



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ವಿಶೇಷ ರಾಜ್ಯ ಪತ್ರ

ಭಾಗ-III	ಬೆಂಗಳೂರು, ಶುಕ್ರವಾರ, ಸೆಪ್ಟೆಂಬರ್ ೨೮, ೨೦೧೮ (ಅಶ್ವಯುಜ ೬, ಶಕ ವರ್ಷ ೧೯೪೦)	ನಂ. ೧೩೩೩
Part-III	Bengaluru, Friday, September 28, 2018 (Ashwayuja 6, Shaka Varsha 1940)	No. 1373

FINANCE SECRETARIAT

CIRCULAR

No. ACS/FD/2018, Bengaluru, dated: 28th September, 2018

**Subt: Guidelines for Deductions and Payments of TDS by
the DDOs of State Government Authorities under GST.**

Section 51 of the Karnataka Goods and Services Tax(KGST) Act, 2017, Central Goods and Services Tax (CGST) Act, 2017 and Integrated Goods Services Tax (IGST) Act, 2017 provide for deduction of tax by the Government Agencies (Deductor) or any other person as 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 alongwith 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 Value on which tax is deducted, amount of tax deducted at source etc.

2. As per the Acts, every deductor shall deduct the tax amount from the payment made to the supplier of goods or services or both and remit the tax amount so deducted with the Government account through NEFT to RBI or a cheque to be deposited in one of the authorised banks, using challan on the GST common portal. In addition, the deductors are entrusted the responsibility of filing return in FORM GSTR-7 on the GST 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 GST 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 Government of Karnataka Notification No. FD 47 CSL 2017 dated 14.9.2018 and Notification No. 50/2018 – Central Tax dated 13th September, 2018 of Government of India.

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. DDOs operating on Khajane 1 shall exercise Option I, selecting OTC cheque mode of payment when generating challan on GST common portal. DDOs operating on Khajane 2 shall exercise

Option II, selecting NEFT/RTGS mode of payment with RBI PAD as remitting bank while generating the challan.

6. Under Option I, Treasury shall provide to DDO a cheque for TDS payment against every bill with TDS deduction. For this purpose DDO shall create a challan on GST common portal for payment of TDS deduction for each bill, selecting OTC cheque mode of payment at one of the authorised banks and attach the challan with the bill while submitting to Treasury.

7. Under Option II, TDS amounts deducted from bills submitted by a DDO shall be kept under a separate Deposit Account, opened for a DDO in the Treasury. For payment of TDS, DDO shall create a challan for aggregate TDS amount on GST common portal selecting NEFT/RTGS payment mode and remitting bank as Reserve Bank of India PAD. GST portal shall automatically select beneficiary name as GST, beneficiary IFSC as RBIS0GSTPMT and beneficiary account number as CPIN(Common Portal Identification Number). After creation of challan, DDO shall register a recipient in Khajane 2 with recipient name as GST and above beneficiary bank IFSC and account particulars. Thereafter, DDO shall prepare a bill for the aggregate TDS amount and submit to treasury for payment to GST. DDO can make TDS payments on a weekly, monthly or any other periodic basis.

8. In order to give effect to the above options from 01.10.2018, a process flow of deduction and payment of TDS by the DDOs has been finalised in consultation with Department of Revenue, Finance Department, Government of India and the Principal Secretary (Khajane 2), Finance Department, Government of Karnataka for guidance and implementation by State Government Authorities. The process flows under both the options are described as under:

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

9. DDOs who are operating on Khajane 1 shall exercise this option. In this option, the DDO will have to deduct as well as remit the GST TDS for each bill individually by generating a Challan with PIN (Common Portal Identification Number) and attaching it with the Bill itself.

10. 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) value of the contract, (b) total invoice amount (c) net amount on which TDS is made (d) the 2% TDS amount of GST and (e) net amount payable to the Contractor/Supplier/Vendorⁱ.
- (ii) The DDO shall login into the GSTN Portal (using his GSTIN) and generate the Challan with CPIN (Common Portal Identification Number). In the Challan with 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 Challan with CPIN, the DDO will have to select mode of payment as OTC Cheque and the Bank where the payment will be deposited through OTC Cheque mode.
- (iv) The DDO shall prepare and submit the bill on Khajane 1 attaching the challan along with the bill.
- (v) In the Bill,
 - (a) net amount payable to the Contractor/Supplier/Vendor and
 - (b) 2% as TDS will be specified
- (vi) Treasury officer shall issue a Government Cheque in favour of one of the 25 authorized Banks. The Cheque may then be deposited along with the Challan with CPIN with any of branch of the authorized Bank so selected by the DDO.
- (vii) Upon successful payment, a CIN (Challan Identification Number) 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.
- (viii) 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.

- (ix) The DDO shall generate TDS Certificate through the GST Portal in FORM GSTR-7A after filing of Monthly Return.

Option II - Bunching of TDS deductions and its payment by the DDO

11. DDOs who are operating on Khajane 2 shall exercise this option. In this option the DDO will have to deduct the TDS from each bill for keeping it under the Deposit Head. Payment of this bunched TDS amount from the Deposit Head can be made on a weekly, monthly or any other periodic basis.

12. Following process shall be followed by the DDOs in this regard:

- (i) The DDO shall prepare the Bill based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) value of contract (b) total invoice amount (c) net amount on which TDS is made (d) the 2% TDS amount of GST and (e) net amount payable to the Contractor/Supplier/Vendor.
- (ii) The DDO shall prepare the bill on Khajane 2 and submit to respective Treasury.
- (iii) In the Bill,
 - (a) the net amount payable to the Contractor/Supplier/Vendor and
 - (b) 2% as TDS under GST will be specified.
- (iv) The TDS amount shall be mentioned in the Bill for booking in the Deposit Account with the Head of Account 8449-00-120-0-xx-662.
- (v) The DDO will require to maintain the Record of the TDS of GST being booked under the Deposit Head so that at the time of preparing the Challan at the GST Common Portal with CPIN (Common Portal Identification Number) 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 remit the TDS amount, he will prepare the Challan with CPIN on the GST Common Portal for the amount (already booked under the Deposit Account).
- (vii) While generating the Challan with CPIN, the DDO will have to select mode of payment as NEFT/RTGS. In the NEFT/RTGS mode, the DDO will have to select the remitting Bank as Reserve Bank of India PAD. GSTN portal shall automatically select beneficiary name as GST, beneficiary account number as CPIN and beneficiary IFSC as RBIS0GSTPMT.
- (viii) In Khajane 2, the DDO shall register GST as a recipient with beneficiary details as per the challan viz.
 - i. Recipient name as GST
 - ii. Recipient Bank as Reserve bank of India
 - iii. Recipient Bank IFSC Code as RBIS0GSTPMT and
 - iv. Recipient Account Number as CPIN.
- (ix) The DDO shall prepare the bill for the bunched TDS amount for payment on Khajane 2 for payment to the recipient as registered above.
- (x) In the Bill, the DDO will give reference of all the earlier paid bills from which 2% TDS was deducted and kept in the Deposit Account. The DDO may attach a certified copy of the record maintained by him in this regard. DDO shall also attach a copy of the challan created by him.
- (xi) The Treasury officer in Khajane 2 will pass the bill by clearing the Deposit Account operated against that particular DDO after exercising necessary checks.
- (xii) Upon successful payment, a CIN (Challan Identification Number) will be generated by the RBI and will be shared electronically with the GSTN Portal. Through this CIN the TDS amount paid 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 filing the return in Form GSTR-7.
- (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

13. Difficulty, if any, in implementation of this circular may please be brought to the notice of the Director of Treasuries, Finance Department.

I. S. N. Prasad

Additional Chief Secretary to
Government, Finance Department

¹For instance, if the total invoice value is Rs. 118, and the goods are taxable at the rate of 18%, the SGST of Rs. 9 and CGST of Rs. 9 (total Rs. 18) is included in the total value of invoice. Thus the net amount on which TDS is to be made is Rs. 100 (118-18) at the rate of 1% of SGST (that is Rs. 1) and 1% of CGST(that also is Rs.1) and total TDS amount is Rs.2.00. After TDS, the net amount payable to the contractor/supplier or vendor is Rs. 116 (Rs. 118-2).

Annexure A
Record to be maintained by the DDO for filing of GSTR7

Sl. No.	Tax Invoice No.	Date of Tax Invoice	GSTIN of the Deductee	Trade Name	Net Amount on which tax is deducted	Integrated Tax	Central Tax	State/UT Tax	Total