

PRACTICAL ASPECTS ON COLLECTION OF TAX AT SOURCE UNDER GST

CA Ankit Gupta

Practicing Chartered Accountant

After 1 year of successful implementation of GST, the government had finally give his nod on the applicability of the provisions related to TCS and TDS under GST with effect from 01.10.2019; all provisions related to TCS are covered under section 52 and Rule 67, 68, 79 & 80.

By keeping mind the experience I gain in past 6 months after making timely compliances related to TCS under GST and understanding the impact of all such provisions on both Operator as well as Supplier, I came up with his article which will help professionals to understand all the provisions related to TCSt under same roof.

(A) Effective date of applicability of these provisions

As per Notification No. 52/2018 of Central Tax dated 20.09.2018, the provisions of TCS have come into force w.e.f. 01.10.2018

(B) Persons required to collect TCS

As per the provisions of Section 52, every electronic commerce operators (like Amazon, Flipkart, Snapdeal, Paytm etc); not being an agent shall collect TCS.

(C) Meaning of electronic commerce operators

As per Section 2(45) of CGST Act, electronic commerce operator means any person who own, operates or manages digital or electronic facility or platform for electronic commerce.

(D) Rate and Manner of Collection of TCS

Every person required to collect TCS shall an amount calculated @ 1% on the net value of taxable supplies made through it by other suppliers where the consideration wr.t. Such supplies are to be collected by the operator.

Net value of Taxable supplies means the aggregate value of taxable supplies of goods or services or both, made by the `registered supplier through the operator; reduced by the aggregate value of taxable supplies returned to the supplier during the said month.

TCS shall be collected by the Operator in a manner specified in below table

OUTWARD SUPPLY	TAXABLE VALUE	TCS		
		CGST@0.5%	SGST@0.5%	IGST @1%
Interstate supply by supplier	Rs.1,000	-	-	Rs.10
Intrastate supply by supplier	Rs.1,000	Rs.5	Rs.5	-

(E) Payment of amount collected as Tax by Collector

The amount collected by the Operator shall be paid to the Government within 10 days after the end of the month in which collection is made.

(F) Liability to pay interest

Where the operator fails to deposit the amount collected at source in full then he shall be liable to pay differential amount alongwith interest @18% in accordance with the provisions of Section 50(1).

(G) Compulsory registration of Operator for collecting Tax at source

As per the provisions of Section 24(x) of CGST Act, every electronic commerce operator who is required to collect tax at source u/s 52 is compulsorily required to be registered under this act, irrespective of the value of supplies.

GST REG 07 is required to be filed by them electronically along with the requisite attachments.

(H) Furnishing of Return by electronic commerce operator

Every operator who Collects tax at source shall furnish a return electronically in Form GSTR 8 containing the detail of outward supplies of goods or services or both effected through it, including the details of returns through it and the amount TCS collected by it, within 10 days after the end of such month.

A notice in FORM GSTR-3A shall be issued, electronically, to operator who fails to furnish return.

(I) Furnishing of Annual Return by the Operator

Every operator who collect Tax at source shall furnish an annual return in form GSTR 9B electronically before 31st December following the end of such financial year; containing the details of outward supplies of goods or services or both effected through it, including the details of returns through it and the amount TCS collected by it, during the financial year.

(J) Manner of availment of Credit by the Supplier

The details of Tax collected by the operator can be viewed by the Supplier in GSTR 2A of relevant month under head TCS credit.

Then such credit can be transferred by the supplier to their Electronic Cash ledger by filing TDS and TCS return form available on the GSTIN of relevant month by accepting the transaction entries specified therein.

It must be noted that the entry of such TCS transaction alongwith the value of value of supplies of goods or Services or both will be reflected on GSTIN of the supplier, after the filing of form GSTR 8 by operator of that particular month.

(K) Finalization of GSTR 3B and GSTR 1 by Supplier

The details of outward supplies furnished by the supplier in form GSTR 3B and GSTR 1 should be matched with the corresponding details of Outward supplies furnished by the Operator in form GSTR 8.

Where the details of outward supplies furnished by the operator do not match with the corresponding details furnished by the concerned registered supplier then the discrepancy shall be communicated to both persons electronically in Form GST MIS 3 to the supplier and in Form GST MIS 4 to the operator on or before the last day of the month in which the matching has been carried out

(L) Rectification of discrepancy after service of notice u/s 52(9) of CGST Act

The Supplier or Operator to whom discrepancy is made available u/s 52(9) may make suitable rectification in the statement to be furnished for the month in which the discrepancy is made available.

Where the discrepancy is not rectified then the amount of such discrepancy shall be added to the Output Tax Liability of the Supplier in his return for the month succeeding the month in which the detail of discrepancy is made available.

That addition will be made where the value of outward supplies furnished by the operator is more than the value of outward supplies furnished by the supplier.

In addition to the output tax, the supplier shall be liable to pay interest @18% in accordance with the provisions of Section 50(1) of CGST Act.

(M) Suo Moto rectification by Operator in the statement furnished u/s 52(4) (GSTR 8)

If any operator, after furnishing GSTR 8 discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities then he shall rectify it in the statement to be furnished for the month during which such incorrect particulars omission are noticed, subject to payment of interest as per section 50(1).

Provided that no such rectification is allowed after the due date for furnishing of statement for the month of September following the end of the financial year or the actual date of furnishing of the relevant annual statement, whichever is earlier.

(N) Seeking Information from Operator by Authorities

Any authority not below the rank of Deputy Commissioner may serve a notice to the operator requiring him to furnish details related to

- (a) Supply of Goods or Services or both effected through it during any period; or
- (b) Stock of goods held by the supplier making supplies through such operator in the warehouse or godown managed by such operator and declared as additional place of business by such supplier

Every operator to whom such notice has been served u/s 52(12) shall furnish the required information within 15 working days of the date of service of such notice.

Where the operator fails to furnish the information required by the notice then without prejudice to any action taken u/s 122, be liable to pay penalty which may extend to Rs.25000.