



प्रधान महालेखाकार (लेखा एवं हकदारी), झारखण्ड का कार्यालय  
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (A&E), JHARKHAND

No. WM-II-90/2022-23/17

Date:14.07.2022

To

All Divisional Accounts Officers/Accountants  
Public Works Divisions  
Government of Jharkhand

Sub: Deduction of TDS under post GST Scenario

Sir,

It has come to the notice of this office that some of the Public Works Divisions in the State are deducting TDS under Income Tax Act on the gross value of work including GST. GST paid by the service receiver does not form part of the income of the service provider and deduction of TDS thereon goes against the basic concept of double taxation avoidance under GST.

In this connection, I am directed to invite a reference to the Central Board of Direct Taxes (CBDT)'s Circular No.23/2017 dated 19 July 2017 wherein, it has been clarified that *"wherever in terms of the agreement or contract between the payer and 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 Income Tax Act on the amount paid or payable without including such "GST on services" component. GST for these purposes shall include IGST, CGST, SGST and UTGST"*.

It is clear from the above clarification that wherever in the bill/invoice, GST component is separately indicated in terms of the work order, contract or agreement, TDS may be deducted on the gross value of the bill/invoice excluding "GST component". If the GST component is not indicated separately and the amount of invoice/bill is "inclusive of taxes", then TDS may be deducted on the gross value of such invoice/bill.

Hence, you are instructed to follow the above clarifications of CBDT scrupulously while scrutinising the bills/invoices of the service providers/contactors/suppliers of your Division.

Yours faithfully,

Dy. Accountant General (Works)