

**Tax Deducted at Source**

**In**

**GST**

**Sec 51**  
Rule 66

**CA Venugopal Gella**  
Venu and Vinay  
Chartered Accountants

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# What is TDS?

TDS stands for Tax Deducted at Source under GST. Section 51 of the CGST Act 2017 provides for-

- deduction of tax by the Government Agencies (Deductor)
- 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 two lakhs and fifty thousand rupees.
- The amount deducted as tax under this section shall be paid to the Government by deductor within ten days after the end of the month in which such deduction is made along with a return in FORM GSTR-7 giving the details of deductions and deductees.
- The subject section came into force with effect from 1st October, 2018, vide Notification No. 50/2018 – Central Tax dated 13th September, 2018.

# Who are the Persons Liable to Deduct tax?

- A department or establishment of the Central Government or State Government
  - Local Authority
  - Governmental Agencies
- An authority or a board or any other body
  - set up by an Act of Parliament or a State Legislature; or
  - established by any Government, with fifty-one per cent. or more participation by way of equity or control, to carry out any function; or
- Society established by the Central / State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860)
- Public sector undertakings

# Local Authority

“**Panchayat**” as defined in clause (d) of article 243 of the Constitution;

“**Municipality**” as defined in clause (e) of article 243P of the Constitution;

**Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally** entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;

**Cantonment Board** as defined in section 3 of the Cantonments Act, 2006;

**Regional Council or a District Council** constituted under the Sixth Schedule to the Constitution;

**Development Board** constituted under article 371 of the Constitution; or

**Regional Council** constituted under article 371A of the Constitution.

# Registration

# Registration

Sec 24(vi) of the CGST Act, 2017 requires, every person who is required to deduct tax whether or not registered under this Act shall obtain a registration. Hence a TDS deductor has to compulsorily register under GST without any threshold limit.

The deductor has a privilege of obtaining registration under GST without requiring PAN. He can obtain registration using his Tax Deduction and Collection Account Number (TAN) issued under the Income Tax Act, 1961.

Application for Registration to be filed in REG-07.

Registration certificate to be issued in REG-06.

If proper officer is satisfied that a person is no longer liable to deduct tax, he may cancel registration in REG-08.

# Step for Registration

1. Go to the GST Portal at [www.gst.gov.in](http://www.gst.gov.in)
2. Click on the “**Services**” Tab → Click on “**Registration**” → Select “**New Registration**”.
3. Find the box “**I am a**” which will capture your status as an applicant. Select “**Tax Deductor**” from the drop-down menu.
4. Look below for the options: I have a (a) PAN (b) TAN. **Please select the option “TAN”**. 5. Enter the TAN in the box below.
5. Now find the box “**State**” and select your State (e.g. KARNATAKA) from the drop-down Menu.
6. Select the applicable district (e.g. MYSURU) from the drop- down Menu in the “**District**” box.



## Step for Registration

8. Find the box **“Legal name of the Tax deductor”**. Enter the name as **mentioned in TAN**. Please don't deviate from such data.
9. Enter your **e-mail address** and **Mobile Number** in the respective boxes. Please ensure that this e-mail and mobile are regularly accessed by you. OTP for registration will be sent to these contacts only.
10. Enter the **Captcha Code** as displayed onscreen.
11. Click on the button **“Proceed”**.
12. Automatically you will be guided to the next page.
13. The system will also send 2 different **OTPs**. One to the **Mobile Number** and another to the **e-mail** id as entered by you.

# POST OTP

1. Enter the individual OTPs sent to your e-mail id & the Mobile number in the respective boxes.
2. In case, you have **not received the OTPs** due to any reason, you may click on the link **“Click here to resend the OTP”**.
3. Click on the **button “Proceed”**.
4. A **Temporary Reference Number (TRN)** will be generated.
5. Now, you have to fill up the rest of the details in the Registration Application against this TRN only.
6. Click on the **button “Proceed” to leave** this page.
7. **This TRN will be valid for 15 days.** So you can always come back to the system for filling up the rest of the details at any time within such 15 days.

**In case this TRN expires beyond 15 days, you will have to follow the steps as detailed in Part I and Part II all afresh.**

## GST REG- 07



Application For Registration as Tax Deductor at Source (u/s 51)

### Part-A

(i)	Legal Name of the Tax Deductor or Tax Collector( As mentioned in Permanent Account Number/ Tax Deduction and Collection Account Number)	
(ii)	Permanent Account Number (Enter Permanent Account Number of the Business; Permanent Account Number of Individual in case of Proprietorship concern)	
(iii)	Tax Deduction and Collection Account Number (Enter Tax Deduction and Collection Account Number, if Permanent Account Number is not available)	
(iv)	Email Address	
(v)	Mobile Number	

Note: Information submitted here is subjected to online verification before proceeding to fill up Part-B

# Part-B

1	Trade Name, if any		
2	Constitution of Business (Please Select the Appropriate)		
(i) Proprietorship	<input type="checkbox"/>	(ii) Partnership	<input type="checkbox"/>
(iii) Hindu Undivided Family	<input type="checkbox"/>	(iv) Private Limited Company	<input type="checkbox"/>
(v) Public Limited Company	<input type="checkbox"/>	(vi) Society/Club/Trust/Association of Persons	<input type="checkbox"/>
(vii) Government Department	<input type="checkbox"/>	(viii) Public Sector Undertaking	<input type="checkbox"/>
(ix) Unlimited Company	<input type="checkbox"/>	(x) Limited Liability Partnership	<input type="checkbox"/>
(xi) Local Authority	<input type="checkbox"/>	(xii) Statutory Body	<input type="checkbox"/>
(xiii) Foreign Limited Liability Partnership	<input type="checkbox"/>	(xiv) Foreign Company Registered (in India)	<input type="checkbox"/>
(xv) Others (Please specify)	<input type="checkbox"/>		
3	Name of the State		District 
4	Jurisdiction -	State	Centre
		Sector / Circle / Ward / Charge / Unit etc.	
5	Type of registration	Tax Deductor <input type="radio"/>	Tax Collector <input type="radio"/>
6.	Government (Centre / State/Union Territory)	Center <input type="radio"/>	State/UT <input type="radio"/>
7.	Date of liability to deduct/collect tax	DD/MM/YYYY	
8.	(a) Address of principal place of business		
	Building No./Flat No.	Floor No.	
	Name of the Premises/Building	Road/Street	

City/Town/Locality/Village		District	
Block/Tahuka			
Latitude		Longitude	
State		PIN Code	
<b>(b) Contact Information</b>			
Office Email Address		Office Telephone number	
Mobile Number		Office Fax Number	
<b>(c)</b>			
Nature of possession of premises			
	Own	Leased	Rented
			Consent
			Shared
			Others(specify)
9.	Have you obtained any other registrations under Goods and Services Tax in the same State?		Yes <input type="checkbox"/> No <input type="checkbox"/>
10	If Yes, mention Goods and Services Tax Identification Number		
11	IEC (Importer Exporter Code), if applicable		
12	Details of DDO (Drawing and Disbursing Officer) / Person responsible for deducting tax/collecting tax		
<b>Particulars</b>			
Name		First Name	Middle Name
Father's Name		Last Name	
Photo			
Date of Birth	DD/MM/YYYY		Gender
	<Male, Female, Other>		
Mobile Number	Email address		
Telephone No. with STD			
Designation /Status		Director Identification Number (if any)	
Permanent Account Number		Aadhaar Number	
Are you a citizen of India?	Yes / No	Passport No. (in case of Foreigners)	
Residential Address			
Building No/Flat No		Floor No	
Name of the Premises/Building		Locality/Village	
State		PIN Code	
<b>13. Details of Authorised Signatory</b>			
Checkbox for Primary Authorised Signatory <input type="checkbox"/>			

# Details of signatory No: DDO Details

Particulars	First Name	Middle Name	Last Name
Name			
Photo			
Name of Father			
Date of Birth	DD/MM/YYYY	Gender	<Male, Female, Other>
Mobile Number		Email address	
Telephone No. with STD			
Designation /Status		Director Identification Number (if any)	
Permanent Account Number		Aadhaar Number	
Are you a citizen of India?	Yes / No	Passport No. (in case of foreigners)	

Residential Address (Within the Country)			
Building No/Flat No		Floor No	
Name of the Premises/Building		Road/Street	
City/Town/Locality/Village		District	
State		PIN Code	<input type="text"/>
Block/Taluka			<input type="text"/>

14.	<p>Consent</p> <p><i>I on behalf of the holder of Aadhar number &lt;pre-filled based on Aadhar number provided in the form&gt; give consent to "Goods and Services Tax Network" to obtain my details from UIDAI for the purpose of authentication. "Goods and Services Tax Network" has informed me that identity information would only be used for validating identity of the Aadhar holder and will be shared with Central Identities Data Repository only for the purpose of authentication.</i></p>
15.	<p style="text-align: center;"><b>Verification</b></p> <p><i>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</i></p> <p style="text-align: right;">(Signature)</p> <p>Place: _____ Name of DDO/ Person responsible for deducting tax/collecting tax/Authorised Signatory</p> <p>Date: _____ Designation</p>

## Address Proof Documents

For Own premises –Any document in support of the ownership of the premises like latest Property Tax Receipt or Municipal Khata copy or copy of **Electricity Bill**.

For Rented or Leased premises –A copy of the valid **Rent / Lease Agreement** with any document in support of the ownership of the premises of the Lessor like Latest Property Tax Receipt or Municipal Khata copy or copy of Electricity Bill.

For premises not covered above –A copy of the **Consent Letter** with any document in support of the ownership of the premises of the Consenter like Municipal Khata copy or Electricity Bill copy. For shared properties also, the same documents may be uploaded.

For rented/leased premises where the Rent/lease agreement is not available, an **affidavit** to that effect along with any document in support of the possession of the premises like copy of Electricity Bill.

If the principal place of business is located in an Special Economic Zone or the applicant is an Special Economic Zone developer, necessary documents/certificates issued by Government of India are required to be uploaded.

# GSTIN

GSTIN for TDS Deductor Digit														
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
State Code	10 digit <u>PAN</u> / TAN										No. of Registrations in the State	Fixed Code	Check Digit	
2	9	X	X	X	X	X	X	X	X	X	X	1-9 or A to Z	<b>D</b>	1-9 or A to Z



# TDS Applicability

# Procurement of

- Goods : Procurement of stationery items, toilet articles, towels, furniture, air-conditioning machines, electrical goods, books and periodicals & medicines, etc
- Services : Procurement of security services, car rental services, generator rental services, rental services like office building/land taken on rent, maintenance services, rental of machinery, etc.
- Composite Supply : Works Contract services such as road, bridge, building development / renovation / repairing / maintenance services

# When is it applicable

- Tax is required to be deducted from the payment made / credited to a supplier, if the total **value of supply under a contract** in respect of supply of **taxable goods or services or both, exceeds Rs. 2,50,000/-** (Rupees two lakh and fifty thousand).

This value shall exclude the taxes leviable under GST (i.e. 'Central tax', 'State tax', 'UT tax', 'Integrated tax' & Cess).

- **Taxable Supply** means supply of goods or services or both which is leviable to tax under GST. Section 2(108)
- **Exempt supply** means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11 of the CGST / SGST Acts or under section 6 of the IGST Act, and includes non-taxable supply. Section 2(47)

# When Not Applicable

- a) Total value of taxable supply  $\leq$  Rs. 2.5 Lakh under a contract.
- b) Contract value  $>$  Rs. 2.5 Lakh for both taxable supply and exempted supply, but the value of taxable supply  $\leq$  Rs. 2.5 Lakh.
- c) Receipt of services which are exempted. CTR 12/2017.
- d) Receipt of Goods which are exempted. CTR 2/2017.
- e) Goods on which GST is not leviable. Eg Petrol, diesel, alcohol for human consumption etc
- f) Pre-Oct 2018 transactions
- g) LOS and POS is different from state of Deductor
- h) Where Tax to be paid on reverse Charge by Recipient.

# What is the Threshold for Deduction?

Tax to be deducted only if total value of supply under the **contract exceeds** Rs. 2,50,000/-

Example – ABC Contractors received 4-purchase orders from Bangalore Municipality.

- i. Order 1 for Rs. 2 lakhs + GST 18% = 2,36,000/-
- ii. Order 2 for Rs. 3 lakhs – Exempted Goods
- iii. Order 3 for Rs. 2.4 lakhs + GST 5% = 2,52,000/-
- iv. Order 4 for Rs. 2.6 lakhs + GST 12% = 2,91,200/-

Applicable -TDS is applicable only to order 4

Not applicable -Order 1 – Value less than 2.5 lakhs

-Order 2 – Exempted Goods

-Order 3 – Taxable Value < 2.5 lakhs

Value of supply shall not include central tax, State tax, Union territory tax, integrated tax and cess indicated in the invoice.

# By when and how TDS has to be deducted?

Tax has to be deducted at the time of payment or credit to the supplier of taxable goods or services. Since the Act is silent on the point of time, we can consider earliest of both.

This shall be deducted at 2% of Transaction Value

(a) For intrastate transactions it would be 1% CGST and 1% SGST

(b) For interstate transactions it would be 2% IGST

This 2% has to be deducted on the NET amount payable to the contractor. That is, the value of supply shall be taken as the amount excluding the Central tax, State tax, Union territory tax, Integrated tax and cess indicated in the invoice.

## Transition Provisions

1. There are no Transition provisions set in the Act about TDS
2. The provisions comes into effect from 1st Oct 2018
3. Point of Taxation can be reckoned as Payment or Credit whichever is earlier.

# FAQ's

Q: Contract awarded before 30th September, work completed after 30th September.

A: TDS is applicable since the bill is submitted after 1st October 2018.

Q: Contract awarded before 30th September, work completed before 30th September; bill submitted after 1st October 2018.

A: TDS is applicable since bill is submitted after 1st October 2018.

Q: Contract awarded before 30th September, work completed before 30th September; bill submitted before 30th Sept 2018, but approved and processed for payment after 1st October 2018.

A: TDS is applicable since credit given by the Govt agency is after 1st October 2018.

Q: Contract awarded before 30th September, work completed before 30th September bill submitted before 30th Sept 18, approved and processed for payment before 30th Sept 18, but payment is made after 1st October 18.

A: TDS is NOT Applicable since credit of this transaction recognised by the Govt party is before 30th Sept 2018.

Q: Contract awarded before 30th September, 50% Mobilisation advance paid before 30th September 2018, work completed after 30th September.

A: TDS is applicable only to the portion of 50% of the Transaction value, since credit and payment of the balance 50% is happening after 1st October 2018.

# When TDS is not Applicable

- Exemption of CGST has been granted for intra-state supplies received from the unregistered supplier by the deductor. Notification No.9/2017-Central Tax (Rate) But the said exemption is subject to condition that deductor is being registered under the act only by virtue of section 24(vi).
- No deduction shall be made if the location of supplier and place of supply is in state which is different from state registration of recipient.

Location of supplier	Place of supply	Location of recipient	TDS	Type of Tax
Karnataka	Karnataka	Karnataka	Yes	C+S
Karnataka	Tamil Nadu	Tamil Nadu	Yes	IGST
Karnataka	Tamil Nadu	Andhra Pradesh	No	NA
Karnataka	Karnataka	Tamil Nadu	No	NA
Karnataka	Tamil Nadu	Karnataka	Ye	IGST



# Payment of Taxes

# Tax Types

Types of Taxes (Major Heads)	Tax	Interest	Penalty	Fees	Others
CGST					
IGST					
SGST					
UTGST					
Additional Tax					

*Note: Cross utilisation between the ledgers with respect to Taxes, Interest, Fee, Penalty is not allowed*

# Mode of GST Payment

**Internet banking** through authorized bank

**Credit Card or Debit Card** by AB

**NEFT / RTGS** from any Bank

Over the Counter Payment through AB upto **Rs.10,000/- per challan per tax period** by cash, Cheque or Demand draft (DD)

# On Portal

Login

• indicates mandatory fields

Username •

Password •

**LOGIN**

[Forgot Username](#) [Forgot Password](#)

**Step 1** – [Login](#) to the GST Portal.

**Step 2** – Once you log in go to Services > Payments > Create Challan

The screenshot shows the GST Portal dashboard. At the top left is the Government of India emblem. The main header is "Goods and Services Tax". Below the header is a navigation menu with four main items: "Dashboard" (highlighted in teal), "Services" (with a dropdown arrow), "Notifications & Circulars" (with a dropdown arrow), and "Acts & Rules" (with a dropdown arrow). Under the "Services" dropdown, there are five sub-items: "Registration", "Ledgers", "Returns", "Payments", and "User Services". The "Create Challan" option is highlighted with a red box, and "Challan History" is listed below it.

# Generate Challan

Dashboard > Payment > Create Challan English

Create Challan      Saved Challan      Challan History

Tax Liability

	Tax ( ₹ )	Interest ( ₹ )	Penalty ( ₹ )	Fees ( ₹ )	Other ( ₹ )	Total ( ₹ )
CGST(0005)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
IGST(0008)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
CESS(0009)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
Delhi SGST(0006)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
<b>Total Challan Amount:</b>						₹ 0
<b>Total Challan Amount (In Words):</b>						

Payment Modes \*

- E-Payment
- Over The Counter
- NEFT/RTGS

# Payment Challan

>GST Services >Payments

GST Challan

CPIN: 16020000000001

Challan Generation Date: 22-Jan-2016

Challan Expiry Date: 29-Jan-2016

Mode Of Payment: NEFT/RTGS

Details Of Taxpayer

GSTIN: 07AAOPG6043M1Z1  
 Email-Id: business@gmail.com  
 Mobile Number: +91-9876543210

Name: Kamath Traders Pvt. Ltd.  
 Address: 1234, kamla Nagar, Delhi

Break-Up of Amount under different Tax Heads

	Tax(0001) ₹	Interest(0002) ₹	Penalty(0003) ₹	Fees(0004) ₹	Other(0005) ₹	Total ₹
CGST(0001)	3,000	1,000	250	250	500	5,000
IGST(0002)	2,000	1,000	750	750	500	5,000
Additional Tax(0003)	3,500	1,000	0	0	500	5,000
Delhi SGST(0004)	3,000	1,000	250	250	500	5,000
<b>Total Challan Amount: ₹20,000/-</b>						

Unique Common Portal Identification Number (CPIN)

Challan generation date

Challan expiration date

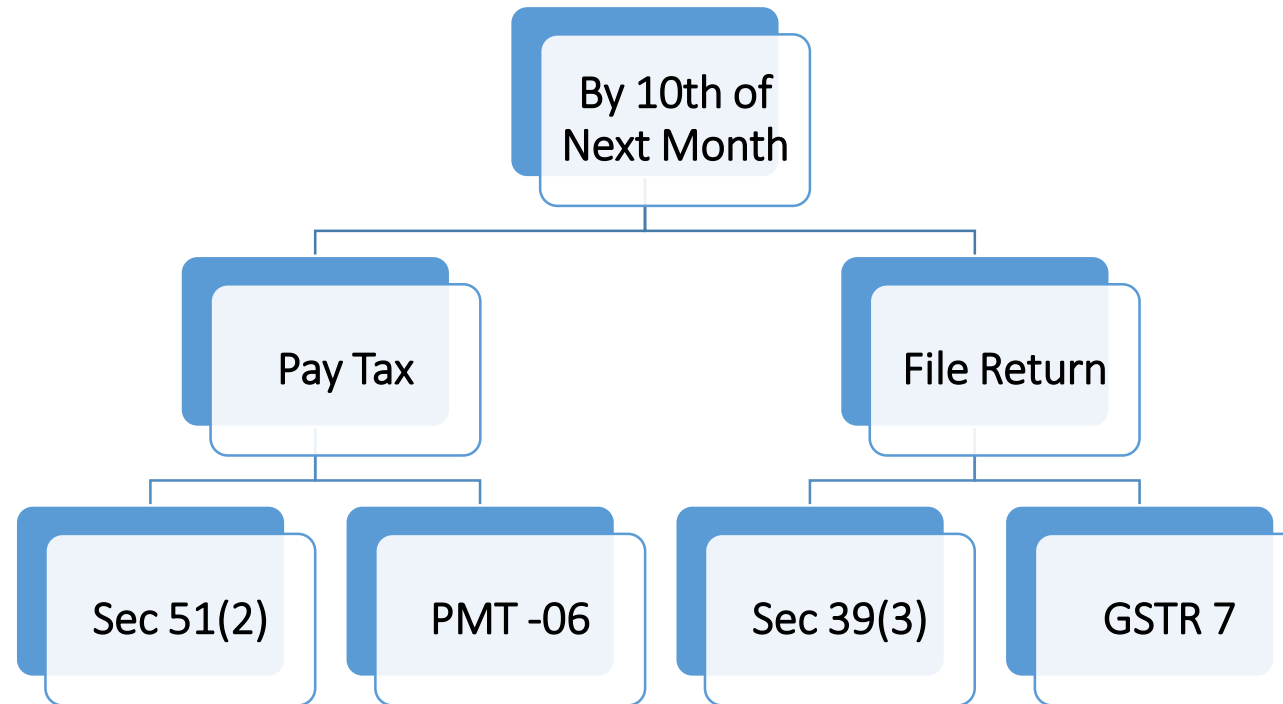
Mode of payment

Total challan amount

# Understanding GSTR 7

# What is the relevant Return to be filed?

1. Return to be furnished in GSTR-7.
2. The details of deduction shall be available to supplier in GSTR2 A/4A.
3. No Annual return is required to be furnished by deductor.





# GSTR 7

- 1.This section contains all the table wise reporting
- 2.Table 1 &2 :Auto populated

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

- 3.Details of the tax deducted at source: Information to be supplied of all deducted
  - a. GSTIN of the deductee,
  - b. Total amount and
  - c.TDS amount(Central/state/integrated.)

(Amount in Rs. for all Tables)

GSTIN of deductee	Amount paid to deductee on which tax is deducted	Amount of tax deducted at source		
		Integrated Tax	Central Tax	State/UT Tax
1	2	3	4	5

4. **Amendments** to details of tax deducted at source in respect of any earlier tax period: As available in the amendment tables of the regular returns, any correction to the data submitted in the return of previous months can be done in this table. Corrections this table would amend the TDS certificate (GSTR-7A).

Original details			Revised details				
Month	GSTIN of deductee	Amount paid to deductee on which tax is deducted	GSTIN of deductee	Amount paid to deductee on which tax is deducted	Amount of tax deducted at source		
					Integrated Tax	Central Tax	State/UT Tax
1	2	3	4	5	6	7	8

5. **TDS Payment details** : Details of the tax (integrated/central/state) amount deducted from the deductee and the tax (integrated/central/state) amount paid to the government.

Description	Amount of tax deducted	Amount paid
1	2	3
(a) Integrated Tax		
(b) Central Tax		
(c) State/UT Tax		

6. Interest, late Fee payable and paid: If there is any interest fees or late fees applicable on TDS amount, you must mention the details of such interest and late fees payable along with the amount paid till date.

Description	Amount payable	Amount paid
1	2	3
<b>(I) Interest on account of TDS in respect of</b>		
(b) Integrated tax		
(b) Central Tax		
(c) State/UT Tax		
<b>(II) Late fee</b>		
(a) Central tax		
(b) State / UT tax		

7. Refund of Balance in Electronic cash ledger: Erroneous Excess payment of taxes can be claim as refund.

Description	Tax	Interest	Penalty	Fee	Other	Debit Entry Nos.
1	2	3	4	5	6	7
(a) Integrated Tax						
(b) Central Tax						
(c) State/UT Tax						
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]:

Description	Tax paid in cash	Interest	Late fee
1	2	3	4
(b) Integrated Tax			
(b) Central Tax			
(c) State/UT Tax			

Return cannot be filed without full payment of liability.

### 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.

# TDS Certificate

## Certificate in online format Rule 66(3)

1. The certificate referred to in sub-section (3) of section 51 shall be made available electronically to the deductee on the common portal in FORM GSTR-7A on the basis of the return furnished under sub-rule (1).
2. The TDS so deposited in the Government account shall be reflected in the electronic cash ledger of the supplier (i.e. deductee) who would be able to use the same for payment of tax or any other amount.

# TDS Certificate to be issued

The person in charge shall generate TDS Certificate through the GST Portal in FORM GSTR-7A after filing of Monthly Return.

A TDS certificate is required to be issued by deductor (the person who is deducting tax) in Form GSTR-7A to the deductee (the supplier from whose payment TDS is deducted), within 5 days of crediting the amount to the Government.

Failing which the deductor would be liable to pay a late fee of Rs. 100/- per day from the expiry of the 5th day till the certificate is issued. This late fee would not be more than Rs. 5000/-.

The TDS, so deducted, shall be deposited in the account of Government by 10th of the succeeding month.

# Certificate Format: 7A

## Tax Deduction at Source Certificate

TDS Certificate No. -

GSTIN of deductor -

Name of deductor -

GSTIN of deductee -

Legal name of the deductee -

Tax period in which tax deducted and accounted for in GSTR-7 -

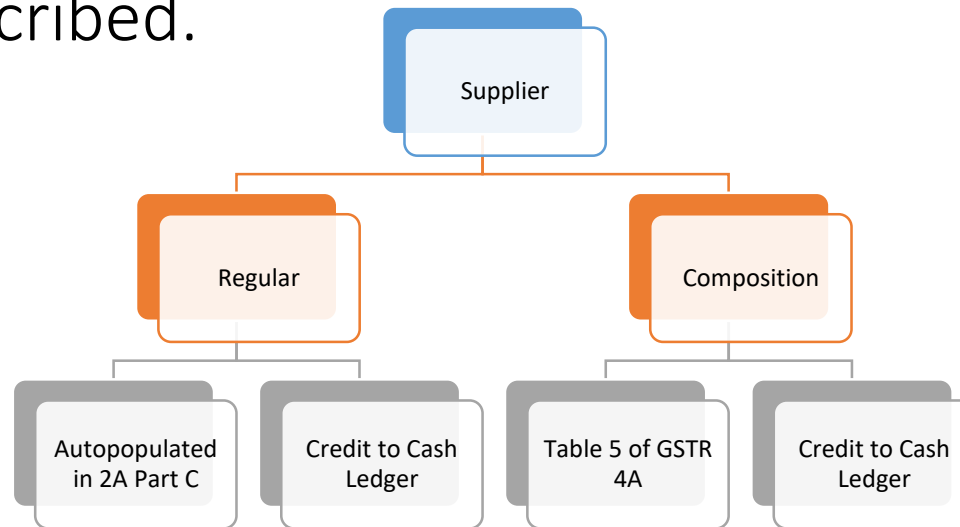
Details of supplies Amount of tax deducted -

Value on which tax deducted	Amount of Tax deducted at source (Rs.)		
	Integrated Tax	Central Tax	State /UT Tax
1	2	3	4



# Tax Utilisation by Recipient

- 51(5) - The deductee (i.e., supplier) shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor (i.e., recipient) furnished under section 39(3), in such manner as may be prescribed.



This TDS can be utilised by the supplier for

- a) Payment of Taxes
- b) Payment of interest, penalty, late fee or any other amount as per Rule 87(1)

# Consequences of Non-Compliance

- Non-Filing of the Return's:
  - a. Late fee of Rs.100 per day per Act
  - b. Maximum late fee would be Rs.5000 per month
- Late payment of Tax Deducted : Interest to be paid @18% per annum
- Deducted but not paid: Deposited can be assessed under Sections 73 and 74 of the act for the penal provisions on evasion of taxes.

## Refund of Excess Tax Paid by the Deductor & Deductee

1. In the case of excess TDS paid or erroneous deducted, either deductor or deductee can claim the refund.
2. Refund shall NOT be granted to the deductor if the amount deducted has been credited to the electronic cash ledger of the deductee.

**Thank You**

For Clarifications, mail to  
[venu@vnv.ca](mailto:venu@vnv.ca)