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# GST TDS RECONCILIATION STATEMENT FOR SUBMISSION OF GSTR-7

## 1. Brief of GST TDS:

As per the Notification No. 50/2018 – Central Tax dated 13 th Sep 2018, Section 51 of the CGST Act, 2017 for CGST TDS has been implemented with effect from 01st Oct 2018. The said Section is applicable where the total value of such supply of goods and services under a contract exceeds Two Lakh and Fifty thousand rupees. The definition of “Contract” has not been provided in the CGST Act, 2017 but here, the definition of “Contract” given in Section 2(h) of the “Indian Contract Act, 1872” can be taken into consideration.

GSTR-7 is a monthly return to be filed by persons (who has deducted TDS under the Goods and Services Tax Act, 2017) specified under clauses (a), (b) and (c) of sub-section (1) of section 51 of the CGST Act, 2017. The due date for filing GSTR – 7 is the 10th of next month.

No, TDS (GST) is not applicable on GST booked under the Reverse Charge Mechanism. The Law Committee, GST Council has also clarified in the Standard Operating Procedure (SOP) issued by CBIC dated 28th Sep 2018. that no TDS is required to be deducted “where the tax is to be

paid on reverse charge by the recipient i.e., deductee”.

## Checklist of works For GST Reconciliation Statement for Submission of GSTR-7

### 1. To segregate the GST Registration Number:

The person responsible for GST TDS Reconciliation Statement should segregate the whole GST Inward Transactions (Purchase of Goods/Services within a State or outside a State) of a particular month between Intra State Inward Transactions and Inter State Inward Transactions and generally, based on the 15-digit Goods and Services Tax Identification Number (GSTIN), the nature of transactions in form of Intra or Inter State Transactions can be classified.

**Note-** Section 51(1)(d) of the CGST Act, 2017 has explained clearly that no GST TDS Under Section 51 of the CGST Act, 2017 is not applicable when the location of supplier and place of supply is different from the state of the registration of the recipient.

Case No.	Location of supplier	place of supply	Type of GST	Place of recipient	TDS applicability	TDS %
1	Bangalore	Bangalore	CGST & SGST	Bangalore	Yes	2% (1% + 1%)



Case No.	Location of supplier	place of supply	Type of GST	Place of recipient	TDS applicability	TDS %
2	Bangalore	Chennai	IGST	Bangalore	Yes	2%
3	Bangalore	Chennai	IGST	Delhi	Yes	2%
4	Bangalore	Bangalore	CGST & SGST	Delhi	No	—

**2. To check the status of the GSTIN of the supplier:**

At the time of GST Reconciliation Statement, the current status of the GSTIN of the Supplier of Goods and Services is required to be checked in “The GST Portal i.e. [www.gst.gov.in](http://www.gst.gov.in)

Generally, 3 kinds of status can be found from the aforesaid portal and these are-

- Active GSTIN
- Cancelled GSTIN
- Suspended GSTIN

**Note-**

- (1) *Suo Moto Cancellation means cancellation of registration under Goods and Services Tax (GST) by the tax officer on its own motion.* The tax officer must have a valid reason as specified under Section 29(2) of the CGST Act,2017 for initiation of cancellation proceedings.
- (2) such information of the cancelled and suspended GSTIN of the supplier of Goods and Services should be informed to the higher authority of the organization to take proper action for Compliance with True Letter and Spirit.

**3. To check the Assessable Value for GST TDS:**

For the purpose of deduction of tax under Section 51 of the CGST Act,2017, the value of supply (Assessable Value) shall not be taken as the amount excluding the central tax, State tax, Union territory tax, integrated tax and cess indicated in the invoice.

**4. To rectify the detected errors:**

At the time of bill posting against supply of goods

and services, some common mistakes are made and these are stated as below-

- (a) GST Charged against Wrong Head- it is a common mistake that the head of GST is booked wrongly that means “IGST is booked instead of CGST and SGST and vice versa”.
- (b) Undercast and Overcast of GST: it is also a common mistake that the accountant has given a wrong Assessable Value for TDS and as a result, undercast or overcast of GST TDS has been booked.
- (c) No GST TDS Deducted: there may be a mistake not to deduct TDS@2% as GST TDS.

*Hence, at the time of checking or reconciliation, the aforesaid mistakes are detected and the same are rectified in the books of accounts accordingly.*

**5. Tally between System Generated GST TDS Statement and Manual Excel Report of GST TDS:**

It is better to maintain an Excel Report for Purchase of Goods and Services and all the required data such as GSTIN of the supplier, Assessable Value, HSN/SAC, Rate of GST, GST TDS etc. are to be maintained. Based on such report, both the System Generated GST TDS Statement and Manual Excel Report of GST TDS can be compared and reconciled accordingly.

**Conclusion:**

Reconciliation of GST TDS is an important element for submission of GSTR-7 in such a manner where compliance in the field of Indirect Taxation can be maintained with True Letter and Spirit. Hence, the person involved in such Reconciliation, does an important role for submission of GSTR-7 in a proper way.

