



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

(Regd. Office: PSEB, Head Office, The Mall, Patiala-147001, Punjab, India)

Corporate Identity Number - U40109PB2010SGC033814,

Chief Financial Officer (Taxation Section), Shakti Sadan, Patiala

E-mail: ao-taxation@pstcl.org, Tel/Fax No. 0175-2203637

Taxation Circular No. 08/2017

To

All Addl. SEs/Sr. Xens/AOs (DDOs)
Under PSTCL

Memo No: -3102-3148/Taxation/11

Dated: - 21.07.2017

Subject: - TDS not required to be deducted under Income Tax Act, 1961 on the amount of Goods & Services Tax.

The Central Board of Direct Taxes had earlier issued Circular No. 1/2014 dated 13.01.2014 clarifying that wherever in terms of the agreement or contract between the payer and the payee, the Service Tax component 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, 1961 on the amount paid or payable without including such Service Tax component. **These instructions were issued by this office vide Taxation Circular No. 2/2014 dated 12.02.2014.**

2. From 1st July, 2017 Goods & Services Tax replacing amongst others, the Service Tax which was charged prior to this date under Finance Act. 1994. Therefore, there is a need to harmonize the contents of Circular No. 1/2014 of the CBDT with the new system for taxation of services under the GST regime.
3. In the light of the fact, CBDT has issued the Circular No. 23/2017 dated 19/07/2017 and mentioned that even under the new GST regime, the rationale of excluding the tax component from the purview of TDS remains valid, the Board hereby clarifies that wherever in terms of the agreement or 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 Income Tax Act, 1961 on the amount paid or payable without including such 'GST on services' component.** GST for these purposes shall include Integrated Goods and Services Tax, Central Goods and Services Tax, State Goods and Services Tax and Union Territory Goods and Services Tax.
4. For the purposes of this Circular, any reference to 'service tax' in an existing agreement or contract which was entered prior to 01.07.2017 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.

This is for your information and compliance the same.

DA/copy of Circular No. 23/2017.

Vijay Kumar

Accounts Officer/Taxation
PSTCL, Patiala.

Endst No: -3149-3189/Taxation/11

Dated: - 21.07.2017

Copy of the above is forwarded to the following for information and further necessary action please.

1. All Engineer-In-Chief/Chief Engineers, PSTCL, Patiala.
2. Financial Advisor PSTCL Patiala.
3. Company Secretary, PSTCL.
4. Chief Auditor, PSTCL, Patiala.
5. All Dy. CEs/SEs under PSTCL.
6. All Dy. CAOs / Dy. CAS / Dy. FAs under PSTCL.
7. All Addl. SEs/Sr. Xens (under PSTCL).
8. All AOs under PSTCL (other than DDOs).
9. SE/IT, PSTCL, Patiala for placing the circular on website of PSTCL.

Vijay Kumar

Accounts Officer/Taxation
PSTCL, Patiala.

CC:

1. Sr. PS to CMD, PSTCL, Patiala for kind information of CMD, please.
2. Sr. PS to Director/F&C, PSTCL, Patiala for kind information of Director, please.
3. Dy. Secy. to Director/Tech., PSTCL, Patiala for kind information of Director, please.
4. Sr. PS to Director/Admn., PSTCL, Patiala for kind information of Director, please.

CIRCULAR No. 23 / 2017

F. No. 275/59/2012-IT (B)
Government of India/ भारत सरकार
Ministry of Finance/ वित्त मंत्रालय
Department of Revenue/(राजस्व विभाग)
Central Board of Direct Taxes/(केन्द्रीय प्रत्यक्ष कर बोर्ड)

North Block, New Delhi
19th July, 2017

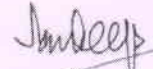
Subject: Modification of Circular No. 1 of 2014 in view of substitution of Service Tax by Goods and Services Tax (GST).

The Central Board of Direct Taxes (the Board) had earlier issued Circular No. 1/2014 dated 13.01.2014 clarifying that wherever in terms of the agreement or contract between the payer and the payee, the Service Tax component 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, 1961 (the Act) on the amount paid or payable without including such Service Tax component.

2. References have been received in the Board seeking clarification as to what treatment would be required to be given to the component of Goods and Services Tax (GST) on services, which has been introduced by the Government with effect from 1st of July, 2017 and into which the erstwhile Service Tax has been subsumed.
3. The matter has been examined. It is noted that the Government has brought in force a new Goods and Services Tax regime with effect from 01.07.2017 replacing, amongst others, the Service Tax which was being charged prior to this date as per the provisions of Finance Act, 1994. Therefore, there is a need to harmonize the contents of Circular No.1/ 2014 of the Board with the new system for taxation of services under the GST regime.
4. In the light of the fact that even under the new GST regime, the rationale of excluding the tax component from the purview of TDS remains valid, the Board hereby clarifies that wherever in terms of the agreement or 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 or payable without including such 'GST on services' component. GST for these purposes shall include Integrated Goods and Services Tax, Central Goods and Services Tax, State Goods and Services Tax and Union Territory Goods and Services Tax.

5. For the purposes of this Circular, any reference to 'service tax' in an existing agreement or contract which was entered prior to 01.07.2017 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.

6. Hindi version shall follow.



(Sandeep Singh)

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Copy to:

1. Chairman and all Members of CBDT.
2. All Principal Chief Commissioners and Principal Directors General of Income Tax.
3. Pr. DGIT (Systems) and Pr. DGIT (Admin.).
4. All Joint Secretaries and Commissioners in CBDT.
5. Additional Directors General (TPS-I) and (PR,PP&OL).
6. Commissioner (CPC-TDS).
7. Web Managers of irs.officersonline.gov.in and incometaxindia.gov.in for placing the Circular on the respective portal.
8. Office of Comptroller & Auditor General of India (30 copies).
9. Guard file.