

F.No. 349/59/2017-GST
Government of India
Ministry of Finance
Department of Revenue

Table Agenda Note No. 2

Subject: Decision on effective date for starting Tax Deduction at Source and Tax Collection at Source

The GST Council, in its 21st meeting held at Hyderabad on 09th September, 2017 had recommended notifying section 51 of the CGST Act, 2017, the SGST Acts and the UTGST Acts with effect from 18.09.2017 so that the registration for persons liable to deduct tax at source (TDS) shall commence from the said date. It was also decided to notify the categories of persons who would be liable to deduct tax at source under section 51(1)(d) of the CGST Act, 2017, the SGST Acts and the UTGST Acts. Accordingly, notification No. 33/2017-Central Tax dated 15.09.2017 has been issued. However, actual tax deduction at source (TDS) was slated to start from a date to be decided later.

2. With regard to Tax Collection at Source (TCS), it was decided in the said meeting that the effective date for starting registration for TCS would be specified by issuing a circular rather than by notifying section 52 of the said Acts since notifying the said section would start the process of tax collection at source immediately which might not be desirable. It may be noted that both Tax Deductors at Source and Tax Collectors at Source are required to be compulsorily registered as a normal taxable person under section 24 of the CGST Act, 2017.

3. However, the facility for TDS/TCS registration and processing is not available on the common portal till date. GSTN has informed the GoM (Group of Ministers) constituted to monitor and resolve IT challenges that the facility for TDS/TCS registration and processing shall be available on the GSTN portal from 07.10.2017. Whereas, the trade and industry have been asking about when would the effective date from which the deduction / collection of tax should start be specified so that they can prepare themselves.

4. In this regard, it is submitted that the amount of TDS / TCS is to be auto-populated in FORM GSTR-2 of the taxable person on whose account the amount has been deducted or collected.

Further, the process of return filing has not stabilised so far and is likely to take some more time. It is proposed that the Council may finalise the effective date keeping in view these facts.

5. Accordingly, the Council is requested to decide the effective dates from which the deduction / collection of tax would start in terms of section 51 / section 52 of the said Acts respectively.