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19/11/18



**GOVERNMENT OF KERALA**

**Taxes (B) Department**

**CIRCULAR**

No.TAXES-B1/204/2018-TAXES

Dated, Thiruvananthapuram, 30/10/2018.

Sub:- Kerala State Goods and Services Tax Act, 2017- Implementation of Tax Deducted at Source (TDS) provisions, u/s. 51 of the Act, from 01<sup>st</sup> day of October, 2018 - instructions issued - reg.

- Ref:-
1. Circular No. B1/157/2017/TAXES dated 24/10/2017.
  2. Circular No. 65/39/2018-DOR dated 14/09/2018 of Department of Revenue, Ministry of Finance, Government of India.
  3. G.O.(P) No. 156/2018/TAXES dated 28/09/2018 issued under SRO No. 680/2018.
  4. D.O. letter No. GSTC-41/2017 dated 29/09/2018 of the Commissioner of State tax, Thiruvananthapuram.
  5. G.O.(P) No. 162/2018/Fin. dated 22/10/2018.

Goods and Services Tax (GST) has been rolled out in the country with effect from 01<sup>st</sup> July 2017. Government, vide circular 1<sup>st</sup> cited, have issued instructions on registration of Government Departments, local bodies, Government institutions etc. under GST as per Section 22 (1) and Section 25 (6) of the Kerala State Goods and Services Tax Act, 2017. State Goods and Services Tax (SGST) Department had conducted a two day workshop for Government Departments/ Local Authorities in July 2017 on 'issues faced by Government Departments under GST' wherein the officials were given handouts on Tax Deducted at Source (TDS) registration, return filing, GST Act and the rules governing TDS. Demo classes were also conducted on TDS Registration/return filing. In continuation to this, SGST Department had conducted regular and sustained capacity building sessions for the officials of Government Departments/Line Department/Local Authorities at district level.

Section 51 of Kerala State Goods and Services Tax Act, 2017 deals with the provision of Tax Deducted at Source (TDS) in GST. TDS provision in indirect taxation helps in establishing an audit trail. The Government is the biggest buyer and therefore, through such audit trail, it will enable Tax administration to verify the disclosures by the dealers, in their monthly returns. This will improve the compliance without any intrusive interventions activities and thereby, revenue. After the launch of GST, as some other states were lagging behind, GST Council decided to defer the TDS mechanism for a temporary period. Now, GST Council has decided to implement TDS provisions from 01<sup>st</sup> October 2018. Government of India, vide Notification No.50/2018-Central Tax dated 13/09/2018 and State Government, vide G.O. 3<sup>rd</sup> cited, have notified that TDS is to be implemented from 01<sup>st</sup> October 2018. Department of Revenue, Government of India, vide its circular 2<sup>nd</sup> cited have issued guidelines for Deductions and Deposits of TDS {at 2% (1% CGST + 1% SGST) for intra-state and 2% IGST for inter-state} on the amount payable by the receiver on goods/ services.

The following entities need to compulsorily take TDS Registration and deduct TDS and there is no threshold limit for this.

- A department or an establishment of the Central Government or State Government; or
- Local authority; or
- Government agencies; or
- Such person or category of persons as may be notified by the Government, namely:-

(a) an authority or a board or any other body,

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government,

with fifty-one per cent or more participation by way of equity or control, to carry out any function;

(b) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);

(c) public sector undertakings.

Now, in the wake of implementation of TDS provisions from 01/10/2018, the Commissioner of State tax, vide letter 4<sup>th</sup> cited, has informed that the State GST Department, in order to facilitate Government Departments/ Local Authorities in taking TDS registration/ return filing and enabling them to be GST compliant, has decided to conduct workshop/Classes for officials of Government Departments/ Local Authorities/ Line Departments at State GST Headquarters and district Headquarters during the month of September/October 2018. All HoDs shall nominate officials, under their jurisdiction, who are liable to take TDS registration, to attend Workshop/ Classes conducted at the State & District Headquarters. It is advisable to nominate the same officers who have attended the last workshops, if they are continuing in the same posts. Through these officers training to other officers in the department may be conducted. Further, GST Facilitation Centers (GFCs) have been established at the district headquarters, which can be contacted for any information or assistance for filing TDS returns. All information regarding TDS registration, contact information of GST Facilitation Centers and Deputy Commissioners etc. are available on web portal [www.keralataxes.gov.in](http://www.keralataxes.gov.in).

Government, vide G.O., 5<sup>th</sup> cited, have issued guidelines and procedures to be followed by the Drawing and Disbursing Officers for deducting and depositing the TDS under GST Act.

In these circumstances, it is hereby instructed that all departments, institutions and other public authorities, who are liable to take TDS registration shall nominate officials, under their jurisdiction, to attend Workshop/ Classes conducted by the State GST Department and get themselves educated in TDS related matters so that the departments/ institutions shall adhere to GST rules and thus avoid penal proceedings on non-compliance of the same.

**VENUGOPAL P.**  
**SECRETARY**

To

All Heads of Departments/Public Sector Undertakings/Autonomous Bodies.

The Commissioner of State tax, Thiruvananthapuram.

All District Collectors.

All Additional Chief Secretaries/ Principal Secretaries/ Secretaries/ Special Secretaries to Government.

Resident Commissioner, Kerala House, New Delhi.

The Secretary to Governor, Raj Bhavan, Thiruvananthapuram (with C.L.).

The Secretary, Kerala Legislature Secretariat, Thiruvananthapuram.

The Registrar, High Court of Kerala, Ernakulam (with C.L.).

The Secretary, Kerala Public Service Commission (with C.L.).

The Advocate General, Ernakulam (with C.L.).

The Registrar, Kerala Administrative Tribunal, Vanchiyoor, Thiruvananthapuram (with C.L.).

The Registrar, University of Kerala/ Calicut/ Mahatma Gandhi/ Kannur/ Cochin University of Science and Technology/ Kerala Agricultural University/ Sree Sankaracharya University of Sanskrit/ Thunchathu Ezhuthachan Malayalam University/ Kerala Veterinary and Animal Sciences University/ Kerala University of Health Sciences/ A.P.J. Abdul Kalam Technological University/ Kerala University of Fisheries and Ocean Studies.

All Local Bodies (through Director of Urban Affairs/ Panchayats)

The Secretary, State Information Commission, Thiruvananthapuram. The Principal Accountant General (S&GSA), Kerala.

The Accountant General (E&RSA), Kerala.

All Departments and Sections in Government Secretariat including Law & Finance.

All others concerned.

The Director, Information and Public Relations Department (for wide publicity through media).

✓ Information and Public Relations (Web & New Media) Department.

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Section Officer.