



Chapter 8

TDS-TCS

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01. Sec 51:- Provisions relating to Tax Deducted at Source (TDS)

Sec 51(1) read with various Notifications:- Persons required to deduct tax at source & TDS related provisions

MCQ 08.01.01.00

Aasma Ltd had supplied goods to a local authority for ₹ 7,56,000 (inclusive of GST @ 12%). Determine the total amount of tax to be deducted at source.

- a. 15,120
- b. 13,500
- c. 7,560
- d. None of the above

[Hint:- Refer sec 51(1) read with explanation to sec 51(1) - here, $TDS = ((Rs\ 756000/112)*100) * 2\%$ ---- TDS is 1% each CGST & SGST]

Sec 51(2) read with rule 66:- Due date for payment of TDS & filing of return

MCQ 08.01.02.00

Every registered person required to deduct tax at source under section 51 shall make payment & furnish return in Form GSTR-7 for the month in which such deductions have been made within

- a. Last day of the month to which payment relates
- b. 10 days after the end of such month.
- c. 15 days after the end of such month
- d. 20 days after the end of such month

[Hint:- Refer sec 51(2) read with rule 66(1)]

Sec 51(6):- Interest on TDS amount if deductor makes a default

MCQ 08.01.03.00

Aasma Ltd had supplied goods to a local authority for ₹ 7,56,000 (inclusive of GST @ 12%). Determine the interest liability if the amount of tax deducted at source on 15.10.20XX is deposited as on 20.12.20XX.

- a. 149
- b. 298
- c. 266
- d. Nil

[Hint - 1) Refer sec 51(1) read with explanation to sec 51(1) - here, $TDS = ((Rs\ 756000/112)*100) * 2\%$ ---- TDS is 1% each CGST & SGST
2) Refer sec 51(2), 51(6) read with sec 50 for interest which shall be paid from 11.11.20XX to 20.12.20XX @ 18 p.a. for 40 days i.e. $(Rs\ 13500\ TDS * 18\%) / 365 * 40]$

Standard Operating Procedures/ Illustrations issued by CBIC on TDS:-

MCQ 08.01.04.00

In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted? The amounts given below are inclusive of GST @ 18%, wherever applicable. Assume that all other conditions for deduction of TDS are fulfilled:

- 1. Health Department executed a contract with a local supplier, registered under GST, to supply "medical grade oxygen" of ₹ 2.6 lakh and is making full payment.

ii. Government school is making a payment of ₹ 3.5 lakh to a registered supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government.

iii. Municipal Corporation of Kolkata purchases a heavy generator from a registered supplier in Delhi. Now, it is making payment of 5 lakh for such purchase.

iv. Finance Department in Delhi is making a payment of ₹ 3 lakh to a registered supplier of 'printing & stationery' in Delhi.

Choose the most appropriate option. [ICAI Material]

- a) (i), (ii) and (iii)
- b) (ii), (iii) and (iv)
- c) Only (i) and (ii)
- d) Only (iii) and (iv)

[Hint:- Refer Sec 51(1) & CBIC illustrations - here in i) contract value excluding GST is not exceeding Rs. 2.5 lakhs & in ii) the supply is exempt]

02. Sec 52:- Provisions relating to Tax Collected at Source (TCS)

Sec 52(1):- ECO required to collect tax at source & related provisions

MCQ 08.02.05.00

Mr. A, a supplier of Flipkart himself supply goods by capturing order through an E - commerce web site.

In such case, Mr. A will be treated as an:

- a. Actual Taxable Person
- b. E - commerce Operator
- c. Aggregator
- d. ISD

[Hint:- Refer sec 52(1)- Mr. A is himself making supply through his e-commerce website & not other suppliers are doing so.]

MCQ 08.02.06.00

When should the e-commerce operator collect tax at source @ 0.5% each CGST and SGST ?

- On the date when the other supplier makes supplies through operator
- Day on which the operator remits the consideration to the supplier
- When he collects the consideration on behalf of the supplier in respect of such supply
- Option (a) or (c) whichever is earlier

[Hint:- Refer sec 52(1)]

Sec 52(1) read with Explanation to Sec 52(1):- Net Value of Taxable Supplies for the purpose of TCS

MCQ 08.02.07.00

What does "net value of taxable supplies" means

- This is the difference of Aggregate value of all supplies of goods and/or services and Aggregate value of all supplies returned to the suppliers.
- This is the difference of Aggregate value of taxable supplies of goods and/or services except services u/s 9(5) and Aggregate value of taxable supplies returned to the suppliers
- This is the difference of Aggregate value of taxable and exempted supplies of goods and/or services and Aggregate value of supplies returned

to the suppliers

- None of the above

[Hint:- Refer explanation to sec 52(1)]

Sec 52(3) & 52(4) read with rule 67:- Payment of TCS & filing of monthly TCS statement by an ECO

MCQ 08.02.08.00

When should the e-commerce operator remit the amount of TCS to government and file Form GSTR-8?

- Both Within 10 days after the end of the month in which such amount was collected
- Payment Within 10 days after the end of the month in which such amount was collected, but no time limit for filing the Statements
- Statement Within 10 days after the end of the month in which such amount was collected, but no time limit for paying the money
- No time limit for both

[Hint:- Refer sec 52(3) & 52(4)]

Illustrations issued by CBIC on TCS:-

MCQ 08.02.09.00

- The e-commerce operator may declare the Head Office as its place of business for obtaining registration in that State where it does not have physical presence.
- E-commerce operator has to obtain separate registration for TCS irrespective of the fact whether e-commerce operator is already

registered under GST as a supplier or otherwise and has GSTIN.

Check the correctness of the above statements.

- A - correct, B - Incorrect
- A - Incorrect, B - Correct
- Both A and B - Correct
- Both A and B - Incorrect

[Hint:- Refer illustration given by CBIC]

03. Casestudies:-

MCQ 08.03.10.00

Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the Central Goods and Services Tax Act, 2017. Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods. The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement,

Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.

The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers. In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.

Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

- Laptop having a value of ₹ 50,000 and a printer having a value of ₹ 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.
- Mobile phone having a value of ₹ 30,000 sold by Starkart in its own capacity.
- CCTV camera system having a value of ₹ 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

All the above transactions are exclusive of GST,

wherever applicable.

There is no input tax credit balance as on 1st January for Starkart, Infocom Limited and Secure World. GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST - 18%.

Basis the aforesaid case scenario, please answer the following questions: [CA final RTP NOV 2020]

1. The net tax liability (including amount payable as tax collection at source and after set - off of credits, if any) of Starkart Limited for the month of January is:

- IGST ₹ 8,280
- IGST ₹ 5,400
- CGST ₹ 3,500 and SGST ₹ 3,500
- IGST ₹ 9,880

Hint:- GST liability of starkart is as under:-

Particulars	IGST ₹
sales on its' own a/c (Rs 30000*18% IGST)	5,400
listing fee {[Rs 50000 + Rs 10000 + Rs 100000) * 10%] *18% IGST}	2,880
TOTAL GST LIABILITY FOR STARKART ON ITS OWN A/C	8,280
ADD:- TCS u/s 52 [(Rs 50000 + Rs 10000 +Rs 100000) *1% TOTAL TCS]	1,600
TOTAL GST LIABILITY FOR STARKART	9880

2. The net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:

- IGST ₹ 10,800 and IGST ₹ 18,000 respectively
- IGST ₹ 9,720 and IGST ₹ 16,200 respectively
- IGST ₹ 9,120 and IGST ₹ 15,200 respectively
- IGST ₹ 10,200 and IGST ₹ 17,000 respectively

[Hints:- GST liability of Infocom Limited & Secure World is as under:-

Particulars	IGST ₹
Infocom Ltd- {[Rs 50000 + Rs 10000) * 18% IGST] -1% TCS of Rs 60000}	10,200
LESS:- ITC of listing Fee (Rs 60000 *10%) *18%	1080
Net GST Liability of Infocom Ltd	9,120
Secure World- [(Rs 100000 * 18% IGST) -1% TCS of Rs 100000]	17,000
LESS:- ITC of listing Fee (Rs 100000 *10%) *18%	1800
Net GST Liability of Secure World	15,200

3. In case, it is assumed that Secure World's turnover does not exceed the threshold limit for obtaining registration under applicable GST Law:

- Secure World shall discharge tax only on the sales made through Starkart.
- Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable.
- Starkart shall be liable to discharge tax liability of sales made by Secure World.
- Secure World is required to obtain registration and shall be liable to pay tax on all the taxable

supplies made through Starkart or on its own.

[Hint:- Refer sec 24(ix) - there is no exemption from registration for suppliers making supply of goods through such ECO & thus, compulsorily required to register]

4. Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart in such scenario for the month of January would be:

- ₹ 6,900 payable as IGST
- ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST
- ₹ 10,320 payable as IGST
- ₹ 7,440 payable as IGST

[Hints:- GST liability of starkart is as under:-

Particulars	IGST ₹
sales on its' own a/c (Rs 30000 * 18% IGST)	5,400
listing fee {[Rs 50000 + Rs 10000 + Rs 100000) * 10%] * 18% IGST}	2880
cancellation charges [(Rs 10000 * 20% charges) * 18% IGST]	360

handling charges [(Rs 10000 * 10% charges) * 18%]	180
TOTAL GST LIABILITY FOR STARKART ON ITS OWN A/C	8820
ADD:- TCS u/s 52 [(Rs 50000 + Rs 10000 +Rs 100000 -Rs 10000) * 1% TOTAL TCS]	1500
TOTAL GST LIABILITY FOR STARKART	10320

5. Starkart provides a free gift voucher worth ₹ 2,000 to Pulkit on January 31, which can be redeemed against any purchases of goods made in future on Starkart. The supply of voucher in hands of Starkart would become:

- taxable supply of ₹ 2,000 liable to GST in the month of January.
- taxable supply of ₹ 2,000 liable to GST in the month in which such voucher is redeemed by Pulkit.
- discount offered to Pulkit on the purchases made in the month of January and no tax would be payable on such voucher.
- discount offered to Pulkit at the time of redemption of voucher and no tax would be payable on such voucher.

[Hint:- Refer Sec 12(4)(b) - TOS in case of voucher]

Answer:-

08.01.01	b	08.03.10.02	c
08.01.02	b	08.03.10.03	d
08.01.03	c	08.03.10.04	c
08.01.04	d	08.03.10.05	b
08.02.05	a		
08.02.06	c		
08.02.07	b		
08.02.08	a		
08.02.09	c		
08.03.10.01	d		

