Food Corporation of India -
Action points for GST (Tax Deduction at Source)

Annexure 1 dated 12th June, 2017
As updated on 20th June, 2017
As updated on 23th October, 2017
As updated on 14th September, 2018
Report on GST provisions applicable to Food Corporation of India

Contents

1 Overview ................................................................................................................................................. 2
3 Tax Deduction at Source (‘TDS’) ........................................................................................................... 2

Note: This report has been prepared at the explicit request of M/s Food Corporation of India and is for their exclusive use and purpose.
1 Overview

Food Corporation of India (‘FCI’) is a Public Sector Undertaking under the Department of Food & Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Government of India (GOI). FCI is primarily dealing into procurement and distribution of food grains such as wheat, rice, paddy in terms of rice, coarse grains & pulses.

Being the provisions of GST Act applicable to FCI, regional offices of FCI where it has State VAT/CST registrations has migrated into GST. Accordingly, FCI is having 34 GST Registrations across various States/UTs. The registration would cover all the business operations of FCI located in the same State viz.:

- Principal Place of Business
  - Regional Office in the State

- Additional Place(s) of Business
  - District Office(s) in the State
  - Own Depots/Warehouses in the State
  - Hired Depots/Warehouses in the State
  - Zonal office/HQ/IFS in the State
  - Premises from where supply of goods/services made
2 Tax Deduction at Source (‘TDS’)

As per Section 51 of the Central Goods and Services Tax (CGST) Act, 2017, the Government has specified below mentioned persons:

(a) A department or establishment of the Central Government/State Government, or  
(b) Local authority, or  
(c) Governmental agencies, or  
(d) Any person or category of persons, as may be notified

to deduct the tax at source from the payment made/credited to the supplier of taxable goods/services (i.e. deductee) where total value of supply under a contract (excluding the value of CGST, SGST, UTGST, ITGST & Cess), exceeds INR 2.5 lakhs.

Similar provisions are applicable under the provisions of the respective State GST Laws.

Further as per Section 20 of Integrated Goods and Services Tax (IGST) Act, 2017, provisions of CGST Act relating to tax deduction at source shall *mutatis mutandis* apply in relation to integrated tax.

Accordingly, in case of inter-state procurements, the TDS would need to be deducted at the rate of 2% from the payment to be made and in case of intra-state procurements, 1% as CGST and 1% as SGST/UTGST would need to be deducted as TDS.

Government vide N No. 33/2017 (CGST) has notified following category of persons under Section 51(1)(d) who will need to deduct the GST at source (‘GST TDS’):

(a) an authority or a board or any other body, -  
   (i) *set up by an Act of Parliament or a State Legislature; or*  
   (ii) established by any Government,  
      *with fifty-one percent or more participation by way of equity or control, to carry out any function;*

(b) society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);

(c) public sector undertakings

Accordingly, FCI being a notified person would need to deduct the GST TDS from the payments to be made or credited to the vendors of taxable goods or services or both where total value of supply under a contract (excluding the value of CGST, SGST, UTGST, ITGST & Cess), exceeds INR 2,50,000.

Similarly, if FCI supplies any goods or services to the persons specified in section 51(1) read with Notification No. 33/2017 (CGST), the same may be subject to tax deduction at source by the concerned recipient of goods/services.
Further, the Government vide Notification No. 50/2018 (Central tax) has appointed 1st October, 2018 as the date, from which provisions of section 51(1) of CGST Act, 2017 shall come into force.

To determine the tax deduction amount, value of a supply shall include any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than CGST Act, SGST Act, IGST Act and GST (Compensation to States) Act, if charged separately by the supplier.

In pursuance with the aforesaid provisions relating to tax deduction at source, FCI would require to undergo the following steps:

Step 1: Application for grant of TDS registration by each GSTIN

➢ FCI would need to submit an application in FORM GST REG-07 for the grant of registration as per section 24(vi) of the CGST Act read with rule 12 of CGST Rules, 2017.

Step 2: Post Registration

➢ Deposit of tax deducted at source
   FCI shall deposit the deducted tax on or before 10th of the month succeeding to the month of such deduction and also report the same in GSTR-7

➢ Filing of TDS Return
   FCI would need to file FORM GSTR-7 by the 10th of month succeeding to the month in which said deductions have been made (Refer Annexure 1 for format of FORM GSTR-7)

➢ Issuance of TDS certificate
   FCI would need to issue a TDS certificate to the deductee (i.e. supplier) mentioning the prescribed particulars within five days of depositing such tax with government (Refer Annexure 2 for format of TDS Certificate). The said certificate is expected to be auto generated from the GSTN Portal.

The deductee would claim the credit of GST (TDS) in his electronic credit ledger by accepting the details in his GSTR-2A basis details furnished by deductor in FORM GSTR-7

The sample accounting entries in respect of TDS are outlined hereunder:

Where FCI is recipient and GST (TDS) would be deducted by FCI

Illustration 1: FCI has entered into the contract with the supplier for supplying the taxable services to the FCI headquarter for INR 2,000,000 (exclusive of taxes). Supplier has been located in Delhi itself and is covered under the provisions of Section 51 of CGST Act. Applicable rate of GST is 18%

1. Assuming FCI is not availing the Input Tax Credit

➢ On raising of Invoice by the supplier

   Debit
   Expenses Ledger : 2,360,000
Credit
Suppliers ledger : 2,320,000
CGST TDS Payable Ledger : 20,000
SGST TDS Payable Ledger : 20,000

► When payment is made to supplier

Debit
Suppliers Ledger : 2,320,000

Credit
Bank Ledger : 2,320,000

► Deposit the TDS

Debit
CGST TDS Payable Ledger : 20,000
SGST TDS Payable Ledger : 20,000

Credit
Bank Ledger : 40,000

2. Assuming FCI is availing the Input Tax Credit

► On raising of Invoice by the supplier

Debit
Expenses Ledger : 2,000,000
CGST credit Ledger : 180,000
SGST credit Ledger : 180,000

Credit
Suppliers ledger : 2,320,000
CGST TDS Payable Ledger : 20,000 (1% of 2,000,000)
SGST TDS Payable Ledger : 20,000 (1% of 2,000,000)

► When payment is made to supplier

Debit
Suppliers Ledger : 2,320,000

Credit
Bank Ledger : 2,320,000

► Deposit the TDS

Debit
CGST TDS Payable Ledger : 20,000
SGST TDS Payable Ledger : 20,000

Credit
Bank Ledger : 40,000
Where FCI is supplier and GST (TDS) would be deducted by recipient

Illustration 2: FCI Haryana has entered into the contract with the receiver for supplying the taxable goods for INR 2,000,000 (exclusive of taxes). Recipient is located in Haryana itself. Applicable rate of GST is 18%

► Receipt of advances from buyers

Debit
Bank ledger : 2,320,000
CGST Advance paid ledger : 180,000
SGST Advance paid ledger : 180,000
CGST TDS Receivable Ledger : 20,000
SGST TDS Receivable Ledger : 20,000

Credit
Deposit from Customer for sales ledger: 2,360,000
CGST payable ledger : 180,000
SGST payable ledger : 180,000

► Payment of tax liability on advances to government

Debit
CGST payable ledger : 180,000
SGST payable ledger : 180,000

Credit
Bank Ledger : 320,000
CGST TDS Receivable Ledger : 20,000
SGST TDS Receivable Ledger : 20,000

► At the time of booking sales

Debit
Deposit from Customer for sales ledger : 2,360,000

Credit
Sale ledger : 2,000,000
CGST payable ledger : 180,000
SGST/UTGST payable ledger : 180,000

► At the time of making tax liability payment

Debit
CGST Payable Ledger : 180,000
SGST Payable Ledger : 180,000
Credit
CGST Advance Paid Ledger : 180,000
SGST Advance Paid Ledger : 180,000

<This space below has been intentionally left blank>
Annexure 1: FORM GSTR-07 [GST (TDS) Return ]

Form GSTR-7
[See rule 66 (1)]

Return for Tax Deducted at Source

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
</tr>
</thead>
</table>

1. **GSTRIN**

2. (a) Legal name of the Deductor: Auto Populated
   (b) Trade name, if any: Auto Populated

3. Details of the tax deducted at source
   (Amount in Rs. for all Tables)

<table>
<thead>
<tr>
<th>GSTIN of deductee</th>
<th>Amount paid to deductee on which tax is deducted</th>
<th>Amount of tax deducted at source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Integrated Tax</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

4. Amendments to details of tax deducted at source in respect of any earlier tax period

<table>
<thead>
<tr>
<th>Month</th>
<th>GSTIN of deductee</th>
<th>Amount paid to deductee on which tax is deducted</th>
<th>GSTIN of deductee</th>
<th>Amount paid to deductee on which taxes deducted</th>
<th>Amount of tax deducted at source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Integrated Tax</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

5. Tax deduction at source and paid

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount of tax deducted</th>
<th>Amount paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Integrated Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Central Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) State/UT Tax</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Interest, late Fee payable and paid

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount payable</th>
<th>Amount paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
7. Refund claimed from electronic cash ledger

<table>
<thead>
<tr>
<th>Description</th>
<th>Tax</th>
<th>Interest</th>
<th>Penalty</th>
<th>Fee</th>
<th>Other</th>
<th>Debit Entry No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>(a) Integrated Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Central Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) State/UT Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Bank Account Details (Drop Down)

8. Debit entries in electronic cash ledger for TDS/interest payment [to be populated after payment of tax and submissions of return]

<table>
<thead>
<tr>
<th>Description</th>
<th>Tax paid in cash</th>
<th>Interest</th>
<th>Late fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(a) Integrated Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Central Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) State/UT Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Verification

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory

Place: 
Name of Authorised Signatory
Date: 
Designation/Status
Annexure 2: FORM GSTR 7A [GST (TDS) Certificate available to deductee]

**Form GSTR 7A**
*(See rule 66(3))*

**Tax Deduction at Source Certificate**

1. TDS Certificate No. –
2. GSTIN of deductor –
3. Name of deductor –
4. GSTIN of deductee –
5. (a) Legal name of the deductee –
   (b) Trade name, if any –
6. Tax period in which tax deducted and accounted for in GSTR-7 –
7. Details of supplies Amount of tax deducted –

<table>
<thead>
<tr>
<th>Value on which tax deducted</th>
<th>Amount of Tax deducted at source (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Integrated Tax</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Signature

Name

Designation

Office –
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