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OFFICE MEMORANDUM

No.FIN/REV-3/GST/1/08/450

Kohima, the 11Th September 2017

Subject: Advisory On Tax Deducted at Source (TDS) Under GST Regime

This is to bring to the notice of all concerned that the Goods and Service Tax (GST) regime has come into force in the State of Nagaland w.e.f. 1st July, 2017. GST has subsumed all indirect Central and State taxes in the country. Some key features of GST are highlighted below for information and compliance of all concerned:-

1. It is a dual GST. The Central Goods and Service Tax (CGST) is levied and collected under the CGST Act, 2017. The State Goods and Service Tax (SGST) is levied and collected under the SGST Act, 2017. Both CGST and SGST are collected on intra-state taxable supplies where the supplier and place of supply are in the same State. The Integrated Goods and Service Tax (IGST) is levied and collected on inter-state taxable supplies where supplier and place of supply are in different States.
2. TDS is to be deducted on supply of taxable goods and services or on both @ 1% (CGST) +1% (SGST) in the case of intra-state supplies, and @ 2% (IGST) in the case of inter-state supplies, from the payment made or credited to the supplier. The TDS shall be applicable only where the total value of such supply under a contract, exceeds Rs 2.50 lakhs.
3. The total value of supply shall be the value of invoice for which payment is being made after excluding all the tax/cess components of GST. Supply of service includes works contract as works contract is a composite service under the Nagaland NGST Act, 2017.
4. Section 51(1) of the NGST Act, 2017 provides that Government may mandate a department or establishment of the Central Government or State Government; or Local authority; or Governmental agencies; or such persons or category of persons as may be notified by the Govt. (Hereafter in this section referred to as "the deductor"), to deduct tax at the rate of 1% from the payment made or credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds Rs.2.50 lakhs.
5. Presently, the relevant provisions for deduction of TDS under GST are yet to be enforced. Therefore, w.e.f. 1st July, 2017, the concerned DDOs' shall have to release payments to the suppliers/contractors against any supply or contracts made after July 1, 2017 without deducting any TDS till the relevant provision is made operative by law. However, payments made to suppliers or contractors (after July 1, 2017) for supplies or contract made or done prior to July 1, 2017 shall continue to be liable for TDS under the earlier law i.e., VAT Act.

For ongoing supplies or works contract, the supplies made or works executed after 1st July, 2017, shall be governed by the provisions of the GST Act.

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7. Till the provisions for TDS are made operative, all concerned DDOs' or the persons or authorities making payment shall obtain an undertaking from the supplier as per format appended herewith to ensure that the Government revenue is secured. The undertaking duly signed by the suppliers and countersigned by the concerned department should be forwarded to the Commissioner of Taxes, Nagaland, Dimapur through the official mail of the department at cotgon@rediffmail.com by the concerned department within 10 days of the following month.
8. All departments or establishments of the Central or State Government; or Local authority; or Governmental agencies; or such persons or category of persons as may be notified by the Government shall henceforth be required to obtain Tax Deduction and Collection Account Number (TAN) from the Income Tax department. The department shall also ensure that their DDOs' have valid mobile no. and email id; PAN from Income Tax department and PAN-based Class II or III DSC from authorized certifying authorities.
9. All liable deductors are required to be compulsorily registered under section 24 (vi) of the Nagaland GST Act, 2017. As per latest information received, registration for persons liable to deduct tax at source shall commence from 18th September 2017. As and when the window for GST registration opens, all liable DDOs are advised to immediately apply for registration and obtain the GSTIN within the time prescribed.
10. All DDOs are advised to be registered under GST for the following reasons:-
 - a. Without registering and obtaining the GSTIN, the DDOs will be outside the GST system.
 - b. Without GSTIN, DDOs will have no legal authority to deduct the tax at source from the deductee.
 - c. Legally, without GSTIN a DDO will not be able to award supplies or contract to suppliers, where the total value of such supply under a contract exceeds Rs. 2.5 lakhs
11. The date from which the provision of TDS under GST is to be made operative shall be informed to all concerned in due course of time.

Sd/-

(Temjen Toy)

Addl. Chief Secretary & Finance Commissioner.

F.No.FIN/REV-3/GST/1/08

Kohima, the September 2017

Copy for information and necessary action to:-

1. All Administrative Heads of Departments and Heads of Departments for circulation to all DDOs under their charge.
2. Commissioner of Taxes, Nagaland, Dimapur
3. Deputy Commissioner of Taxes, Dimapur/Kohima/Mokokchung Zone and Mobile Squad.
4. Superintendent of Taxes, Dimapur-Ward A/B/C/D/E/F; Kohima Ward-A/B/C; Mokokchung Ward-A/B; Mon/ Phek/ Tuensang/ Wokha/ Zunheboto.
5. Guard file.


(Temjen Toy)

Addl. Chief Secretary & Finance Commissioner.

ANNEXURE-A

Format for Undertaking/Declaration by Supplier of Goods or Services or both who received payment(s) without deduction of tax at source of GST.

1. Name of Office/Department procuring the supply:-
2. Address of the office/department:-
3. Name of the DDO or the person authorized to make the payment:-
4. Designation of the DDO:-
5. Name and address of the supplier:-
6. GSTIN:-
7. No. and date of the contract/agreement/purchase order:-
8. Value of the Supply/contract/agreement/purchase order:-
9. No. and date of Tax Invoice/RA Bill:-
10. Value of Tax Invoice/RA Bill:-
11. Nature of supply:- (Select tick whether supply of goods or services or both/works contract services/composite supply/mixed supply)
12. Description of goods or services:-
13. GST rate of tax applicable on the supply of goods or services:-
(Please specify item wise)
14. Date of receipt of payment:-

Declaration:

I Shri/Smti _____ being the person duly authorized to receive the payment for the supply of the goods or services mentioned above do hereby declare that the information furnished above are true and correct and that I shall furnish the details of the transaction covered by this declaration in my GST return GSTR-1 during the relevant tax period. I understand that failure to do so shall invite the penalty proceedings as provided under the CGST/NGST Acts.

Dated:

**(Name of the Signatory)
Status of the Signatory**

(Please specify whether proprietor/director/partner/manager/authorized signatory etc)

This declaration is to be forwarded by the concerned office/department to the office of the Commissioner of Taxes, Nagaland, Dimapur, within 10 days from the date of payment to the supplier or mail a scan copy of the same to the department official mail at cotgon@rediffmail.com .