



IMMEDIATE / URGENT

**FINANCE, REVENUE AND EXPENDITURE DEPARTMENT
MANAN KENDRA SECRETARIAT
GOVERNMENT OF SIKKIM
GANGTOK**

NO.24/FIN /ACCTT/ 2017-18

Dated: 21/09/2017


OFFICE MEMORANDUM

1. The Goods and Services Tax came into force from 1st July, 2017. Central Taxes like Central Excise Duty, Service Tax etc and State Taxes like VAT, Entry Tax, CST, Environment Cess and Entertainment Tax Etc have been subsumed in GST. The provisions of GST law stipulates the Government Departments, Local Authorities and Government Agencies to deduct tax at source (hereinafter referred to as TDS) at the rate of 1% under State GST and 1% under Central GST from the payment made or credited to the supplier where the location of the supplier and place of supply are with the State of Sikkim. Similarly, the tax at source shall be deducted at the rate of 2% under Integrated GST (IGST) where supplies are received by Government Departments, Local Authorities and Government Agencies in the course of inter- state supplies. (Refer Section 51 of Sikkim Goods and Services Tax Act,2017 & Central Goods and Services Tax Act,2017 and section 20 of Integrated Good and Service Tax Act,2017)
2. Under Section 51 of SGST & CGST, the Drawing & Disbursing Officer(D&DO) is liable to deduct tax from the payment made or credited to the suppliers where the total value of such supply of goods / services or both under a contract exceeds Rs.2.50lakh (Rupees Two- Lakh Fifty Thousand) excluding taxes. The Cess, SGST & CGST or IGST tax shown in the invoice by the suppliers / service provider shall be excluded while computing value of taxes to be deducted under GST. The TDS will have to be deducted even if the individual supplies is less than



- Rs.2,50,000 but contract value is more than Rs. 2,50,000/-without any taxes. Since, the liability to deduct tax at source rests with the Drawing & Disbursing Officers in the Government Departments; they are also liable for mandatory registration.
3. All the Government Department, Local Authorities and Government Agencies shall have to register under GST if they are required to deduct TDS as per the provisions mentioned at Paragraph-1 above irrespective of any threshold limit under SGST, CGST or IGST.
 4. The respective Drawing and Disbursing Officer (as a Deductor under Section 51 of SGST/ CGST) in the Government Department shall make an application in Form REG.-07 for registration on line on the Common GST Portal i.e. www.gst.gov.in. They need to have working Tax Deduction & Collection Account Number (TAN) of the respective office obtained under Indian Income Tax Act 1961.
 5. Since the D&DO is required to sign the application for registration digitally using Digital Signature Certificate (DSC) or Electronic Verification Code (EVC.) or Aadhar based e- signature, the D&DO may contact the Information Technology Cell of FRED for any assistance / guidance for obtaining DSC or EVC. It is mandatory for D&DOs of the Government departments to register with the GSTN portal and the Heads of the Department & D&DO shall be held responsible for any default or the non- compliance of any of the provisions of the GST Act. Registration can also be done by the Heads of the Department / Heads of offices if the TAN is registered in the name of Heads of Department or Heads of Office.
 6. The D&DO is required to file a monthly return in Form GSTR-07 within the 10th day of the succeeding month of deduction, i.e. by the 10th of the following month. The return shall be filed by the D&DO / departments and agencies registered under GST even if there is no deduction made in any particular month.
 7. The D&DOs / departments are also required to furnish an online certificate in the Form GSTR-7A to the Deductee (supplier) within 5 days of crediting the amount of TDS to the Government.

8. Procedure for deposit of TDS with the Government/ RBI:

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- i) The Drawing & Disbursing officer shall send the Bill to the respective Treasury and Pay & Accounts Office along with details of amount to be paid as TDS indicating the details of deductee like Name, GST registration number and the amount so deducted as SGST, CGST or IGST. The D&DO shall also mention his exclusive bank account and his registration number for remittance of GST to Reserve Bank of India as TDS.
 - ii) The Drawing & Disbursing officer shall arrange to open a zero balance current account exclusively for collection and remittance of TDS under GST Law in the Central Bank of India , Gangtok Branch after obtaining a certificate of authorization from Accounts Division of FRED and shall obtain customer ID and passwords duly registering for internet banking facilities of the bank.
 - iii) The respective Treasury and Pay & Accounts Office shall remit the amount of TDS so collected through SIFMS application software to the State Bank of Sikkim along with details of D&DO, his bank account number, GSTN registration number of D&DO, amount and other required information. The State Bank of Sikkim shall in turn remit the amount by e- payment mode immediately to the current account of the concerned Drawing & Disbursing Officer maintained in the Central Bank of India on the basis of details provided by Pay & Accounts Office.
 - iv) The State bank of Sikkim and Information Technology Cell of FRED shall workout the modalities as laid down in Para 8 (iii) above in order to ensure that the data pushed through the SIFMS is receivable by the SBS for onward action.
 - v) Information Technology Cell of FRED shall simultaneously arrange to push the deductions and disbursements of TDS (GST) details released by PAO to the FRED website for information of all D &DOs in order to facilitate them to file the returns under GST Act. The D&DO shall view the information from the FRED website (www.sikkimfred.gov.in) using

their Login ID and Password provided to them. Those D&Dos not yet registered in the FRED website shall register immediately and without fail. For any assistance for registration as D&DO, they may mail the details at sifmshelp@gmail.com or call 03592-201007.

- vi) The D&DO shall login in the common portal of GSTN (www.gst.gov.in) using the Username and Password set at the time of registration within ten days after the end of the month, Firstly, for remitting the deducted amount & Secondly, for filing returns. They shall use the funds available in the dedicated account of D&DO maintained in the Central Bank of India for making the online payment of the deducted tax amount. It may be noted that it is advisable to remit the deducted tax amount as and when DDO receive information of credit of tax amount in his CBI current account instead of waiting till 10th day after expiry of the month of deduction. On successful payment, RBI will generate a Challan Identification Number (CIN) and send the CIN information to GSTN who will update the Electronic Cash Ledger of the Tax Deductor (D&DO) in the GSTN.

9. The amount of TDS so deducted shall be deposited into the State Account and Centre GST Account or IGST Account, as the case may be by the 10th day of the succeeding month of deduction. The non-deposit of amount of TDS is recoverable under the recovery provisions of the law along with interest @18% in addition to the penalty. Similarly, the late deposit of TDS is liable to levy of interest for the period of delay in addition to the penalty. It is further clarified that the Fines, Interest on delay and any penalties levied under the Act shall be recovered from the defaulting officer concerned and shall not be charged to the consolidated fund of the State.

10. The commercial Tax Division of FRED shall open a help desk in their respective office premises at Gangtok, Rongphu, and Jorethang & Geylzing and shall provide all the required support and guidance to the D&DOs. They shall also provide required trainings and handholding on implementation of GST, trainings on GST software for registrations, returns and payment procedures to be followed



by the D&Dos at the earliest along with a copy of relevant Acts and Rules for compliance of the GST Act.

11. Any expenditure incurred for obtaining the DSC (Digital Signature Certificate) or EVC shall be met from the provision of office expenses of the respective department.

12. All the sub-ordinate offices under the control of respective Heads of Department of the Government shall accordingly be instructed to ensure strict compliance of statutory provisions of CGST, SGST & IGST ACT, 2017.



The process of registration and Tax Deduction at Source (TDS) as enumerated in this Office Memorandum shall be effective upon issue of a separate Notification by the Commercial Tax Division of FRED in due course of time.

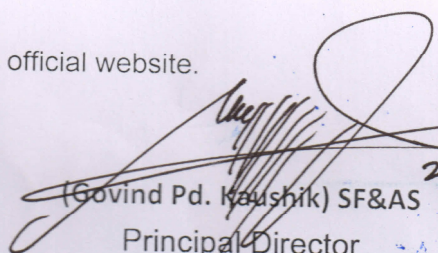
Sd/-
M.G Kiran
Principal Secretary

Memo & File No GOS/FIN/ACCTT/A-218/FRED/2017-18/ 579-589

Dated 21/09/2017

Copy for information to:

1. All Heads of Department.
2. All Drawing & Disbursing Officers
3. PPS to Chief Secretary
4. PPS to Additional Chief Secretary
5. Accountant General (A&E) Sikkim
6. Registrar General, High Court of Sikkim
7. Principal Director TP& AO. Gangtok
8. Additional Director TPAO East/ Chief Pay & Accounts Officer S/W/N
9. Managing Director, State Bank of Sikkim.
10. Chief Manager, Central Bank of India.
11. All officers of FRED.
12. Assistant Director (IT) for hosting in the official website.
13. File & Guard file


(Govind Pd. Kaushik) SF&AS
Principal Director
Principal Director (Accounts)
Finance, Revenue & Expt. Dept.
Govt. of Sikkim, Gangtok
21/09/2017