



GOVERNMENT OF JAMMU AND KASHMIR
FINANCE DEPARTMENT
CIVIL SECRETARIAT, SRINGAR

Subject: Deduction of tax at source in respect of works contract in the new Goods and Services Tax regime vis-a-vis the treatment under J&K General Sales Tax Act 1962.

C I R C U L A R

Doubts have been raised with regard to the deduction of tax at source in respect of works contract in the new Goods and Services Tax regime vis-a-vis the treatment under J&K General Sales Tax Act 1962. The Drawing and Disbursing Officers have particularly raised the queries as to under what legislation should tax be deducted at source in case of concluded, running and fresh contracts. In this connection reference is invited to sub-section 11(b) and (13) of section 142 of J&K Goods and Services Tax Act 2017 which read as under:

“(b) where tax was paid on any supply, under the Jammu and Kashmir Value Added Tax Act 2005 (III of 2005) and under Jammu and Kashmir General Sales Tax Act, 1962 (XX of 1962), tax shall be leviable under this Act and the taxable person shall be entitled to take credit of value added tax or sales tax on services paid under the existing law to the extent of supplies made after the appointed day and such credit shall be calculated in such manner as may be prescribed.

(13) where a supplier has provided any services in respect of which tax was required to be deducted at source under the Jammu and Kashmir General Sales Tax Act, 1962 (XX of 1962) and has also issued an invoice for the same before the appointed day, no deduction of tax at source under section 51 shall be made by the deductor under the said section where payment to the said supplier is made on or after the appointed day”.

Further, the obligations under the existing laws (which in this case is J&K General Sales Tax Act, 1962) have to be fulfilled in pursuance of provisions contained in clauses (b) & (c) of sub-section 2 of Section 174 of J&K Goods and Services Tax Act, 2017.

Accordingly, following guidelines are issued to the Drawing and Disbursing Officers responsible for deduction of tax at source:-

1. In case of contracts which have concluded before the appointed day of Goods and Services Tax legislation coming into effect (8th of July 2017) and invoices whereof have already been drawn but are pending for

payment for non-availability of budget etc, TDS under section 16-C of Jammu and Kashmir General Sales Tax Act, 1962 shall be deducted and deposited in treasury irrespective of the fact that the payment is being made after the appointed date.

2. In case of running contracts which have not been concluded prior to 8th July, 2017, the tax has to be deducted as explained above on all such invoices for completed part of the work that have been raised prior to the appointed date i.e 8th of July 2017.
3. As the provision of the Goods and Services Tax legislations with regard to TDS have not taken effect as of now and the notifications for the same are yet to be issued, no tax under section 51 of SGST/CGST Acts has to be deducted till notifications for the same are issued and the DDOs are authorised /registered under the provision of the new Goods and Services Tax legislations.

Sd/-

(Navin. K. Choudhary) IAS
Commissioner/Secretary to Government
Finance Department
Dated: 21.07.2017

No: ET/ESTT/119/GST-SRO/2017

Copy to the:-

1. Secretary, GST Council, New Delhi.
2. All financial Commissioners.
3. Principal Resident Commissioner, J&K government , New Delhi.
4. Principal Secretary to Hon'ble Governor.
5. All Principal Secretaries to Government.
6. Principal Secretary to Hon'ble Chief Minister.
7. All Commissioner/Secretaries to Government.
8. Divisional Commissioner, Jammu/Kashmir.
9. Excise Commissioner, J&K, Srinagar.
10. Commissioner, Commercial Taxes, J&K Srinagar.
11. Additional Commissioner, Commercial Taxes (Adm) Jammu/Kashmir.
12. Additional Commissioner, Commercial Taxes Tax Planning, J&K.
13. Pvt. Secretary to Hon'ble Finance Minister.
14. Pvt. Secretary to Hon'ble Minister of State for Finance.
15. President Kashmir Chamber of Commerce & Industry, Kashmir.
16. President Federation of Industry, Kashmir.
17. President Chamber of Commerce & Industry, Jammu.
18. President Industries Association Bari Brahmana/Samba.
19. President Tax Bar Association, Jammu/Srinagar.
20. General Manager, Government Press Jammu/Kashmir.
21. Private Secretary to Commissioner/Secretary to Government , Finance Department.
22. Government Order file/Stock file/Incharge website.

(Dr. Aaqil Fareed)

Under Secretary to the Government