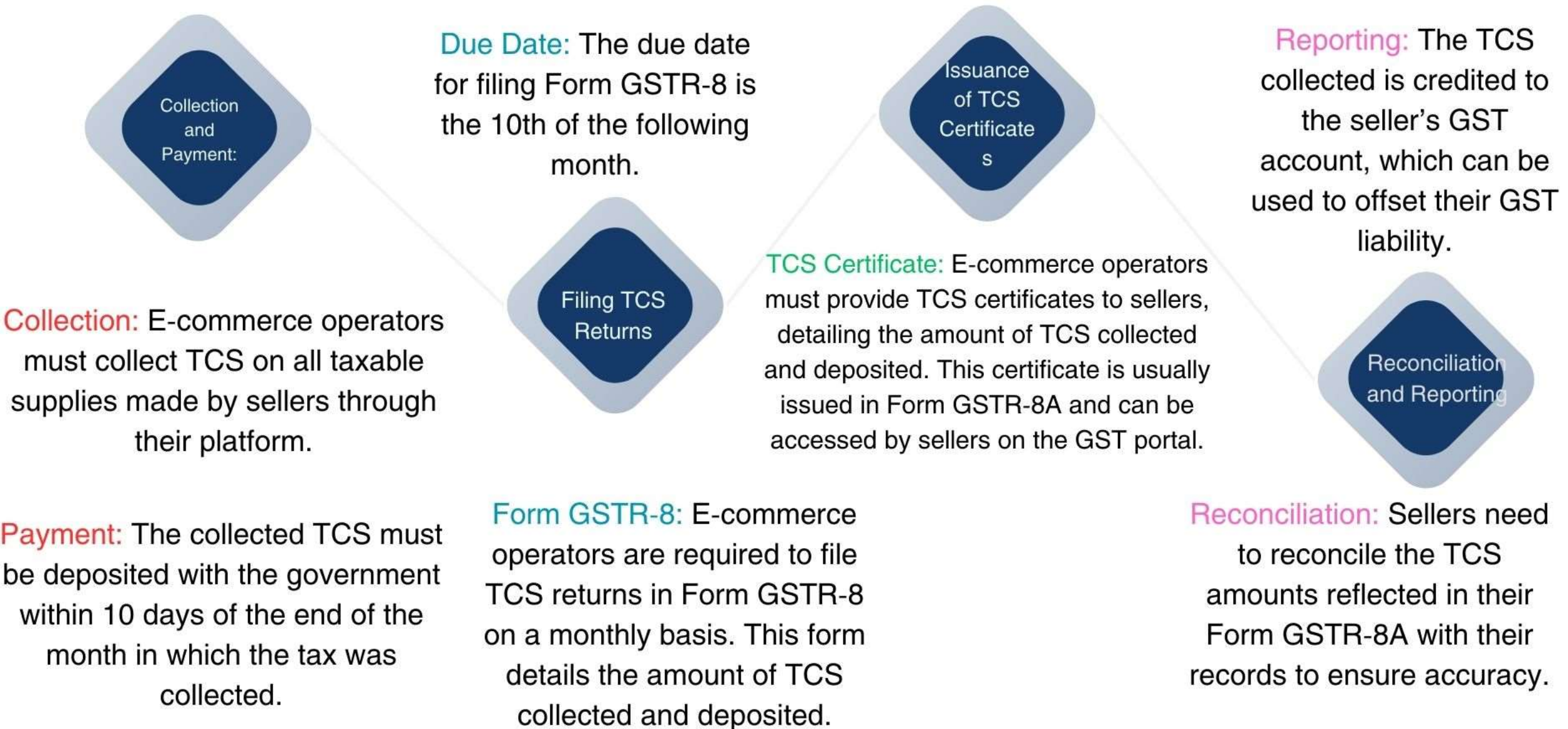
Applicability:

TCS is applicable to all e-commerce operators facilitating the supply of goods or services. The operator is responsible for collecting TCS on the value of taxable supplies made through their platform.

TCS Rate:

The rate of TCS under GST is 1% of the net value of taxable supplies (0.5% CGST + 0.5% SGST/UTGST) or 1% IGST, depending on the nature of the supply.

Compliance Requirements for E-Commerce Operators



Example Scenario

Sale through E-Commerce Platform:

Transaction Value: A seller makes a sale of goods worth ₹1,00,000 through an e-commerce platform.

TCS Rate: 1% of ₹1,00,000 = ₹1,000.

Collection: The e-commerce operator collects ₹1,00,000 + ₹1,000 = ₹1,01,000 from the buyer.

Certificate to Seller:

TCS Certificate: The seller receives a TCS certificate from the e-commerce operator showing ₹1,000 TCS collected. This certificate helps the seller in reconciling their GST credit.



Payment and Return:

Payment to Government: The e-commerce operator deposits ₹1,000 TCS with the government within 10 days of the end of the month.

GSTR-8 Filing: The e-commerce operator files Form GSTR-8 by the 10th of the following month, detailing the TCS collected.

Who can Collect TCS under GST?

Section 52 has been added under the CGST law for all e-commerce aggregators to bring TCS in GST. e-Commerce aggregators are held responsible under the GST law for deducting and depositing tax at the rate of 1% from each transaction.

What is the rate of TCS to be Collected under GST?

TCS Rate Under GST

- ◆ **Rate:** The TCS rate under GST is 1% of the net value of taxable supplies
- ◆ **For intra-state supplies:** 0.5% CGST + 0.5% SGST = 1% total
- ◆ **For inter-state supplies:** 1% IGST

Applicability

◆ E-Commerce Operators:

The responsibility for collecting TCS falls on e-commerce operators who facilitate the sale of goods or services through their platforms.

◆ Suppliers through E-Commerce:

TCS is collected on the value of taxable supplies made by sellers using the e-commerce platform.

Filing and Compliance

Deposit: The collected TCS must be deposited with the government within 10 days of the end of the month in which it was collected.

Return Filing: E-commerce operators must file TCS returns in Form GSTR-8 on a monthly basis, detailing the TCS collected.

Certificate: TCS certificates are issued to sellers, which they can use for reconciling their GST credits.

Is there any limit for Collecting TCS under GST?

Key Points Regarding TCS Collection Limits

Applicability of TCS:



No Minimum Threshold: E-commerce operators are required to collect TCS on all taxable supplies made through their platform, regardless of the value of individual transactions. There is no minimum threshold for the value of transactions above which TCS applies.

General Rule: TCS must be collected on every transaction where taxable supplies are made through the e-commerce platform, irrespective of the transaction amount.

Exemptions and Non-Applicability:

Exempt Supplies: TCS is not applicable to exempt supplies or transactions that are not subject to GST.

Non-Taxable Transactions: Transactions that are not subject to GST, such as those involving exempt goods or services, will not attract TCS.



Specific Situations:



Goods and Services Tax Rate: TCS is only collected on the value of taxable supplies. If the transaction involves supplies that are zero-rated or exempt under GST, TCS will not apply.

Special Cases: There might be specific rules or exemptions applicable based on the nature of the transaction or the category of the supplier, but generally, the TCS requirement applies broadly to all taxable transactions through e-commerce platforms.

Benefits of TDS Under GST

Improved Compliance and Collection Efficiency

Encourages Compliance by Entities

Facilitates Tax Credit for Recipients

Streamlined Tax Filing

Benefits of TCS Under GST

Enhanced Tax Compliance for E-Commerce Transactions

Boosts Government Revenue Collection

Facilitates Credit for Sellers

Simplifies Compliance for Smaller Suppliers

Encourages Accurate Reporting

Connect with us.



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Social Media

[srisathyasaiconsultants](https://www.instagram.com/srisathyasaiconsultants)



Website

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**Thank
You**