Module 7 · TDS and TCS under GST P19 · topic 7

SM pp. 703–727 (exercise 728–731). **Q4(a) in four papers running** (J24 TCS non-compliance, D24 "is every registered person a deductor?", J25 TCS sum, D25 who must deduct); J26 switched to GST audit. Expected ~4 marks. Two theory answers and one sum.

Paper	Question
Jun'23	Q2(a) TDS on supplies to Government departments, composition dealer · MCQ ECO cancelling TCS registration
Jun'24	Q4(a) **consequences of not complying with TCS u/s 52** · MCQ due date of the TDS certificate
Dec'24	Q4(a) **"every registered person must deduct TDS u/s 51" — comment**
Jun'25	Q4(a) **TCS liability of an ECO** (hotel via two ECOs, omnibus, other vehicles, goods with returns)
Dec'25	Q4(a) **TDS u/s 51: who must deduct**

TDS — SECTION 51

- **Who deducts** (not every registered person — D24): (a) department / establishment of Central or State Government; (b) local authority; (c) Governmental agencies; (d) an authority / board / body set up by an Act or established by Government with **fifty-one per cent** or more equity or control; (e) a society set up by Government / local authority under the Societies Registration Act, 1860; (f) public sector undertakings. In force from 01.10.2018. [SM 704]
- **When**: total value of **taxable** supply under **one contract** exceeds **₹2,50,000** (excluding GST); rate **2%** — CGST 1% + SGST 1% (intra-State) or IGST 2%. [SM 703–704, SM 709]
- **No TDS**: contract taxable value ≤ ₹2.5 lakh (three small contracts are not added); exempt goods / services; non-GST goods (petrol, liquor); location of supplier and place of supply both in a State other than the deductor's (Andhra Bhawan in Delhi); Schedule III; RCM supplies; **unregistered** suppliers; the cess part; supplies between Government departments / PSUs. [SM 705–709]
- From **10-10-2024**: TDS **2%** on B2B supply of **metal scrap** by any registered recipient (and RCM on scrap from unregistered persons). [SM 705–706]
- Deductor registers separately (s.24(vi)); deposit and **GSTR-7** by the **10th** of the next month; GSTR-7 every month even if nil (from 1-11-2024); **no TDS certificate** since the Finance Act 2020 — credit flows to the deductee's cash ledger from GSTR-7. GSTR-7 late fee capped at **one thousand rupees**; nil TDS returns waived. [SM 712–713, SM 818]

TCS — SECTION 52 (E-COMMERCE OPERATOR)

- Only an **ECO** collects, on the **net value of taxable supplies** made through it **by other suppliers** where it collects the consideration; not on its own supplies, exempt supplies, RCM supplies or **s.9(5)** services (ECO pays the tax itself). [SM 716, SM 717, SM 722]
- **Rate from 10 July 2024**: CGST **0.25%** + SGST 0.25%, or IGST **0.50%** (was 0.50% / 0.50% / 1.00%). Net value = taxable supplies − s.9(5) services − returns; no negative value carried. [SM 717–718, SM 723]
- Deposit within **10 days** after the month; **GSTR-8** monthly by the 10th; annual statement by **31st December**; not payable from ITC; separate TCS registration in every State; foreign ECO through a representative. [SM 718–722]
- **Multiple ECOs** (Circular 194/06/2023): supplier-side ECO collects TCS if it is not itself the supplier; if it **is** the supplier, the **buyer-side ECO** collects. [SM 725]
- **Consequences of non-compliance (J24)**: interest on omissions / incorrect particulars (s.52(6)); **penalty** u/s 122 — **ten thousand rupees** or the tax not collected / short collected / not paid, higher; notice from an officer not below Deputy Commissioner to furnish details within **15 days**; recovery u/s 73 / 74 / 74A. [SM 719, SM 723–724]

⚠ SM SLIPS IN THIS MODULE

- SM 718 still says "collect tax @ 1%" and SM 720 FAQ 4 quotes 0.5% / 1% (2018) — the current rates are 0.25% / 0.25% / 0.50% (SM 717). The SM's own TCS example writes "₹500 × 0.25% = ₹250"; it means ₹1,00,000 × 0.25% = ₹250. [SM 717–718, SM 720]
- SM Illus. 4 asks for a **GSTR-7A certificate** "within 5 days"; certificates were dropped by the Finance Act 2020 (SM 712). [SM 712–714]

PROBLEMS BOX · TDS / TCS SUMS (RECOMPUTED BY SCRIPT)

WORKED PATTERN · SM ILLUSTRATIONS 1, 2, 5 (TDS)

- Payment ₹11,800 incl. 18% GST against a ₹15,00,000 contract with a Municipality (same State): value ₹10,000 → CGST ₹100 + SGST ₹100 → pay **₹11,600**. [SM 710]
- Contract ₹6,00,000 of which taxable ₹2,60,000 incl. GST → taxable value below ₹2.5 lakh → **no TDS**. [SM 710]
- Raj Departments (Delhi): PSU in Uttarakhand → IGST TDS **₹500** on ₹25,000; society of GoI in Delhi → CGST

JUN'25 Q4(a) FLYKART TCS (OUR WORKING)

₹500 + SGST ₹500 on ₹50,000; Andhra Bhawan (Delhi, deductor in AP), printed post cards ₹2,72,000 incl. tax, streetlight maintenance (exempt) → nil. [SM 714–715]

(i) Hotel via DF Hotels (itself the supplier, an ECO) → buyer-side Flykart collects on the supply value ₹2,00,000 × 0.5%	1,000
(ii) Omnibus by Q Ltd., a **company** → not s.9(5) → TCS on ₹1,80,000	900
(iii) Other vehicles → s.9(5): Flykart pays GST itself, no TCS	Nil
(iv) Goods ₹2,36,000 incl. GST = ₹2,00,000 − returns ₹90,000 → IGST TCS 0.5%	550
TCS for January 2025	**2,450**

PRACTISE THESE

J23 Q2(a) · J24, D24, J25, D25 Q4(a) · SM Illus. 1–5 (SM 710–715) · SM M7 MCQs (SM 728–731) · **ICMAI Practice Workbook Ch8 illus. 1–6; Ch8 set 2 illus. 1–5; Ch10 illus. 16** · MCQ bank Q51–Q56, Q122–Q125, Q136.

MEMORY HOOK

"Government deducts 2 above 2.5; platforms collect half a per cent; both by the 10th." TDS is never on unregistered, exempt, RCM or out-of-State-and-out-of-place supplies.