



(ACCOUNTS BRANCH)

From
K.Sundaravadhanam, B.Sc., ACA., ACS.,
Chief Financial Controller/General,
144, Anna Salai,
Chennai - 600 002.

To
All Chief Engineers
All Superintending Engineers
All Financial Controllers
All DDOs Head Quarters

Circular Lr.No.CFC/GL/FC/ACCTS/DFC/AO/TAX/F.INST/D.No.106/2017, dt.08.08.2017

Sir,

Sub: TANGEDCO – Income Tax – TDS on Goods and Services Tax (GST)
component – Instruction issued – Reg.

- Ref: 1. Central Board of Direct Tax's Circular No.1/2014, dt.13.01.2014.
2. Lr.No.CFC/GL/FC/ACCTS/DFC/BS/IT/F.INST/D.No.189/2014.
dated 01.03.2014.
3. Circular Letter No.CFC/GL/FC/ACCTS/DFC/TAXATION/D.53/2017,
dated 27.06.2017.
4. Central Board of Direct Taxes Circular No.23/2017, dt.19.07.2017

Kindly refer the Circulars (1) & (2) cited above, wherein it was clarified that Income Tax Deducted at Source need not be deducted on Service Tax component. Since, Service Tax Act is repealed and GST Act is rolled out from 01.07.2017, CBDT has issued Circular vide reference (4) stating that TDS need not be deducted on the component of 'Goods and Services Tax (GST) on services'. Accordingly, the following clarifications are issued.

Wherever in terms of the agreement/contract between the payer and the payee, the component of 'GST on services' comprised in the amount payable to a resident is indicated separately, tax shall be deducted at source under Chapter XVII-B of the Act on the amount paid/payable **without including such 'GST on services' component.** GST for these purposes shall include Integrated Goods and Service Tax (IGST), Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST) and Union Territory Goods and Services Tax (UTGST).

The above circular relates to payment made to Resident under all sections covered under chapter XVII-B of the Income Tax Act 1961 such as 194C (1), 194C (2), 194D, 194G, 194H, 194I, 194IA, 194J, 194J(1) (ba) etc.

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Following points/conditions should be noted for excluding the 'Goods and Services Tax on services' component from TDS applicability;

1. The payment should be made to Resident. In case, payment is made to non residents, TDS is to be deducted including GST amount.
2. GST amount payable shall be indicated separately in terms of Agreement/Contract between payer and payee.

In case of **existing agreements or contracts entered prior to 01.07.2017** wherein Service Tax has been indicated separately, such reference shall be treated as 'GST on services' with respect to the period from 01.07.2017 onward till the expiry of such agreement or contract. Thus, the Bills received against such agreements with GST component will also be eligible to get exemption from TDS.

Receipt of this circular shall be acknowledged to dfctaxation@tnebnet.org

Yours faithfully,


CHIEF FINANCIAL CONTROLLER/GL.

Copy to the Executive Assistant to CMD/TANGEDCO.
Copy to the Executive Assistant to the Director General of Police.
Copy to the Secretary/BOSB/TANGEDCO, Chennai.
Copy to All the Directors of TANGEDCO and TANTRANSCO
Copy to the Chief Financial Controller/General, Revenue & Regulatory Cell.
Copy to the Chief Financial Controller/TANTRANSCO.
Copy to the Chief Internal Audit Officer/BOAB.
Copy to the Chief Engineer/IT
Copy to the Resident Audit Officer, III Floor NPKRR Maaligai, Chennai.
Copy to the Asst. Accounts Officer/Establishment, Accounts Branch.
Copy to the Chief Public Relations Officer, TANGEDCO, Chennai.
Copy to all Deputy Financial Controllers in Accounts Branch/HQ.
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