

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

Memo No. FIN-CT1-TAX-0045-2017- 21985 /F

The 22nd July, 2017

To

All Departments of Government/
All Heads of Department

Sub: **Works Contracts and Tax Deduction at Source (TDS) under GST.**

The Goods and Services Tax has come into force w.e.f. 1st July, 2017. Central Taxes like Central Excise Duty, Service Tax, Additional Duties of Excise, Additional Duties of Excise (Textile and Textile products), Special Duties of Customs etc. and State taxes like VAT, Entry Tax, CST, Entertainment Tax etc. are subsumed in GST. GST has two components; Central GST (CGST) is collected by the Centre and State GST (SGST) is collected by the State. Integrated GST is collected on inter-State supply of Goods and Services.

2. TDS is to be made on supply of both goods and services. Supply of service includes works contract as works contract is a composite service under GST. GST Act stipulates that the Government Departments or establishments or Local Authority or Government agencies are required to deduct GST @1% under CGST Act and @1% under OGST Act from the payment made or credited to the supplier of taxable goods or services or both. Provision of section-51 of OGST Act is as follows:

“51. (1) Notwithstanding anything to the contrary contained in this Act, the Government may mandate,-

- (a) A department or establishment of the Central Government or State Government; or
- (b) Local authority; or
- (c) Government agencies; or
- (d) Such persons or category of persons as may be notified by the Government on the recommendations of Council,

(hereafter in this section referred to as the “deductor”), to deduct at the rate of one percent from the payment made or credited to the supplier (hereafter in this section referred to as “the deductee”) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees:”

3. The person in charge of making payment (DDO) is required to be registered under OGST Act or CGST Act. He is to apply in FORM GST REG-7 for registration through GSTN portal. The DDO is required to have Tax Deduction and Collection Account Number (TAN), e-mail ID and Mobile Number to apply for registration. He will be issued Certificate of Registration in FORM GST REG-6. The DDO may take assistance of Help Desk available in 45 commercial tax offices of the State for the purpose of registration, filing of return etc. under GST.

