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Dated: 17<sup>th</sup> October, 2018

**CIRCULAR**

(No. 30 / 2018-19 - GST)

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

**Read : (i) Circular No. 8/1/2017-Fin (R & C) dated 25/07/2017  
(ii) Circular No. 8/1/2017-Fin (R & C) dated 25/09/2018**

Section 51 of the Goa Goods and Services Tax Act, 2017 (herein after referred to as SGST 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 the 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 contract value, rate of deduction, amount deducted, etc.

2. As per the SGST Act, 2017, 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, 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 State Government, who are performing the role as Deductor have to register with the common portal and get the GST Identification Number (GSTIN).

3. Section 51 of the SGST Act, 2017, which provides for tax deduction at source was not brought into force, with effect from 1<sup>st</sup> July, 2017, the date from which GST was introduced. Government of Goa has recently notified that the provisions of section 51 of the SGST Act, 2017, shall come into force with effect from 1<sup>st</sup> October, 2018, vide Notification No. 38/1/2017-Fin(R&C)(72) dated 21/09/2018, published in Official Gazette, Extraordinary No. 2, Series I No. 25 dated 21/09/2018. Similarly, the Government of India has also brought into force Section 51 of the Central Goods and Services Tax Act, 2017, w.e.f. 01/10/2018.

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

- (a) **Option I:** Generation of challan for every payment made during the month, and
- (b) **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 finalized for guidance and implementation by the State Government Authorities. The process flow for Option I and Option II are described below:

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

- (a) In this option, the DDO will have to deduct as well as deposit the GST TDS for each bill individually.
- (b) Following process shall be followed by the DDO in this regard:



- (i) The DDO shall prepare the FVC (Fully Vouched Contingency) Bill, by providing the details of the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST TDS to be deducted.
- (ii) The amount of TDS so deducted, shall be remitted only through ECS (NACH) 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.
- (iii) The DDO shall, as per the sub-section (2) of Section 51 of the SGST Act, 2017, make the payment of SGST as well as CGST, within 10 days after the end of the month in which such deduction is made. That is to say, by the 10<sup>th</sup> of the succeeding month, in which the FVC bill has been cleared and paid by the Directorate of Accounts.
- (iv) For the purpose of making payment of TDS deducted, 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/IGST) and the relevant component (e.g. Tax) under each of the Major Head.
- (v) While generating the CPIN, the DDO will have to select mode of payment as
  - (a) NEFT/RTGS,
  - (b) OTC or
  - (c) Through online payment, using SBI payment gateway or SBI Internet Banking facility.

Note:- In the OTC mode, the DDO will have to select the Bank (i.e. State Bank of India) and the mode of payment as cash or Cheque or Demand Draft where the payment will be deposited through OTC mode. DDO's are advised to seek assistance of SBI and make payments preferably through online mode.

- (vi) 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.

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

#### **7. Option II - Bunching of deductions and its deposit by the DDO.-**

- (a) Option-I may not be suitable for DDOs who make large number of payments in a month as it would require them to process 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, and the amount shall be remitted only through ECS (NACH) 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. However, deposit of this bunched amount from the separate bank account (current account) can be made on a weekly, monthly or any other periodic basis.
- (b) Following process shall be followed by the DDO in this regard:-
  - (i) The DDO shall prepare the FVC (Fully Vouched Contingency) Bill, by providing the details of the (a) Total amount, (b) net amount payable to the Contractor/Supplier/Vendor and (c) the 2% TDS amount of GST TDS to be deducted.
  - (ii) The amount of TDS so deducted, shall be remitted only through ECS (NACH) 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.

- (iii) The DDO will require to maintain the record of the TDS so being remitted to separate bank account (current account) 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.
- (iv) 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 remitted to separate bank account (current account)}.
- (v) While generating the CPIN, the DDO will have to select mode of payment as
  - (a) NEFT/RTGS,
  - (b) OTC or
  - (c) Through online payment, using SBI payment gateway or SBI Internet Banking facility.

Note :- In the OTC mode, the DDO will have to select the Bank (i.e. State Bank of India) and the mode of payment as cash or Cheque or Demand Draft where the payment will be deposited through OTC mode. DDO's are advised to seek assistance of SBI and make payments preferably through online mode.

- (v) 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.
- (vi) 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.



- (vii) The DDO shall file the Return in FORM GSTR-7 by 10<sup>th</sup> of the following month.
- (viii) The DDO shall generate TDS Certificate through the GSTN Portal in FORM GSTR-7A.

8. All Heads of Departments under Goa 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.

9. Difficulty, if any, in implementation of this circular may please be brought to the notice of this Office.

10. This Circular issues with the approval of the Government, conveyed vide Finance (Revenue & Control) Department U.O. No. 2685/F, dated 10/10/2018.



(Dipak M. Bandekar)  
Commissioner of State Tax, Goa

Note: This Circular is issued based on the Circular issued by Department of Revenue, Ministry of Finance, Government of India, vide Circular no. 65/39/2018-DOR, dated 14/09/2018.

**Annexure A**

**Record to be maintained by the DDO for filing of GSTR 7**

| <b>Sl. No.</b> | <b>GSTIN of the Deductee</b> | <b>Trade Name</b> | <b>Amount paid to the Deductee on which tax is deducted</b> | <b>Integrated Tax</b> | <b>Central Tax</b> | <b>State/UT Tax</b> | <b>Total</b> |
|----------------|------------------------------|-------------------|---|-----------------------|--------------------|---------------------|--------------|
|                |                              |                   |   |                       |                    |                     |              |

